STATE REAUTHORIZATION POLICY AS A CONSUMER PROTECTION STRATEGY

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THE EFFECT OF STATE HIGHER EDUCATION REAUTHORIZATION POLICIES ON STUDENT ACADEMIC AND FINANCIAL OUTCOMES

INTRODUCTION

State governments serve an important quality assurance role by certifying that postsecondary institutions are legitimate entities with the capacity to offer valid credentials to students. The legal authority to issue postsecondary credentials is a recognized state responsibility under the reserve powers clause of the tenth amendment to the U.S. Constitution. States are also charged with the role of consumer protection within the Program Integrity Triad among state authorizers, accrediting agencies, and the U.S. Department of Education (McCann & Laitinen, 2019).

In recent years, precipitous and high-profile campus closures, predatory and manipulative student recruitment tactics, rising student loan debt burdens, and concerns with educational quality have raised alarms about the stringency and enforcement of state consumer protection responsibilities (Bruckner, 2020; Ness et al., 2021). These concerns are especially heightened for proprietary institutions, which are not only more likely to engage in predatory practices (Hutchens & Fernandez, 2021) but also enroll a greater proportion of low-income, first generation, and racially minoritized students (Libassi, 2018) and have worse student success and employment outcomes (Yuen, 2019).

The state's consumer protection role is primarily operationalized through three corresponding processes: initial authorization, reauthorization, and reporting.

- Authorization is the first formal act an institution takes to legally offer postsecondary credentials and serves as the foundation for additional quality assurance functions.
- Reauthorization or renewal occurs at a defined time (e.g., annually, every five years) after initial authorization to ensure that existing institutions are meeting their educational missions and serving the best interests of students in the state.
- Reporting is unique from renewal, often occurring on a separate cycle and mandating additional data submission or updates. Failure to adhere to reauthorization and reporting guidelines can result in revocation of an institution's authorization to operate.

These three processes differ among states and institutional types, with the most stringent policies generally falling on for-profit and career institutions. The attention to for-profit institutions is warranted, as these institutions represent the highest percentage of institutions that have closed in the past 10 years (525 out of 632 private system-level closures between the 2014-15 and 2023-24 academic years; Burns, 2024).

Data collected during the reauthorization process are extensive and comprehensive, encompassing institution governance, consumer protections, student outcomes, and academics. In addition to providing state authorizers with the information necessary to ensure that institutions are operating effectively and with the best interest of students in mind, reauthorization data also provides information to prospective students and their families. The requirements to publicly post academic and student outcomes data allow students to make informed enrollment decisions and may incentivize institutions to improve their performance.

Researchers from SHEEO and the University of Georgia developed a systematic 50-state inventory of state reauthorization processes and reporting requirements, building on the existing inventory of initial authorization (Ness et al., 2021). The reauthorization inventory is a crucial addition to the relatively sparse data and research on state authorization and allows researchers to explore the variation, stringency, and effectiveness of state reauthorization policies. The lack of literature on authorization persists despite the longstanding central role state authorizers

have played in the regulatory triad, taking the form of a small number of empirical research papers (see Ward & Tierney, 2017; Onwuameze, 2017; Burns, et al., 2022) and reports from state associations, membership organizations, and nonprofit thinktanks (see Harnisch, et al., 2016; Tandberg, et al., 2019; Kelly, et al., 2015).

Importantly, no research to date has explored the effectiveness of state authorization processes in fulfilling the state's consumer protection role and supporting student success. This report seeks to fill the gaps in existing literature and contribute to the field's knowledge through an exploratory analysis of the correlation between state reauthorization policies and student academic and financial outcomes.

DATA AND METHODS

The initial authorization inventory that SHEEO and University of Georgia researchers developed in 2021 ranked states along a continuum of stringency in authorization metrics related to organization and governance, academics, consumer protections, and student outcomes. The reauthorization inventory builds on the initial authorization inventory to capture the stringency of reauthorization processes for each institution type (e.g., accredited or nonaccredited, degree-granting or nondegree-granting, nonprofit or for-profit) in each state. This report investigates the relationship between these reauthorization metrics and state-wide student-level outcomes to assess the extent to which state reauthorization policies are serving their intended purpose of consumer protection.

