

**Reauthorizing the Higher Education Act: Strengthening Accountability to Protect Students
and Taxpayers**

**Testimony Provided to the
Committee on Health, Education, Labor, & Pensions
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David A. Tandberg, Ph.D.
Vice President of Policy Research and Strategic Initiatives
State Higher Education Executive Officers

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The views expressed in this testimony are those of the author alone and do not necessarily represent those of the State Higher Education Executive Officers Association or its membership.

Biography

David Tandberg joined SHEEO in July 2016. He serves as vice president of policy research and strategic initiatives. In this role, Dr. Tandberg leads SHEEO's policy evaluation and research initiatives and SHEEO's efforts to connect empirical research to state practice and policy. He also helps lead SHEEO's strategic direction and partnerships. He is the lead editor of a book dedicated to the investigation of the state higher education executive officer that was published July 2018 by Teachers College Press. Previously, Dr. Tandberg served as an associate professor of higher education and an associate director of the Center for Postsecondary Success at Florida State University. As an academic researcher, his research was published in numerous peer-reviewed outlets. Before joining Florida State University, Tandberg served as a special assistant to the secretary of education in the Pennsylvania Department of Education, focused on postsecondary policy development and implementation. Dr. Tandberg earned a B.A. in history and government and secondary education/social studies from Adams State College, and a master's in political science and a Ph.D. in higher education from Penn State University.

Executive Summary

I have been asked to address the issue of accountability in higher education. Among its many obligations, government has one central role in society: The provision of the public good. The public good or public goods are goods and services that advance the broader public interest and welfare and where the benefits of the goods or services are open to all.

Higher education is difficult because in some ways it acts as a public good and in other ways it appears to fall short of that definition. Higher education benefits society generally, and college graduates directly, in a multitude of ways. In those regards, the U.S. higher education system is performing exceptionally well.

However, that is not the complete story. Our higher education system also serves to regenerate existing wealth, status, and privilege. I am convinced that without appropriate government support and oversight, higher education will not, on its own, fully accomplish its mission of advancing the public good.

Primary factors driving the low average postsecondary education completion rate are the race and income-based inequalities built into our system and the stratification and unequal distribution of resources apparent within and between our postsecondary institutions. These income- and race-based inequalities mean entire segments of our society are being kept out of higher education based on factors independent of desire and talent.

In order to ensure that institutions meet certain standards regarding quality and capacity before they are deemed eligible under Title IV for students to receive federal financial aid the original Higher Education Act (HEA) established the accountability triad. The triad consists of three entities: accreditation agencies, the federal government, and states. Accreditors use peer review as the foundation of their effort to ensure that institutions meet a minimal level of educational quality. The federal government has been primarily concerned with consumer protection and consumer information. States authorize institutions and also engage in critical program approval functions; consumer information and protection functions; oversight and regulatory actions; and in performance management, often in the form of performance- or outcomes-based funding.

The triad has certainly helped higher education function better, protected many students, and helped protect taxpayers' dollars.

However, in order for government to ensure that higher education in the US is fully operating in the public interest, the triad must function better and resources must flow to where they are needed most. It is important to note that the participation of each member of the triad allows institutions to receive a level of endorsement that may be used by the institution to signal compliance and quality. Therefore, each member must independently act as an evaluator of quality while also working in cooperation with the other members of the triad. Experience and research have shown that without clear and deliberate action taken on behalf of underrepresented students, the system will not, on its own, serve them appropriately. Better coordination and partnership; more and better data and information, disaggregated by income and race/ethnicity; and specific efforts to drive resources to low-income students and students of color and the institutions that serve them are needed.

Full Testimony

Chairman Alexander, Ranking Member Murray, and Members of the Committee, thank you for the opportunity to testify today.

My name is David Tandberg and I serve as vice president of policy research and strategic initiatives at the State Higher Education Executive Officers (SHEEO) Association. SHEEO is the national association of the chief executives of statewide governing, policy, and coordinating boards of postsecondary education. We seek to advance public policies and educational practices to achieve more widespread access to and completion of higher education, more discoveries through research, and more applications of knowledge that improve the quality of human lives and enhance the public good.

I have been asked to address the issue of accountability in higher education. While a seemingly dry and perhaps technocratic topic, it, in fact, gets at two of the most critical and fundamental questions facing policymakers concerned with higher education. First, what is the government's interest in higher education? And second, how might the government advance its interest in higher education? These two questions get at the core of what we want and expect from higher education. And in that regard, they reveal that we have much work to do before higher education in the United States can be determined to be fully meeting its obligations to the public. These questions will frame my comments today.

In what follows I will attempt to articulate the government's interest in higher education, discuss various challenges preventing higher education from fully accomplishing its mission and meeting the government's interest, explain the government's current accountability system, and then conclude by making several recommendations that may help protect students and better orient higher education toward the public good.

The Government's Interest in Higher Education

Among its many obligations, government has one central role in society: The provision of the public good. The public good or public goods are goods and services that advance the broader public interest and welfare and where the benefits of the goods or services are open to all. The government clearly has an interest in advancing the public good through its activities and policies.¹

Higher education is challenging because in some ways it acts as a public good, and in other ways it appears to fall short of that definition.² Higher education benefits society generally, and college graduates directly, in a multitude of ways. The strength of our country's economy, its health and security, its preeminence in science and technology, the quality of its arts and culture, and the

¹ Holly, N. (2018). The SHEEO and the Public Good. In D.A. Tandberg, S. A. Sponsler, R.W. Hanna, & J.P. Guilbeau (Eds), *The State Higher Education Executive Officer and the Public Good: Developing New Leadership for Improved Policy, Practice, and Research*, (pp. 47-64). New York, NY: Teachers College Press.

² Ibid

like can all be tied directly back to our higher education system.³ Further, we know that college graduates are less likely to be incarcerated, less likely to depend on public assistance programs, more likely to vote, more likely to volunteer, have better employment outcomes, enjoy greater wealth, and pay more in taxes, among other essential positive outcomes.⁴ In so many ways, the U.S. higher education system is performing exceptionally well.

However, that is not the complete story. While simultaneously serving as a critical access point for upward mobility and as a means of tremendous opportunity, our higher education system also serves to regenerate existing wealth, status, and privilege.⁵ In that specific regard, it does little to improve society. In this case, higher education is not functioning as a public good, and is, in fact, working against the broader public interest. I am convinced that without appropriate government support and oversight, higher education will not, on its own, fully accomplish its mission of advancing the public good. As others have said, the public interest “is more than the sum total of institutional interests.”⁶

Given the tremendous investment made in higher education (the states and federal government currently appropriate over \$140 billion to higher education⁷), the potential benefit of higher education to society and individuals, and the apparent shortcomings and challenges in our current higher education system, the government’s interest and responsibilities relative to higher education are great. These interests ought to extend beyond the student outcomes of the federal student loan program (e.g., default rates or repayment rates), to outcomes such as access and completion rates where the actual benefits to individual students are realized. In that regard, the government has an interest in ensuring the broader academic and economic value of the colleges that receive taxpayer funding.