DATA SOURCES AND VARIABLES

The reauthorization metrics of particular interest to our research include those related to consumer protections and student outcomes, as they are arguably the most directly tied to student outcomes such as graduation and repayment. *Table 1* reports the specific metrics included in each category and the average score across sampled institutions in 2021 and 2023.

TABLE 1
REAUTHORIZATION METRICS

	STRINGENCY SCORE 2021	STRINGENCY SCORE 2023
CONSUMER PROTECTIONS		
STUDENT GRIEVANCE/COMPLAINT POLICY	1.02	1.03
STUDENT RECORDS PROCEDURES	1.30	1.30
SCHOOL CLOSURE PLANS	0.70	0.71
TUITION REFUND POLICY	1.22	1.22
TUITION RECOVERY FUND (STUDENT PROTECTION FUND)	0.24	0.24
SURETY BOND	0.76	0.76
FINANCIAL STATEMENTS	1.25	1.26
STUDENT OUTCOMES		
PERSISTENCE METRICS	0.49	0.49
GRADUATION METRICS	0.65	0.66
JOB PLACEMENT METRICS	0.37	0.37
COHORT DEFAULT METRICS	0.23	0.23
WAGE DATA	0.12	0.12
DEBT-TO-INCOME RATIO	0.08	0.08
ACADEMIC		
ENROLLMENT AGREEMENT	0.65	0.66

NOTES:
1. Stringency scores are reported as the average score across all institutions in 2021 and 2023 samples.
2. Reauthorization metrics were chosen from the full inventory based on their hypothesized correlation with student outcomes.

SOURCE: SHEEO Reauthorization Inventory

Reauthorization metrics are scored on a scale from 0-2 to indicate the stringency of the metric as it appears in the state's reauthorization application, administrative rules, or state statute. A score of 0 indicates that the metric does not appear in the reauthorization application, administrative rules, or statute, while scores of 1 and 2 represent increasing levels of policy stringency based on specific criteria developed for each metric. Each reauthorization metric serves as the primary independent variable of interest in separate analytic models exploring the relationship between that metric and student outcomes variables.

Student outcomes variables are reported at the institution level and sourced from the 2020-21 and 2022-23 College Scorecard from the U.S. Department of Education. Outcomes variables of interest include student completion, student loan repayment, total student debt, and cohort default rates. Due to changes in data collection during the COVID-19 pandemic, outcomes variables in the College Scorecard are not consistent across years. *Table 2* reports the outcomes variables of interest and the applicable analysis years.

TABLE 2
STUDENT OUTCOMES AND ANALYSIS YEARS

STUDENT OUTCOME	ANALYSIS YEARS
150% COMPLETION RATE	2021, 2023
200% COMPLETION RATE	2021, 2023
3-YEAR COHORT DEFAULT RATE	2021, 2023
1-YEAR UNDERGRADUATE FEDERAL LOAN REPAYMENT (OVERALL, COMPLETERS, NONCOMPLETERS)	2021
5-YEAR UNDERGRADUATE FEDERAL LOAN REPAYMENT	2021
MEDIAN DEBT (OVERALL, COMPLETERS, NONCOMPLETERS)	2021

NOTES:
1. Student outcome metrics in 2023 were modified due to repayment pauses during the COVID-19 pandemic. Not all variables that were available in 2021 were collected in 2023.

SOURCE: U.S. Department of Education College Scorecard

As previously indicated, for-profit institutions are generally subject to the most stringent reauthorization policies and are also the institutions at greatest risk of closure and poor student outcomes. This study includes 2,046 accredited for-profit institutions that reported data in the 2020-21 College Scorecard and 1,954 that reported data in 2022-23. Each institution was assigned to a reauthorization process based on institution state of operation, course delivery (e.g., in-person vs. online), and degree-granting status. Institutions adhered to 62 separate processes in 2021 and 57 separate processes in 2023.[1] In 2021 and 2023, 110 and 107 institutions, respectively, were located in states (Mississippi and Pennsylvania) that had no reauthorization processes for proprietary institutions; these cases were assigned a separate process with values of 0 for all metrics. *Table 3* reports the descriptive statistics and state context of the sample in each analysis year.