Challenges Facing Higher Education

Significant inefficiencies appear built into our higher education system. Currently, the overall national six-year completion rate is 58.3 percent. While that represents a small increase over the previous year, it also means that over 40 percent of incoming students are failing to complete any credential within six years of starting.⁸ Furthermore, there are leaks throughout the education-to-

³ Owen-Smith, J. (2018). *Research Universities and the Public Good: Discovery for an Uncertain Future*. Stanford University Press.

Smith, K. (2018). *A Perfect Mess. The Unlikely Ascendancy of American Higher Education*. Chicago: University of Chicago Press.

⁴ Ma, J., Pender, M., & Welch, M. (2016). *Education Pays 2016: The Benefits of Higher Education for Individuals and Society*. The College Board.

⁵ Clotfelter, C. T. (2017). *Unequal colleges in the age of disparity*. Harvard University Press.

Armstrong, E. A., & Hamilton, L. T. (2013). *Paying for the Party*. Harvard University Press.

Bowen, W. G., Kurzweil, M. A., Tobin, E. M., & Pichler, S. C. (2005). *Equity and excellence in American higher education*. University of Virginia Press.

⁶ NCPPE (2005). *State capacity for higher education policy*. San Jose, CA: NCPPE.

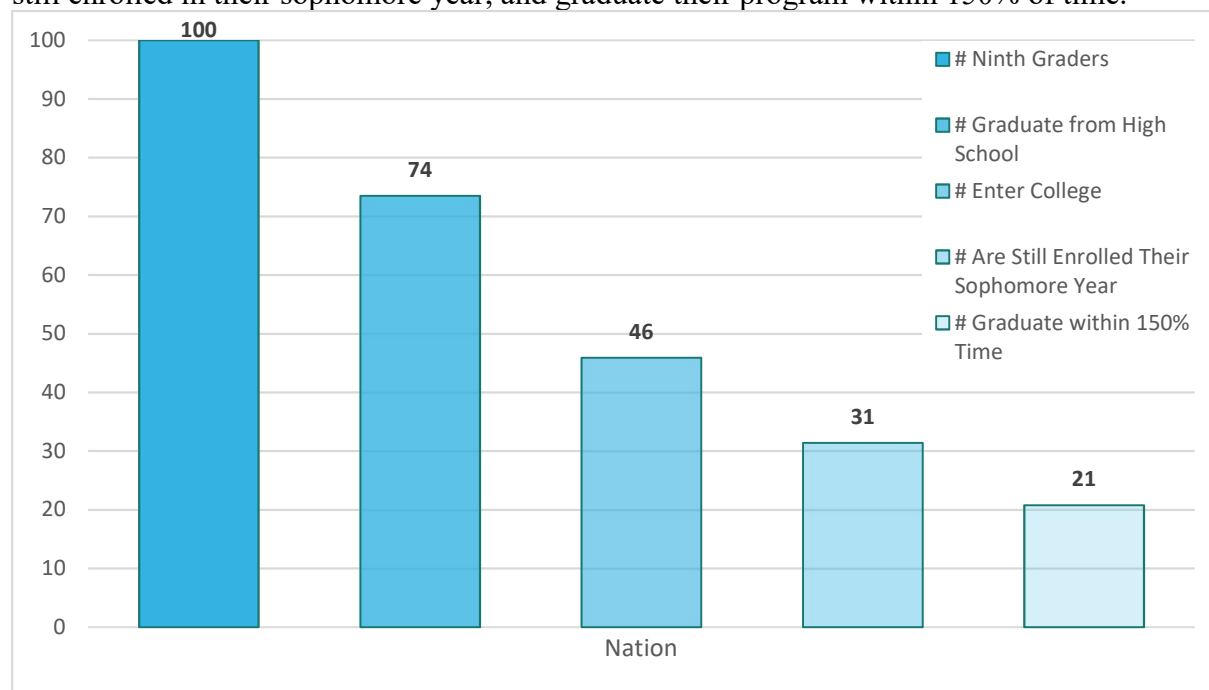
⁷ The Pew Charitable Trusts (2017). *How the governments support higher education through the tax code*. Washington, DC: Pew Charitable Trust.

⁸ Shapiro, D., Dundar, A., Huie, F., Wakhungu, P.K., Bhimdiwala, A. & Wilson, S. E. (2018). *Completing College: A National View of Student Completion Rates – Fall 2012 Cohort (Signature Report No. 16)*. Herndon, VA: National Student Clearinghouse Research Center.

postsecondary completion pipeline. As seen in *Figure 1*, for every 100 9th-grade students, 74 graduate high school, 46 directly enter college, 31 are still enrolled in their sophomore year, and 21 graduate their program within 150 percent of time.

Figure 1:

For every 100 9th-grade students the number who graduate high school, directly enter college, are still enrolled in their sophomore year, and graduate their program within 150% of time.



Source: NCHEMS Information Center. Education Levels of the Population: ACS Educational Attainment by Degree-Level and Age-Group (American Community Survey).

Primary factors driving the low average postsecondary education completion rate and the leaks in the education pipeline are the race and income-based inequalities built into our system and the stratification and unequal distribution of resources apparent within and between our postsecondary institutions.

Our current higher education system results in much more favorable outcomes for students who come from a higher socioeconomic status. Barriers to access faced by lower income individuals prevent the social mobility needed for our society to thrive. These income- and race-based inequalities mean entire segments of our society are being kept out of higher education based on factors independent of desire and talent. The result is that our ability to reap the benefits of a fully functional higher education system operating in the public interest is limited because of the current structural inequalities built into the system.⁹

⁹ Clotfelter, C. T. (2017). *Unequal colleges in the age of disparity*. Harvard University Press.

Armstrong, E. A., & Hamilton, L. T. (2013). *Paying for the Party*. Harvard University Press.

Bowen, W. G., Kurzweil, M. A., Tobin, E. M., & Pichler, S. C. (2005). *Equity and excellence in American higher education*. University of Virginia Press.

As seen in *Table 1*, the lowest achieving high-income students attend postsecondary education at the same rate as the highest achieving low-income students. Factors other than achievement and ability are systematically keeping large numbers of lower-income students out of higher education. Higher income students are likewise more likely to complete college than their lower income peers.¹⁰

Table 1:

College attendance by academic achievement and income

Achievement Level (in quartiles)	Low-Income	High-Income
First (Low)	36%	77%
Second	50%	85%
Third	63%	90%
Fourth (High)	78%	97%

Source: National Education Longitudinal Study; achievement based on nationally normed standardized test.

Further, race is a factor when it comes to access and success. As seen in *Figure 2*, Hispanic and black Americans are critically underrepresented among U.S. adults with a bachelor's degree or more. This difference is impacted by Asian and white students having much higher completion rates (68.9 percent and 66.1 percent, respectively) than Hispanic and black students (48.6 percent and 39.5 percent, respectively);¹¹ and also because black and Hispanic 18 to 24-year-olds are significantly less likely to enroll in college than their white peers.¹² However, it should be noted the federal education data collection systems do not allow for proper disaggregation of the broad Asian category. Among certain Asian communities, large shares live at or below the poverty line, and educational attainment levels vary significantly.¹³

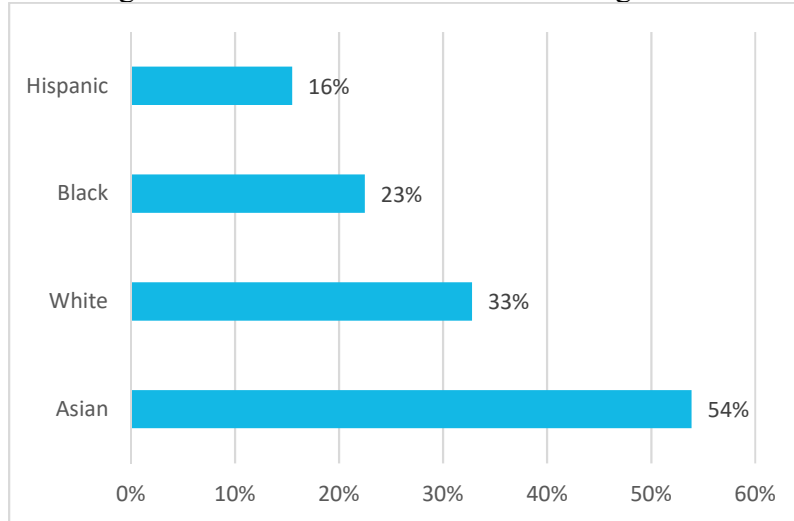
¹⁰ The College Board (2018). *Trends in Higher Education*. <https://trends.collegeboard.org/education-pays/figures-tables/completion-rates-family-income-and-parental-education-level>

¹¹ Shapiro, D., Dundar, A., Huie, F., Wakhungu, P.K., Yuan, X., Nathan, A. & Bhimdiwali, A. (2018). *Completing College: A National View of Student Completion Rates – Fall 2012 Cohort (Signature Report No. 16)*. Herndon, VA: National Student Clearinghouse Research Center

¹² Marcus, J. (2018). Facts about race and college admission. *Hechinger Report*. <https://hechingerreport.org/facts-about-race-and-college-admission/>

¹³ <https://www.pewresearch.org/topics/asian-americans/>

Figure 2:
Percentage of U.S. Adults with a Bachelor's Degree or More by Race/Ethnicity



Source: Ryan, C. L., & Bauman, K. (March 2016). Educational Attainment in the United States: 2015. *United States Census Bureau Current Population Reports*.

Further students of color are more likely to borrow, and take on more debt, and are less likely to be able to pay down their debt than their white peers. This is particularly true for African-American students. Likewise, low-income students suffer similar challenges.¹⁴ These challenges are compounded by their lower completion rates discussed above.

When low-income students and students of color access higher education, they tend to be stratified into low-resourced and open/broad-access institutions. For example, students whose family income falls within the 80th percentile nationally are four times more likely to enroll in selective schools than students in the 20th percentile. Further, the underrepresentation of low-income students at highly selective schools has increased over time.¹⁵ Likewise, from 1995 to 2013, 82 percent of new white enrollments have gone to the 468 most selective colleges, while enrollments for Hispanics (72 percent) and African Americans (68 percent) have gone to two-year and four-year open-access schools.¹⁶

¹⁴ Scott-Clayton, J. (2018). The looming student loan default crisis is worse than we thought. *Evidence Speaks Reports, Brookings Institution*, 2(34), 1-10. <https://www.brookings.edu/wp-content/uploads/2018/01/scott-clayton-report.pdf>.
https://www.washingtonpost.com/news/grade-point/wp/2018/05/16/when-it-comes-to-student-debt-its-really-a-matter-of-wealth/?utm_term=.65000fd945ea
<https://www.brookings.edu/research/what-accounts-for-gaps-in-student-loan-default-and-what-happens-after/>
<https://www.reuters.com/article/us-column-marksjarvis-college/low-income-college-students-can-fall-into-bad-hole-with-loans-idUSKCN1LL2S8>

¹⁵ Reardon, S.F., Kasman, M., Klasik, D., & Baker, R. (2016). Agent-Based Simulation Models of the College Sorting Process. *Journal of Artificial Societies and Social Simulation* 19(1)8.

¹⁶ Carnevale, A. & Strohl, J. (2013). *Separate and Unequal: How Higher Education Reinforces the Intergenerational Reproduction of White Racial Privilege*. Georgetown University, Center on Education and the Workforce. <https://cew.georgetown.edu/cew-reports/separate-unequal/>

Focusing specifically on our public higher education systems, Bridget Terry Long found that, while holding other factors constant, public research institutions received \$2,504 per full-time equivalent student more in state appropriations than other public four-year schools and \$5,227 more than public two-year colleges. She further showed that institutions that enroll the students who are best prepared academically to succeed, and therefore may require the fewest resources, are receiving a disproportionate amount of state funding relative to institutions that enroll students who are less prepared academically.¹⁷

These differences in funding and institutional resources matter. Deming and Walters (2017) found that at community colleges, a 10 percent rise in spending increases associate degree completions by 10.6 percent and certificates by 23.2 percent (one year after the spending increase). For bachelor's degrees, a 10 percent rise in spending increases completions by between 4 and 5 percent (two to three years after the spending increase)^{18, 19}

The stratification is even starker and the implications far greater when enrollments and outcomes are compared across for-profit and nonprofit institutions. Students of color and low-income students are overrepresented and far more likely to enroll in for-profit institutions than their white-majority and upper-income counterparts.²⁰ This matters because loan burden among for-profit students is far greater, for-profit borrowers default at twice the rate of public two-year borrowers (52 versus 26 percent after 12 years), the rate of default among all for-profit entrants is nearly four times that of public two-year entrants (47 percent versus 13 percent), graduation rates are lower in the for-profit sector, and employment outcomes for graduates from for-profit colleges are worse.²¹ For an in-depth discussion of the risks associated with for-profit higher education, see Tressie McMillan Cottom's *Lower Ed*.²²

Why do these postsecondary inequalities exist? They can be traced back to larger inequalities that are historic in our country, and which currently begin at birth for low-income individuals and people of color.²³ They are related to our country's historic and pervasive institutionalized

¹⁷ Long, B. T. (2016). *State Support for Higher Education: How Changing the Distribution of Funds Could Improve College Completion Rates*. The Miller Center. http://web1.millercenter.org/commissions/higher-ed/Long_No9.pdf

¹⁸ Deming, D. J., & Walters, C. R. (2017). The Impact of Price Caps and Spending Cuts on US Postsecondary Attainment (No. w23736). *National Bureau of Economic Research*. <http://www.nber.org/papers/w23736>

¹⁹ For examples of how these additional resources can be used to create positive impact outcomes, see:

Scrivener, et al. (2015). Doubling graduation rates: Three-year effects of CUNY's Accelerated Study in Associate Programs (ASAP) for developmental education students. Washington, DC: MDRC.

Sommo, C. et al (2018). *Doubling Graduation Rates in a New State: Two-Year Findings from the ASAP Ohio Demonstration*. Washington, DC: MDRC.

²⁰ Libassi, C.J. (2018). *The neglected college race gap: Racial disparities among college completers*. Washington, DC: Center for American Progress.