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[1] Reauthorization policies were collected as of 2024 or 2025. Policies were checked to identify the implementation of new, more stringent policies between 2021 and present, and data were adjusted accordingly to correspond with reauthorization policies in place at the time of outcome measurement.

TABLE 3
INSTITUTION CHARACTERISTICS AND STATE CONTEXT

	2021 SAMPLE	2023 SAMPLE
150% COMPLETION RATE	65.3%	63.3%
200% COMPLETION RATE	66.1%	66.8%
3-YEAR COHORT DEFAULT RATE	11.1%	0.6%
MEDIAN DEBT	$8,982	N/A
1-YEAR LOAN REPAYMENT	0.99	N/A
5-YEAR LOAN REPAYMENT	0.95	N/A
INSTITUTION REVENUE PER FTE	$17,697	$19,423
STUDENT SHARE OF TUITION	41.7%	40.1%
INSTRUCTION SHARE OF EXPENDITURES	41.4%	41.7%
PERCENT FTE AT FOR-PROFIT	8.1%	8.4%
AVERAGE NET PRICE	$19,032	$20,274
PERCENT PELL RECIPIENTS	54.5%	54.5%
STATE APPROPRIATIONS PER FTE	$6,324	$7,554
DEGREE-GRANTING	99.1%	99.3%
INSTITUTION AGE (YEARS)	24.2	23.4
HIGHEST DEGREE CERTIFICATE	72.8%	72.4%
HIGHEST DEGREE ASSOCIATE	15.3%	15.7%
GOVERNANCE CENTRALIZATION (SCALE FROM 1-9)	4.7	4.7
REPUBLICAN GOVERNOR	48.0%	46.3%
REPUBLICAN-CONTROLLED LEGISLATURE	60.8%	53.1%
REAUTHORIZATION FREQUENCY (YEARS)	4.1	4.1
REAUTHORIZATION PROCESSES (N)	62	57
SAMPLE SIZE (N)	2,046	1,954

NOTES:
1. Repayment rates are measured as the ratio of outstanding balance (principal plus interest) to the amount disbursed of federal student loans.
2. Dollar amounts are reported in current years and are not adjusted for inflation.

SOURCES: U.S. Department of Education College Scorecard; SHEEO State Higher Education Finance Report; Integrated Postsecondary Data System; SHEEO Reauthorization Inventory; National Conference of State Legislators

Table 3 also includes the control variables used in the analysis models to account for differences in institution- and state-level contexts. Control variables include institutional revenue per FTE, a measure of tuition dependency (student share of tuition revenue), percentage of expenditures spent on instruction, a nine-point measure of governance centralization, percent FTE enrollment in the private for-profit sector, average net price, percent Pell recipients, total higher education appropriations per FTE, governor political party, and legislative party control. Another variable functioning as a control variable but in itself a variable of interest is the frequency of reauthorization, which specifies how often institutions are required to complete reauthorization.[2] Institutional finance variables are included to account for their potential impact on student outcomes metrics, while state enrollment and political variables are included to address the contextual circumstances leading to the existence of more or less stringent reauthorization policies.

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[2] For processes with reauthorization frequency ranges, frequency is captured as the average of the shortest and longest reauthorization options. Processes with "variable" frequencies (only in the state of Maryland) are captured as the average of other processes in the state (3 years).

METHODOLOGY

Our exploratory study began with correlation matrices to assess the direction and strength of correlations between student outcomes and state reauthorization metrics. Notably, these results do not account for any interactive effects between reauthorization metrics, nor do they control for state characteristics.

Following the correlation analysis, we developed ordinary least squares linear regression models to measure the association between each reauthorization metric and each student outcome. These models measure the extent to which a higher degree of stringency in each reauthorization metric is associated with higher or lower completion rates, repayment outcomes, debt accumulation, and cohort default rates at institutions within a state. Outcome metrics and reauthorization policies are measured in the same year (i.e., 2021 and 2023), and control variables at the institution and state levels are included. The resulting 13 models (10 in 2021 and three in 2023) are the first exploratory step in determining the association between student outcomes and reauthorization metric stringency.