<https://cdn.americanprogress.org/content/uploads/2018/05/22135501/CollegeCompletions-Brief1.pdf>

Yuen, V. (2019). New insights into attainment for low-income students. Center for American Progress. <https://www.americanprogress.org/issues/education-postsecondary/reports/2019/02/21/466229/new-insights-attainment-low-income-students/>

²¹ Cellini, S. R., & Turner, N. (2016). *Gainfully employed? Assessing the employment and earnings of for-profit college students using administrative data* (No. w22287). National Bureau of Economic Research.

²² Cottom, T. M. (2017). *Lower ed: The troubling rise of for-profit colleges in the new economy*. The New Press.

²³ Putnam, R. D. (2016). *Our kids: The American dream in crisis*. Simon and Schuster.

racism and the fact that our country's social and economic systems have, since its founding, benefited the wealthy. Racial and income-based disparities in access to quality preK-12 education, healthcare, and social capital, among other factors, have all limited opportunity. Likewise, college costs; college and university recruitment policies; internal college services, policies, and practices; and the like have limited opportunity and success in higher education.²⁴ The question then is: What can be done about these problems?

Advancing the Government's Interest in Higher Education Via Accountability

The data points previously discussed make clear the need to improve the degree to which, and how, we fund higher education and also the financial support we provide students. It is imperative that we are more intentional regarding how we fund and design our financial aid systems and the manner and level of direct institutional appropriations.²⁵ However, given the focus of this hearing, I will focus specifically on our accountability system for higher education, with a special focus on the states and their efforts. Later in the recommendations, I will return to questions regarding how we might better use finance policy to support low-income students and students of color.

Bonilla-Silva, E. (2006). *Racism without racists: Color-blind racism and the persistence of racial inequality in the United States*. Rowman & Littlefield Publishers.

Oliver, M., & Shapiro, T. (2013). *Black wealth/white wealth: A new perspective on racial inequality*. Routledge.

Clotfelter, C. T. (2017). *Unequal colleges in the age of disparity*. Harvard University Press.

Armstrong, E. A., & Hamilton, L. T. (2013). *Paying for the Party*. Harvard University Press.

Bowen, W. G., Kurzweil, M. A., Tobin, E. M., & Pichler, S. C. (2005). *Equity and excellence in American higher education*. University of Virginia Press.

²⁴ Goldrick-Rab, S. (2016). *Paying the price: College costs, financial aid, and the betrayal of the American dream*. University of Chicago Press.

Putnam, R. D. (2016). *Our kids: The American dream in crisis*. Simon and Schuster.

Bonilla-Silva, E. (2006). *Racism without racists: Color-blind racism and the persistence of racial inequality in the United States*. Rowman & Littlefield Publishers.

Oliver, M., & Shapiro, T. (2013). *Black wealth/white wealth: A new perspective on racial inequality*. Routledge.

Clotfelter, C. T. (2017). *Unequal colleges in the age of disparity*. Harvard University Press.

Armstrong, E. A., & Hamilton, L. T. (2013). *Paying for the Party*. Harvard University Press.

Bowen, W. G., Kurzweil, M. A., Tobin, E. M., & Pichler, S. C. (2005). *Equity and excellence in American higher education*. University of Virginia Press.

Carnevale, A. & Strohl, J. (2013). *Separate and Unequal: How Higher Education Reinforces the Intergenerational Reproduction of White Racial Privilege*. Georgetown University, Center on Education and the Workforce.

<https://cew.georgetown.edu/cew-reports/separate-unequal/>

Long, B. T. (2016). *State Support for Higher Education: How Changing the Distribution of Funds Could Improve College Completion Rates*. The Miller Center. http://web1.millercenter.org/commissions/higher-ed/Long_No9.pdf

Deming, D. J., & Walters, C. R. (2017). *The Impact of Price Caps and Spending Cuts on US Postsecondary Attainment (No. w23736)*. National Bureau of Economic Research. <http://www.nber.org/papers/w23736>

Jackson, C.K. (2018). *Does school spending matter. The new literature on the old question*. https://works.bepress.com/c_kirabo_jackson/38/

Chingos, M.M. & Blagg, K. (2017). *Do poor kids get their fair share of school funding?* Washington, DC: Urban Institute. <https://apps.urban.org/features/school-funding-do-poor-kids-get-fair-share/>

²⁵ For example, better directing resources where they are needed most: low-income students and the underfunded institution where they enroll.

Accountability and the Triad

The triad (sometimes referred to as the accountability triad or the program integrity triad) consists of three entities: accreditation agencies, the federal government, and states. The triad was established under the original 1965 Higher Education Act (HEA) to ensure that institutions meet certain standards regarding quality and capacity before they are deemed eligible under Title IV for students to receive federal financial aid.

Accreditors

Accreditors use peer review as the foundation of their effort to ensure that institutions meet a minimal level of educational quality. Accreditors focus on institutions' educational missions and the extent to which the institution engages in quality improvement, their student learning outcomes, and their financial and human resources. Accreditors' reviews are often intensive, involving significant data and information collection, site visits, and iterative discussions. Some have recommended changes to accreditation to better align the review processes to student outcomes and equity considerations. For example, accreditors could develop common measures of student learning and success and disaggregate those measures and others by income and race/ethnicity.²⁶ Loss of accreditation generally does not happen quickly, and when it does it frequently results in institutional closure.

The Federal Government

The federal government also plays a key role in the triad. The most direct participant is the Department of Education which implements the provisions of the HEA and its own rules and regulations. They are the primary interface with the accreditors, providing both approval and oversight. They also directly interact with institutions, primarily around student financial aid. They administer federal programs, engage in data collection and research, and operate and oversee the giant federal student financial program, among other responsibilities.

Legislatively, the federal government has been primarily concerned with consumer protection and consumer information.²⁷ Examples of consumer protection include Cohort Default Rate, Financial Responsibility standards, Gainful Employment, and the "90/10 rule". It is important to note that many of these existing consumer protection policies were designed to target the areas of greatest risk to students and taxpayers. Default rates pose the most significant harm to students and taxpayers. Gainful employment was designed to target the variability in quality among career training programs within the for-profit sector and certificate programs. 90/10 deals with whether a for-profit product is of sufficient enough quality to attract at least 10 percent of non-government private investment. Examples of federal consumer information efforts include, the College Scorecard, the Net Price Calculator, the Financial Aid Shopping Sheet, College Navigator, and the College Affordability and Transparency Center. The effectiveness of these transparency efforts has not been firmly established; however, there is some evidence that

²⁶ <https://www.americanprogress.org/issues/education-postsecondary/reports/2018/04/25/449937/college-accreditors-miss-mark-student-outcomes/>

²⁷ Kelchen, R. (2018). *Higher education accountability*. Johns Hopkins University Press.

wealthier students tend to be more likely to access and respond to such information efforts.²⁸ This indicates that while transparency in outcomes is helpful, it is not nearly sufficient – the federal government – and its partners in states and accrediting agencies – can and should have a robust role in consumer protection to ensure students are not defrauded and are receiving a quality education of value in their pursuit of a higher education.

The States

State authorization serves as the first and foundational formal act in the establishment of a postsecondary institution. To legally grant a degree and other recognized credentials, a postsecondary institution must be authorized by a state government. States (or colonies, as the case may be) have been authorizing institutions since colonial times. The authorizing role of the states in the triad was statutorily reinforced and mandated in the original 1965 Higher Education Act and each subsequent reauthorization. Under the HEA, state authorization has been a baseline requirement for any institution seeking to gain or maintain access to federal financial aid dollars. Authorization, however, varies significantly by state. Some states undergo significant information and data collection and conduct site visits. In other states, the process is much simpler and fairly passive. Some states have a formal reauthorization process that is undertaken after a certain number of years and involves an examination of student outcomes and other important indicators.²⁹

Since 2010 distance education providers are required to seek authorization in every state where their students are physically located—though the regulations have been recently delayed. This led to the creation of state authorization reciprocity agreements and the National Council for State Authorization Reciprocity Agreements (NC-SARA). NC-SARA is a voluntary organization that has established baseline authorization requirements that states agree to. Institutions pay to join NC-SARA, and if they receive authorization in a member state, their authorization is recognized in all NC-SARA states. Currently, 49 states are members of NC-SARA and close to 2,000 institutions participate (including public, private non-profit, and private for-profit institutions). NC-SARA has developed quickly; allowed institutions who may have otherwise had to quit offering distance education to continue to do so, and provided baseline quality standards that apply uniformly across the participating states. However, critics have argued that NC-SARA has reduced state authority, not included enough consumer protections and student recourse provisions, and does not have enough state oversight.³⁰

States also engage in other accountability efforts beyond authorization. They approve new academic programs (generally referred to as program approval authority). The program approval

²⁸ Hurwitz & Smith (2018). Student Responsiveness to Earnings Data in the College Scorecard. *Economic Inquiry*, 56(2), 1220-1243.

²⁹ Harnisch, T., Nassirian, B., Saddler, A., & Coleman, A. (2016). Enhancing State Authorization: The Need for Action by States as Stewards of Higher Education Performance. State-Federal Partnerships in Postsecondary Education. *Education Commission of the States*.

³⁰ <https://s3-us-west-2.amazonaws.com/production.tcf.org/app/uploads/2016/06/17174318/Shireman-Mattes-Comments-Re-SARA-1.pdf>
https://www.calfac.org/sites/main/files/file-attachments/close_calif_covert_4profit_loophole.pdf

process is meant to ensure that colleges are not unnecessarily duplicating programs and that these programs meet certain quality standards and state educational needs. Again, the scope and procedures for program approval vary greatly across the states. For example, in some states, program approval only applies to public institutions; in others, state boards or agencies approve all new programs regardless of the sector. Likewise, the specific procedures and what programs require approval also vary across the states.

States also engage in data collection and reporting. This effort serves multiple purposes. It signals to institutions what outcomes and measures are important to the state; it provides state policymakers with data and information they can use to assess institutional performance, design policies, and intervene when necessary; and it serves a consumer information function.³¹ Most states have longitudinal student-level data systems, which if used properly can provide significant information and support robust research efforts. However, the extent to which the data systems are used in this manner varies greatly by state.

States engage in performance management. One of the most popular is performance- or outcomes-based funding (OBF). At least 30 states tie state appropriations directly to certain outcomes measures. Under these arrangements, colleges and universities earn a portion (and in some states all) of their state funding according to how well they perform on a variety of measures including credential completion, credit hour completion, graduation rates, and the like. The research on the impact of OBF on completions has revealed little impact on average, with some positive effects over time. However, the research has also revealed significant equity concerns regarding enrollments of students of color and low-income students and the distribution of state funds across well-resourced and lower-resourced institutions.³² That said, research has shown that including certain equity bonuses for the enrollment and credential completion of low-income students and underrepresented students of color has mitigated some of the unintended consequences and produced positive outcomes in certain circumstances.³³

³¹ Kelchen, R. (2018). *Higher education accountability*. Johns Hopkins University Press.

³² Hillman, N., & Corral, D. (2017). The Equity Implications of Paying for Performance in Higher Education. *American Behavioral Scientist*, 61(14), 1757-1772.

Li, A. Y., Gándara, D., & Assalone, A. (2018). Equity or Disparity: Do Performance Funding Policies Disadvantage 2-Year Minority-Serving Institutions? *Community College Review*, 46(3), 288-315.

Kelchen, R., & Stedrak, L. J. (2016). Does Performance-Based Funding Affect Colleges' Financial Priorities? *Journal of Education Finance*, 41(3), 302-321.

Umbricht, M. R., Fernandez, F., & Ortagus, J. C. (2017). An examination of the (un)intended consequences of performance funding in higher education. *Educational Policy*, 31(5), 643-673.

Birdsall, C. (2018). Performance Management in Public Higher Education: Unintended Consequences and the Implications of Organizational Diversity. *Public Performance & Management Review*, 1-27.

Hu, X., & Villarreal, P. (2018). Public Tuition on the Rise: Estimating the Effects of Louisiana's Performance-Based Funding Policy on Institutional Tuition Levels. *Research in Higher Education*, 1-34.

Hagood, L. P. (2017). *The financial benefits and burdens of performance funding* (Doctoral dissertation, University of Georgia). <https://athenaeum.libs.uga.edu/handle/10724/37779>

³³ Gándara, D., & Rutherford, A. (2018). Mitigating unintended impacts? The effects of premiums for underserved populations in performance-funding policies for higher education. *Research in Higher Education*, 59(6), 681-703.

Finally, merely viewing the states' role from the perspective of the triad as outlined in the HEA, vastly understates the states' role. Far beyond merely authorizing institutions, state agencies and appointees, may in some cases, *control and operate* the public institutions enrolling the vast majority of postsecondary students in their states. Even where state agencies do not have direct operational control, they interact with the institutions on a daily basis, engage in the accountability actions described above, often droll out state appropriations to institutions, administer financial aid program, help design policy, implement policy, evaluate policies, among other responsibilities and actions. These agencies and offices are accountable to the public, in service of the public interest.

Recommendations

Given the significant challenges facing our U.S. higher education system in serving low-income students and students of color, my recommendations will primarily focus on how our accountability efforts might better protect and serve these students. Experience and research have shown that without clear and deliberate action taken on behalf of underrepresented students, the system will not, on its own, serve them appropriately.³⁴ This is an area of clear governmental interest. Our higher education system cannot be deemed as serving the public good if it systematically excludes certain students. Two overriding principles ought to guide our accountability efforts: 1) our efforts ought to focus on improving the quality of all postsecondary education providers, and 2) our efforts ought to give special focus and attention to the enrollment and successful completion of low-income students and students of color. Here I provide several recommendations regarding accountability systems. I then include a few suggestions for consideration regarding new federal higher education finance policy. I do this because, in many cases, we cannot expect significant improvement in student outcomes without additional resources. This is particularly true regarding our under-resourced institutions and our low-income students and students of color.