The final step in our exploratory analysis entailed determining the existence of interactive effects between reauthorization policies that collectively lead to better student outcomes than each policy measured separately. Significant effects in each of the fully specified models were tested for interactive effects. Interaction models were then examined for both significant results and theoretical consistency with anticipated impacts on student outcomes, and only those models are reported.

RESULTS

Table 4.1 reports the correlation coefficients for each student outcome measure and reauthorization metric in 2021, while *Table 4.2* reports the same correlations for 2023.

Tables 4.1 and *4.2* demonstrate the lack of strong correlations between student outcomes and reauthorization metrics, with no correlations stronger than 0.3. In 2021, the strongest (albeit weak at just 0.13-0.15) and most consistent correlations are with one- and five-year repayment rates: tuition refund policies, student records policies, and audited financial statements. These weak correlations suggest the need for additional research into the relationships between reauthorization and student outcomes.

TABLE 4.1
CORRELATION COEFFICIENTS, 2021

	150% COMP	200% COMP	3-YR CDR	LOAN 1-YR REPAY	LOAN 5-YR REPAY	LOAN 1-YR REPAY, COMP	LOAN 1-YR REPAY, NON	MED DEBT, COMP	MED DEBT, NON	MED DEBT
COMPLAINT	-0.04	-0.06	-0.01	0.07	0.10	0.08	0.02	0.01	0.02	0.00
RECORDS	-0.09	-0.10	0.04	0.14	0.16	0.14	0.03	0.00	-0.01	-0.01
CLOSURE	-0.05	-0.05	0.01	0.12	0.12	0.12	0.04	-0.02	0.00	-0.02
TUITION REFUND	-0.08	-0.11	0.05	0.14	0.15	0.15	0.00	-0.03	-0.03	-0.03
TUIT RECOV FUND	-0.07	-0.09	-0.02	0.03	0.04	0.01	0.04	0.01	0.01	-0.02
SURETY BOND	-0.07	-0.08	0.04	0.05	0.08	0.05	-0.08	-0.01	-0.03	-0.03
FIN. STMNT	-0.07	-0.07	0.05	0.12	0.14	0.13	0.01	-0.01	-0.02	-0.01
PERSIST	-0.03	-0.05	-0.01	0.02	0.04	0.01	0.00	-0.03	-0.03	-0.03
GRAD METRICS	-0.04	-0.08	-0.03	0.03	0.04	0.02	0.04	0.00	-0.01	-0.02
JOB PLCMT	-0.06	-0.11	-0.04	0.04	0.06	0.04	0.01	0.06	0.05	0.02
CDR	-0.01	-0.04	-0.06	0.00	0.01	-0.03	-0.02	-0.03	-0.01	-0.02
WAGE DATA	0.01	-0.03	-0.06	0.00	0.01	-0.01	-0.06	-0.02	0.00	0.00
DEBT-TO-INCOME	-0.01	-0.04	-0.05	0.03	0.02	0.00	0.03	-0.02	-0.01	-0.01
ENRLMNT AGRMNT	-0.06	-0.08	-0.04	0.00	0.02	-0.03	0.04	0.05	0.03	0.02

NOTES:
1. Correlations do not account for control variables in the fully specified models.
SOURCES: U.S. Department of Education College Scorecard; SHEEO Reauthorization Inventory

TABLE 4.2
CORRELATION COEFFICIENTS, 2023

	150% COMP	200% COMP	3-YEAR CDR
COMPLAINT	-0.01	-0.04	0.01
RECORDS	-0.02	-0.07	0.01
CLOSURE	-0.01	-0.05	0.00
TUITION REFUND	-0.04	-0.08	0.02
TUITION RECOVERY FUND	-0.05	-0.05	-0.03
SURETY BOND	-0.05	-0.05	-0.01
FINANCIAL STATEMENT	-0.02	-0.06	0.02
PERSISTENCE	0.00	-0.02	0.02
GRADUATION METRICS	-0.03	-0.03	0.02
JOB PLACEMENT	-0.04	-0.08	-0.03
COHORT DEFAULT RATE	0.00	-0.02	-0.03
WAGE DATA	0.02	0.00	-0.02
DEBT-TO-INCOME	0.02	0.00	0.03
ENROLLMENT AGREEMENT	-0.04	-0.06	-0.01

NOTES:
1. Correlations do not account for control variables in the fully specified models.

SOURCES: U.S. Department of Education College Scorecard; SHEEO Reauthorization Inventory

Table 5.1 reports only the regression coefficients of the primary independent variables of interest (i.e., reauthorization metric stringency) for each of the 10 student outcomes in 2021, while *Table 5.2* reports the regression coefficients of reauthorization metrics for each of the three student outcomes in 2023. The regression coefficients represent the effect of stringency scores of 1 and 2 on student outcomes in relation to the effect of a stringency score of 0. Reauthorization metrics and student outcomes with no significant effects ($p<0.05$) are excluded from the tables.[3]

In 2021, the 150% completion rate is positively correlated with cohort default rate (score of 1, 12.8% higher), debt-to-income ratio (score of 2, 70.7% higher), and graduation (score of 1, 52.6% higher) metrics and negatively correlated with persistence (score of 1, 75.0% lower), tuition refund (score of 1, 32.9% lower) and wage data (score of 1, 66.0% lower) metrics. Completion within 200% of time is also positively correlated with cohort default metrics (score of 2, 59.2% higher) and negatively correlated with persistence (score of 1, 45.0% lower) and tuition refund (scores of 1 and 2, 26.1 and 22.5% lower, respectively). The three-year cohort default rate is only correlated with tuition refund metrics (score of 2, 5.3% higher).

In 2021, repayment ratios at one and five years are negatively correlated with student complaints (score of 2, 2.3 and 9.2 points lower, respectively) and tuition recovery fund (score of 2, 2.5 and 6.6 points lower, respectively) metrics and positively correlated with tuition refund metrics (scores of 1, 5.5 and 11.0 points higher, respectively, and 2, 3.8 and 9.3 points higher, respectively). Repayment ratios at 1 year for completers are also negatively correlated with tuition recovery fund metrics (5.0 points lower) and positively correlated with tuition refund

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[3] Tables 5.1 and 5.2 were also run using binary, rather than multinomial, reauthorization metrics. These results did not reveal any additional significant findings of note and are omitted from the report. Results are available on request.

metrics (5.7 to 4.8 points higher), addition to being positively associated with graduation (score of 2, 3.0 points higher) and persistence (score of 1, 4.7 points higher) metrics and negatively associated with cohort default rate (score of 1, 1.9 points lower) and debt-to-income ratio (score of 2, 9.5 points lower) metrics.

Median debt for completers and for all students is positively associated with job placement (score of 2, $6,783 and $2,050 higher, respectively), student complaints (score of 1, $4,123 and $2,334 higher, respectively), and student records (score of 2, $11,656 and $4,347 higher, respectively) metrics. Alternatively, median debt for completers and all students is negatively correlated with school closure (score of 2, $7,533 and $3,613 lower, respectively), surety bond (scores of 1, $9,774 and $4,480 lower, and 2, $4,048 and $2,236 lower, respectively), and tuition refund (score of 2, $9,865 and $4,175 lower, respectively) metrics.

Completion rates in 150% and 200% of time in 2023 are positively correlated with financial statements (score of 2, 25.0% and 25.3% higher, respectively), and negatively correlated with job placement (score of 2, 15.7% and 15.9% lower, respectively) and tuition refund (score of 1, 44.9% and 43.5%, respectively) metrics. The three-year cohort default rate is only correlated with a score of 1 in enrollment agreements (1.8% lower).