Accountability Policy

Protect and Strengthen the Triad

The U.S. higher education system relies on a functional and robust program integrity triad of the federal government, accreditors, and state governments. It is critical that state authorization and

Hillman, N. & Crespín-Trujillo (2018). State accountability policies: Can performance funding be equitable? In G. Orfield & N. Hillman (Eds). *Accountability and Opportunity in Higher Education: The Civil Rights Dimension*. Harvard Education Press.

Kelchen, R. (2018). Do performance-based funding policies affect underrepresented student enrollment? *The Journal of Higher Education*, 1-26.

³³ Li, A. Y., Gándara, D., & Assalone, A. (2018). Equity or Disparity: Do Performance Funding Policies Disadvantage 2-Year Minority-Serving Institutions? *Community College Review*, 46(3), 288-315.

Kelchen, R. (2018). Do performance-based funding policies affect underrepresented student enrollment?. *The Journal of Higher Education*, 1-26.

Gándara, D., & Rutherford, A. (2018). Mitigating unintended impacts? The effects of premiums for underserved populations in performance-funding policies for higher education. *Research in Higher Education*, 59(6), 681-703.

³⁴ Orfield, G., & Hillman, N. (2018). *Accountability and Opportunity in Higher Education: The Civil Rights Dimension*. Harvard Education Press

accreditation be preserved and improved and communication and data sharing among the members of the triad be enhanced.³⁵ Given the serious challenges for low-income students and students of color, ensuring that we have a functional program integrity triad and consumer protections is critical. Opening lines of communication, developing agreed upon protocols for information and data collection and sharing, developing shared understandings and agreements regarding roles and responsibilities, and engaging in more collaborative work and peer learning would all help the triad function more effectively. It is important to note that the participation of each member of the triad allows institutions to receive a level of endorsement that may be used by the institution to signal compliance and quality. Therefore, each member must independently act as an evaluator of quality while also working in cooperation with the other members of the triad. The various responsibilities of the members of the triad should be better delineated. However, some duplication of responsibilities is necessary to ensure adequate oversight. Issues such as quality assurance and consumer protection and institution's finances and governance can all be evaluated from different perspectives and in different manners, reflective of each member of the triad's unique role and position relative to the institutions. Recent closures of institutions, often sudden closures, show the damage that can be done to students when the triad's oversight functions fail to ensure proper communication and preparation.³⁶ Better engagement from all members of the triad in overseeing an institution's finances and integrity may help prevent future sudden failures.

Federal Action: 1) Enhance the roles of the accreditors and the states in the triad to examine and take action on low student outcomes, using revisions to the Higher Education Act.; 2) annually convene the members of the triad for professional development, coordination, and information and data sharing; 3) develop and provide a data sharing mechanism for members of the triad; and 4) ensure that each member of the triad is considering data and metrics related to low-income students and students of color in their quality assurance efforts.

Other Federal Actions: 1) Encourage states to work with NC-SARA to ensure that appropriate quality standards, consumer protections, and student recourse provisions are included in the reciprocity agreements and that the organization establishes appropriate state oversight; 2) Encourage states to ensure that their state authorization and program approval efforts are oriented to quality assurance, quality improvement, and consumer protection, and that they consider metrics related to low-income students and students of color. Some additional baseline factors states ought to include in their authorization programs include: a student complaint process; policies to deny, revoke, and suspend authorization; policies and procedures regarding institutional closure and how to respond to institutions nearing closure; and a certification process for programs that meet state licensure requirements.

Improve Data and Research

³⁵ Anderson, R.E. (2019). *State and Federal Cooperation Can Improve Higher Education Quality*. Washington, DC: Higher Learning Advocates. <https://higherlearningadvocates.org/2019/01/31/state-and-federal-cooperation-can-improve-higher-education-quality/?platform=hootsuite>

³⁶ For an excellent example of how devastating these closures can be, please read: https://www.chronicle.com/interactives/20190404-ForProfit?cid=at&utm_source=at&utm_medium=en&cid=at

The first step to addressing a problem is being aware of it. Policymakers at all levels need to be made aware of the data and outcomes for low-income students and students of color. This requires intentional action and high-quality student-level data systems. Policymakers need to collect, analyze, and report data disaggregated by income and race. Lawmakers ought to ask for and incentivize research addressing the causes of and solutions to the challenges related to low-income students and students of color. The data, reports, and research need to be publicized and distributed to decisionmakers. Policymakers then need to use the data, analysis, and research to create explicit equity goals, plans, and policies.³⁷

Federal Action: 1) Implement a federal student-level data system, including data on student race/ethnicity and income; 2) ensure that federal data and reports include outcomes by income and race/ethnicity; 3) ensure that federal research and federally funded research explore ways to improve equity in higher education; 4) disaggregate data by racial/ethnic groups within the Asian community and collect finer grained data on Native American students, especially in regard to tribal affiliation; 5) provide financial support in the form of grants to states to further develop and use their student-level data systems to collect, report, and analyze data on income and race/ethnicity and outcomes for those students; and 6) through the Institute of Education Sciences, provide research grant funding to specifically address challenges related to low-income students and students of color.

Outcomes-Based Funding for Equity

As indicated earlier, a spate of recent research has raised a number of red flags regarding traditional state outcomes-based funding (OBF) and equity. However, newer OBF models that include equity indicators within the OBF formula have been shown, in the literature, to produce some positive outcomes. This is an example of where without deliberate attention to underrepresented students in the design of the program, a well-intentioned accountability program will actually work against the larger government interests.³⁸

Federal Action: 1) Encourage states to include equity premiums in their OBF programs (if they use OBF); 2) As states that have a stake in the value of the institutions that receive their state funding, the federal government also has a stake in the value of institutions that receive federal financial aid funding. Federal government should consider the lessons from state-based outcomes-based funding and ensure that any increased focus on student outcomes, such as access and completion is done so from an equity perspective. In developing any federal accountability program, the federal government should include equity indicators and be cognizant of the differences in institutional resources, the legacy of inadequate funding for many of our institutions serving low-income students and students of color, and the extent to which

³⁷ Excellent resources for this type of work include:

<https://postsecondarydata.shero.org/>

<http://www.ihep.org/postsecdata/resources-reports/national-postsecondary-data-infrastructure>

<https://cue.usc.edu/tools/>

<https://edtrust.org/our-resources/data-tools/>

³⁸ Orfield, G., & Hillman, N. (2018). *Accountability and Opportunity in Higher Education: The Civil Rights Dimension*. Harvard Education Press

institutions spend their money on supporting their students. This should inform how federal accountability examines institutional outcomes and provide under-resourced and well-intentioned institutions with the support and time they need to improve before applying any sanctions that could have severe unintended consequences.

Maintain and Increase Oversight of the For-Profit Sector

The outcomes for low-income students and students of color and, in particular, black students, in the for-profit sector³⁹ necessitate increased scrutiny and oversight of the sector and the primary accreditors of the for-profit institutions. Recent efforts to roll back restrictions and sanctions for for-profit colleges have made abuses more likely.⁴⁰ A renewed effort to monitor and hold the sector accountable for failures and abuses is necessary.⁴¹ But it is also critical for the federal government to be nimble and recognize the new forms of for-profit colleges, including those that convert to non-profit college and contract with their former for-profit entity as a provider of academic and administrative services – often for a large share of tuition, ranging up to 60 percent of tuition.