TABLE 5.1
REGRESSION COEFFICIENTS OF FULLY SPECIFIED MODEL, 2021

	150% COMP	200% COMP	3-YR CDR	LOAN 1-YR REPAY	LOAN 5-YR REPAY	LOAN 1-YR REPAY, COMP	MED DEBT, COMP	MED DEBT, NONCOMP	MED DEBT
STUDENT COMPLAINTS									
SCORE 1	-0.051	0.115	-0.021	-0.014	-0.071	-0.008	4122.841*	18.472	2333.533*
	(0.075)	(0.081)	(0.024)	(0.011)	(0.038)	(0.011)	(2035.586)	(703.988)	(1108.062)
SCORE 2	-0.009	0.150	-0.035	-0.023*	-0.092**	-0.015	1009.291	206.296	1462.339
	(0.071)	(0.078)	(0.022)	(0.010)	(0.034)	(0.010)	(1865.034)	(669.186)	(999.892)
STUDENT RECORDS									
SCORE 2	-0.033	0.145	-0.002	-0.003	0.052	-0.009	11655.927**	1385.917	4347.469**
	(0.115)	(0.124)	(0.033)	(0.015)	(0.051)	(0.014)	(2771.266)	(963.695)	(1540.580)
SCHOOL CLOSURE									
SCORE 2	0.130	-0.054	-0.010	-0.001	-0.016	-0.030	-7533.111**	-737.001	-3612.499**
	(0.160)	(0.170)	(0.030)	(0.013)	(0.045)	(0.017)	(2448.429)	(852.269)	(1336.608)
TUITION REFUND									
SCORE 1	-0.329**	-0.261*	0.057	0.055**	0.110*	0.057**	4831.125*	1003.264	1601.478
	(0.107)	(0.116)	(0.029)	(0.013)	(0.045)	(0.013)	(2461.505)	(839.933)	(1342.322)
SCORE 2	-0.111	-0.225*	0.053*	0.038**	0.093*	0.048**	-9864.911**	-1331.036	-4174.493**
	(0.082)	(0.088)	(0.026)	(0.012)	(0.040)	(0.011)	(2138.030)	(737.050)	(1198.092)
TUITION RECOVERY FUND									
SCORE 2	0.036	-0.002	-0.050	-0.025*	-0.066*	-0.050**	-3123.970	-79.069	-952.999
	(0.126)	(0.137)	(0.022)	(0.010)	(0.034)	(0.011)	(1820.029)	(612.617)	(1003.853)
SURETY BOND									
SCORE 1	0.068	-0.148	0.016	-0.002	0.039	-0.006	-9774.476**	-2138.429**	-4479.339**
	(0.097)	(0.105)	(0.029)	(0.013)	(0.044)	(0.013)	(2356.308)	(811.101)	(1307.559)
SCORE 2	-0.028	-0.122*	0.008	-0.003	0.043	-0.001	-4047.598**	-868.612	-2235.675**
	(0.056)	(0.060)	(0.017)	(0.008)	(0.026)	(0.008)	(1403.483)	(485.688)	(772.974)

PERSISTENCE									
SCORE 1	-0.750**	-0.450*	-0.006	0.026	0.053	0.047*	-3693.106	2588.628	893.088
	(0.189)	(0.222)	(0.052)	(0.023)	(0.079)	(0.022)	(4227.708)	(1445.827)	(2375.211)
GRAD METRICS									
SCORE 1	0.526*	0.337	0.041	0.007	-0.004	-0.006	3848.302	-2462.188	-538.900
	(0.229)	(0.273)	(0.051)	(0.023)	(0.078)	(0.022)	(4176.606)	(1413.630)	(2332.629)
SCORE 2	0.036	0.012	0.026	0.009	0.043	0.030*	2254.097	-593.573	736.158
	(0.147)	(0.163)	(0.025)	(0.011)	(0.038)	(0.013)	(2086.469)	(699.854)	(1149.622)
JOB PLACEMENT									
SCORE 2	-0.006	-0.013	0.020	0.011	0.001	0.005	6782.562**	847.268	2049.935*
	(0.063)	(0.069)	(0.022)	(0.010)	(0.033)	(0.010)	(1804.802)	(634.040)	(981.514)
COHORT DEFAULT RATE									
SCORE 1	0.1278*	0.025	-0.019	-0.014	-0.038	-0.019*	-2461.195	-519.328	-1063.314
	(0.056)	(0.059)	(0.016)	(0.007)	(0.025)	(0.007)	(1356.226)	(473.428)	(749.655)
SCORE 2	0.371	0.592*	-0.065	-0.036	-0.004	-0.003	-450.183	468.557	713.497
	(0.257)	(0.287)	(0.056)	(0.025)	(0.084)	(0.027)	(4553.916)	(1550.768)	(2473.192)
WAGE DATA									
SCORE 2	-0.660**	-0.454	0.046	0.012	-0.070	0.003	-1901.862	-855.402	-170.105
	(0.211)	(0.234)	(0.047)	(0.021)	(0.072)	(0.021)	(3936.989)	(1320.434)	(2133.143)
DEBT-TO-INCOME RATIO									
SCORE 2	0.707*	0.117	-0.043	-0.034	-0.102	-0.095**	3894.894	299.910	915.573
	(0.296)	(0.318)	(0.069)	(0.031)	(0.104)	(0.034)	(5653.356)	(1929.797)	(3123.120)

NOTES:
1. * p<0.05 **p<0.01
2. Standard errors reported in parentheses.
3. Correlations coefficients for control variables are omitted from this table.
4. Models are run separately for each outcome variable (10 models).
5. Reauthorization metrics and scores, and student outcomes with no significant effects are omitted from this table.

SOURCES: U.S. Department of Education College Scorecard; SHEEO State Higher Education Finance Report; Integrated Postsecondary Data System; SHEEO Reauthorization Inventory; National Conference of State Legislators

TABLE 5.2
REGRESSION COEFFICIENTS OF FULLY SPECIFIED MODEL, 2023

	150% COMP	200% COMP	3-YEAR CDR
TUITION REFUND			
SCORE 1	-0.449**	-0.435**	0.008
	(0.130)	(0.138)	(0.012)
TUITION RECOVERY FUND			
SCORE 2	0.194*	0.091	0.003
	(0.080)	(0.085)	(0.008)
FINANCIAL STATEMENTS			
SCORE 2	0.250*	0.253*	0.002
	(0.103)	(0.117)	(0.010)
GRAD METRICS			
SCORE 1	0.216	0.337*	-0.003
	(0.156)	(0.164)	(0.015)
JOB PLACEMENT			

SCORE 2	-0.157*	-0.159*	0.005
	(0.076)	(0.073)	(0.007)
WAGE DATA			
SCORE 1	-0.222**	-0.158	-0.010
	(0.085)	(0.084)	(0.009)
ENROLLMENT AGREEMENT			
SCORE 1	0.111	0.157*	-0.018*
	(0.082)	(0.078)	(0.009)

NOTES:
1. * p<0.05 **p<0.01
2. Standard errors reported in parentheses.
3. Correlations coefficients for control variables are omitted from this table.
4. Models are run separately for each outcome variable (3 models).
5. Reauthorization metrics and scores with no significant effects are omitted from this table.

SOURCES: U.S. Department of Education College Scorecard; SHEEO State Higher Education Finance Report; Integrated Postsecondary Data System; SHEEO Reauthorization Inventory; National Conference of State

Tables 6.1 and *6.2* report the results of the exploratory interactive models in 2021 and 2023. Interaction terms were selected based on the correlation coefficients among reauthorization metrics; metrics with high levels of correlation were selected to test for interactive effects.

In 2021, only repayment and median debt outcomes showed strong correlations with interaction terms. Repayment ratios at one and five years were negatively associated with the interaction between financial and records metrics, financial and tuition refund metrics, wage and cohort default metrics, financial and closure metrics, and financial and complaint metrics. The declines in the repayment ratios ranged from 8.6 to 52.4 points lower than scores of 0 for both metrics. Median debt for completers and all students was negatively correlated with the interaction between complaints and student records ($48,665 and $16,925 lower, respectively).

In 2023, completion rates within 150% and 200% time were positively correlated interaction between closure plans and financial audits (50.2% and 38.8% higher, respectively), student complaints and financial audits (38.4% and 26.7% higher, respectively), student complaints and student records (78.4% and 85.9% higher, respectively), and tuition refunds and surety bonds (1.27 times and 97.4% higher, respectively).

TABLE 6.1
REGRESSION COEFFICIENTS OF INTERACTION TERMS, 2021

	LOAN 1-YR REPAY	LOAN 5-YR REPAY	LOAN 1-YR REPAY, COMP	MED DEBT, COMP	MED DEBT
COMPLAINTS X RECORDS					
2X1				-48664.666**	-16924.961*
				(13686.500)	(7481.332)
FINANCIAL X RECORDS					
1X2	-0.131*	-0.524**	-0.156**		
	(0.058)	(0.197)	(0.059)		
FINANCIAL X REFUND					
1X2		-0.498*	-0.122*		

		(0.196)	(0.058)		
FINANCIAL X CLOSURE					
1X1	-0.147**	-0.539**	-0.224**		
	(0.046)	(0.156)	(0.047)		
FINANCIAL X COMPLAINT					
1X2	-0.089**	-0.346**	-0.134**		
	(0.029)	(0.098)	(0.029)		
WAGE X CDR					
1X2	-0.086*		-0.086*		
	(0.034)		(0.033)		

NOTES:
1. * p<0.05 **p<0.01
2. Standard errors reported in parentheses.
3. Correlations coefficients for control variables are omitted from this table.
4. Reauthorization interactions with no significant effects are omitted from this table.