Federal Action: 1) Protect and maintain current oversight and regulatory tools, including the enforcement of the gainful employment rule; 2) enforce with fidelity current requirements for accreditors that accredit for-profit colleges; 3) review and approve new student fraud claims against for-profit colleges in a fair and efficient manner; and 4) consider returning the 90/10 rule to the original 85/15 requirement.⁴²

Finance Policies

With each of these finance policy considerations, it would be appropriate to connect additional oversight and accountability to the increased financial support. However, if such accountability efforts do not specifically include equity provisions regarding low-income students and students

³⁹ Libassi, C.J. (2018). *The neglected college race gap: Racial disparities among college completers*. Washington, DC: Center for American Progress.

<https://cdn.americanprogress.org/content/uploads/2018/05/22135501/CollegeCompletions-Brief1.pdf>

Scott-Clayton, J. (2018). The looming student loan default crisis is worse than we thought. *Evidence Speaks Reports, Brookings Institution*, 2(34), 1-10. <https://www.brookings.edu/wp-content/uploads/2018/01/scott-clayton-report.pdf>.

Smith, P. & Parrish, L. (2014). *Do students of color profit from for-profit college? Poor outcomes and high debt hamper attendees' future*. Washington, DC: Center for Responsible Lending.

<https://www.responsiblelending.org/student-loans/research-policy/CRL-For-Profit-Univ-FINAL.pdf>

⁴⁰ <https://www.politico.com/story/2017/08/31/devos-trump-forprofit-college-education-242193>
<https://mic.com/articles/189386/the-department-of-education-is-scaling-back-its-oversight-of-for-profit-colleges-heres-how-to-protect-yourself#.Kb7xGjivo>

⁴¹ For an in-depth discussion of the risks associated with for-profit higher education see: Cottom, T. M. (2017). *Lower ed: The troubling rise of for-profit colleges in the new economy*. The New Press.

⁴² Looney, A. & Lee, V. (2019). *Does the 90/10 rule unfairly target proprietary institutions or under-resourced schools?* Washington, DC: Brookings. <https://www.brookings.edu/research/does-the-90-10-rule-unfairly-target-proprietary-institutions-or-under-resourced-schools/>

of color and institutions' missions, among other factors, the efforts may result in significant unintended negative consequences.⁴³

Support a Title I Type Program for Higher Education, Including Support for HBCUs and other MSIs

The federal Title I program provides federal funds to schools with high percentages of low-income students. These funds pay for extra educational services to help low-income students succeed regardless of income or other factors. While there are some mixed outcomes and findings related to the federal K-12 Title I program, at least two recent multistate studies using sophisticated, quasi-experimental research designs have found positive impacts related to Title I funding, including improved graduation rates and a reduction in dropouts.⁴⁴ A Title I-type program could be designed for higher education. Third Way has proposed a potential design of such a program that would include three different levels of grants that vary based on the number and percentage of Pell students a college enrolls, with potential bonuses for successful campuses.⁴⁵ Similar to the current K-12 Title I program, a requirement that federal dollars supplement rather than supplant state and local funding would be essential. While not specifically focused on students of color (at least not as currently proposed), such provisions could be included, and if not, the inequalities in income and wealth based on race make a Title I-type program for higher education a potentially effective mechanism for addressing such inequalities. As noted earlier, increased financial resources at community colleges and non-selective public four-year universities can have significant positive impacts on student outcomes.⁴⁶ Likewise, additional resources are likely to reduce costs to students.⁴⁷

One of the most direct ways federal lawmakers can positively impact students of color is through their support of historically black colleges and universities (HBCUs) and other minority serving institutions (MSIs). These institutions serve a large share of students of color and also large shares of low-income students. HBCUs, in particular, have a historic and unique mission to serve as access points and engines of opportunity and mobility. They also serve unique cultural purposes within our country and their communities. On average, the outcomes for students of

⁴³ Orfield, G., & Hillman, N. (2018). *Accountability and Opportunity in Higher Education: The Civil Rights Dimension*. Harvard Education Press.

⁴⁴ Cascio, E.U., Gordon, N., & Reber, S. (2013). Local Responses to Federal Grants: Evidence from the Introduction of Title I in the South. *American Economic Journal: Economic Policy*, 5 (3):126–159.

Johnson, R.C. (2015). Follow the Money: School Spending from Title I to Adult Earnings. *RSF: The Russell Sage Foundation Journal of the Social Sciences*, 1(3):50.

⁴⁵ <https://www.thirdway.org/memo/creating-a-title-i-for-higher-ed>

⁴⁶ Deming, D. J., & Walters, C. R. (2017). *The Impact of Price Caps and Spending Cuts on U.S. Postsecondary Attainment* (No. w23736). National Bureau of Economic Research. <http://www.nber.org/papers/w23736>

Scrivener, et al. (2015). Doubling graduation rates: Three-year effects of CUNY's Accelerated Study in Associate Programs (ASAP) for developmental education students. Washington, DC: MDRC.

Sommo, C. et al (2018). *Doubling Graduation Rates in a New State: Two-Year Findings from the ASAP Ohio Demonstration*. Washington, DC: MDRC.

⁴⁷ Webber, D. A. (2017). State divestment and tuition at public institutions. *Economics of Education Review*, 60, 1-4.

color who attend MSIs are better than similar students who do not attend MSIs. These include graduation and completion rates, labor market outcomes, and return on investment, among other outcomes. As noted earlier, increased financial resources at our colleges and universities can have large positive impacts on student completions.⁴⁸

Federal Action: 1) Design and implement a Title I-type program for higher education that would provide grants through state higher education agencies to colleges and universities that serve large shares/numbers of lower-income students. 2) Federal Action: Increase federal financial support for MSIs including: HBCUs, tribal colleges, Hispanic-serving institutions, Alaska Native-serving institutions, Native Hawaiian-serving institutions, predominantly black institutions, Asian American and Native American Pacific Islander-serving institutions, and Native American-serving nontribal institutions.

Funding Adequacy

Within higher education, the question of what it costs to successfully educate and graduate students has not been properly answered. Nevertheless, we know that resources matter.⁴⁹ Likewise, different students need different resources and levels of support.⁵⁰ Focusing on the public institutions that enroll relatively large shares of students of color and lower-income students, our approaches to institutional funding have resulted in inequitable institutional resources.⁵¹ For example, black students make up roughly 6 percent of public research university enrollments and 15 percent of public two-year college enrollments, yet research universities have

⁴⁸ Espinosa, L. L., Turk, J. M., & Taylor, M. (2017). *Pulling Back the Curtain: Enrollment and Outcomes at Minority Serving Institutions*. Washington, DC: American Council on Education.

Espinosa, L., Kelchen, R., & Taylor, M. (2018). *Minority Serving Institutions as Engines of Upward Mobility*. Washington, DC: American Council on Education.

Gasman, M., Samayoa, A. C., & Nettles, M. (2017). Investing in Student Success: Examining the Return on Investment for Minority-Serving Institutions. *ETS Research Report Series*, 2017(1), 1-66.

Park, T. J., Flores, S. M., & Ryan, C. J. (2018). Labor Market Returns for Graduates of Hispanic-Serving Institutions. *Research in Higher Education*, 59(1), 29-53.

Flores, S. M., & Park, T. J. (2013). Race, ethnicity, and college success: Examining the continued significance of the minority-serving institution. *Educational Researcher*, 42(3), 115-128.

Flores, S. M., & Park, T. J. (2015). The effect of enrolling in a minority-serving institution for Black and Hispanic students in Texas. *Research in Higher Education*, 56(3), 247-276.

⁴⁹ Deming, D. J., & Walters, C. R. (2017). *The Impact of Price Caps and Spending Cuts on U.S. Postsecondary Attainment* (No. w23736). National Bureau of Economic Research. <http://www.nber.org/papers/w23736>

⁵⁰ Swail, W. S. (2003). *Retaining Minority Students in Higher Education: A Framework for Success*. ASHE-ERIC Higher Education Report. Jossey-Bass Higher and Adult Education Series. San Francisco, CA: Jossey-Bass.

Museus, S. D. (2014). The culturally engaging campus environments (CECE) model: A new theory of success among racially diverse college student populations. In *Higher education: Handbook of theory and research* (pp. 189-227). Springer, Dordrecht.

Smith, D. G. (2015). *Diversity's promise for higher education: Making it work*. JHU Press.

⁵¹ Carnevale, A. & Strohl, J. (2013). *Separate and Unequal: How Higher Education Reinforces the Intergenerational Reproduction of White Racial Privilege*. Georgetown University, Center on Education and the Workforce. <https://cew.georgetown.edu/cew-reports/separate-unequal/>

Long, B. T. (2016). State Support for Higher Education: How Changing the Distribution of Funds Could Improve College Completion Rates. The Miller Center. http://web1.millercenter.org/commissions/higher-ed/Long_No9.pdf

significantly higher per student resources.⁵² New approaches are needed that drive additional resources to the public institutions that serve larger shares of students of color and lower-income students. The central argument for an adequacy approach to funding education institutions is that these students need more, not less, support than students from advantaged backgrounds, and our funding formula should account for that fact. Our current systems for funding public higher education advantage research universities, other high resourced institutions, those with political clout, and those that serve predominantly white and wealthier students and more out-of-state students.⁵³ Reforming the funding system to drive governmental support to the institutions serving the types of students who have not been served as well by our current system would pay significant dividends.^{54 55}

Federal Action: 1) Federal lawmakers provide funding for the development of adequacy funding formula for public higher education and/or 2) Federal lawmakers make the adoption of approved adequacy funding formula a requirement for participation in the federal-state partnership described above.

⁵² Digest of Education Statistics (2017).

Carnevale, A. & Strohl, J. (2013). *Separate and Unequal: How Higher Education Reinforces the Intergenerational Reproduction of White Racial Privilege*. Georgetown University, Center on Education and the Workforce.

<https://cew.georgetown.edu/cew-reports/separate-unequal/>

Long, B. T. (2016). *State Support for Higher Education: How Changing the Distribution of Funds Could Improve College Completion Rates*. The Miller Center. http://web1.millercenter.org/commissions/higher-ed/Long_No9.pdf

⁵³ McLendon, M. K., Mokher, C. G., & Doyle, W. (2009). 'Privileging' Public Research Universities: An Empirical Analysis of the Distribution of State Appropriations Across Research and Non-Research Universities. *Journal of Education Finance*, 372-401.

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Jaquette, O. (2017). *State University No More: Out-of-State Enrollment and the Growing Exclusion of High-Achieving, Low-Income Students at Public Flagship Universities*. Jack Kent Cooke Foundation <https://www.jkcf.org/research/state-university-no-more-out-of-state-enrollment-and-the-growing-exclusion-of-high-achieving-low-income-students-at-public-flagship-universities/>

⁵⁴ Long, B. T. (2016). *State Support for Higher Education: How Changing the Distribution of Funds Could Improve College Completion Rates*. The Miller Center. http://web1.millercenter.org/commissions/higher-ed/Long_No9.pdf

Kahlenberg, R. D., Shireman, R., Quick, K., & Habash, T. (2018). *Policy Strategies for pursuing adequate funding of community colleges*. NYC: The Century Foundation. <https://tcf.org/content/report/policy-strategies-pursuing-adequate-funding-community-colleges/?agreed=1>

⁵⁵ Scrivener, et al. (2015). Doubling graduation rates: Three-year effects of CUNY's Accelerated Study in Associate Programs (ASAP) for developmental education students. Washington, DC: MDRC.

Sommo, C. et al (2018). *Doubling Graduation Rates in a New State: Two-Year Findings from the ASAP Ohio Demonstration*. Washington, DC: MDRC.

Federal-State Partnership for College Affordability

Because higher education costs are so high and the gap between what many students can pay and what institutions charge is so large, the burden of making college affordable must be shared. The State Higher Education Executive Officers Association (SHEEO) has proposed a measure of affordability and a federal-state partnership that would ultimately make college affordable for lower-income students.⁵⁶ SHEEO proposes a forward-looking measure of college affordability where students devote no more than 10 percent of their discretionary income toward student loan repayment. The federal-state partnership proposal built on existing financial aid allocations from all sources in each state. Via a federal-state matching framework, it was designed to encourage states (in part, through federal matching dollars) to target additional funding to need-based financial aid programs, reduce general student cost (reducing/limiting tuition and other costs), and to specifically reduce the net price for students from lower-income families. To achieve this affordability threshold, it could cost an estimated additional \$34 billion per year in state and federal support for higher education. On average, if federal matching funds were secured, states would need to increase total educational appropriations 5 percent each year for four years to meet the SHEEO affordability threshold. A combination of increased need-based financial aid and increased appropriations to institutions would be needed to meet the affordability threshold. For a compelling, in-depth, and well researched discussion of the need for such an effort see Sara Goldrick-Rab's *Paying the Price* (2016).⁵⁷

Federal Action: Federal lawmakers design a federal matching program that provides federal matching dollars for new state investments meant to lower the cost for students to attend public higher education, particularly for lower-income students.

Conclusion

With appropriate clear and deliberate action taken on behalf of underrepresented students, the system can and will serve all students better. This can be done through better coordination, partnership, and oversight and through more and better data and information, disaggregated by income and race/ethnicity. Further, specific efforts to drive resources to low-income students and students of color and the institutions that serve them are also needed.

It is an honor to be asked to present this testimony and I commend you for your service and for addressing these important issues.

Thank you.

⁵⁶ Tandberg, D.A., Laderman, S., & Carlson, A. (2017). *A Federal-State Partnership for True College Affordability*. Boulder, CO: SHEEO. <http://www.sheeo.org/resources/publications/federal-state-partnership-true-college-affordability>

⁵⁷ Goldrick-Rab, S. (2016). *Paying the price: College costs, financial aid, and the betrayal of the American dream*. University of Chicago Press.

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Washington, DC: Urban Institute. <https://apps.urban.org/features/school-funding-do-poor-kids-get-fair-share/>

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