SOURCES: U.S. Department of Education College Scorecard; SHEEO State Higher Education Finance Report; Integrated Postsecondary Data System; SHEEO Reauthorization Inventory; National Conference of State Legislators

TABLE 6.2

REGRESSION COEFFICIENTS OF INTERACTION TERMS, 2023

	150% COMP	200% COMP
CLOSURE X FINANCIAL		
1X1	0.502*	0.388*
	(0.195)	(0.187)
COMPLAINT X FINANCIAL		
2X1	0.384**	0.267*
	(0.124)	(0.131)
COMPLAINT X RECORDS		
1X1	0.784**	0.859**
	(0.238)	(0.333)
TUITION REFUND X SURETY		
1X1	1.271**	0.974*
	(0.480)	(0.485)

NOTES:
1. * p<0.05 **p<0.01
2. Standard errors reported in parentheses.
3. Correlations coefficients for control variables are omitted from this table.
4. Reauthorization interactions with no significant effects are omitted from this table.

SOURCES: U.S. Department of Education College Scorecard; SHEEO State Higher Education Finance Report; Integrated Postsecondary Data System; SHEEO Reauthorization Inventory; National Conference of State Legislators

DISCUSSION AND IMPLICATIONS

This exploratory analysis of the relationship between state reauthorization metrics and student outcomes is one of the first studies to identify the extent to which reauthorization policies are fulfilling their consumer protection and transparency roles. The results of our regression models, while inconsistent across years, reveal some important relationships between reauthorization policies and student success.

Our research found that completion rates were positively associated with the existence of reauthorization metrics related to the cohort default rate, debt-to-income ratio, and graduation rates. These findings suggest that institutions in states with stringent consumer protection metrics, particularly those related to students' financial outcomes, and requirements for institutions to report student success publicly, have higher student completion within 150% and 200% of time. Part of this effect may be due to the removal of "bad actors" who do not report consumer protection metrics faithfully and have their authorization revoked; these institutions are removed from the student choice set, leaving institutions that are better resourced to support students in achieving completion.

Lower one-year repayment ratios among completers (indicating students had paid off greater amounts of their loans) were also associated with cohort default rate and debt-to-income ratio metrics, as well as with tuition recovery funds. Lower one- and five-year repayment ratios were associated with student complaints, student records, surety bond, and tuition recovery fund metrics. These findings are strong evidence for the correlation between stringent consumer protection policies and students' ability to repay their loans after one and five years, regardless of their completion status. In states that mandate procedures for protecting students' financial status through such mechanisms as surety bonds, student records, and tuition recovery funds, institutions are enrolling and graduating students in a better financial position to afford payments on their student loans and begin paying down their interest and principal immediately upon leaving postsecondary education.

Several consumer protection metrics are also associated with lower median debt for students leaving postsecondary education with or without a degree or credential. Median debt for completers and all students is negatively correlated with school closure, surety bond, and tuition refund metrics. As with repayment ratios, these metrics may not directly lead to lower student borrowing, but they ensure that the institutions authorized to operate in the state are serving the best financial interests of their students and are not employing predatory practices to attract students with large amounts of federal student loans.

The link between consumer protection metrics and student financial outcomes is further evidenced by the interactive effects of consumer protection reauthorization policies. The combination of multiple consumer protection metrics – particularly financial audits and student records procedures – is strongly correlated with lower repayment ratios and lower median debt.

While this exploratory analysis cannot determine causality or directionality between the stringency of authorization metrics and desired student outcomes, our research has suggested that there are strong and consistent correlations between stringent consumer protection metrics and students' short- and long-term financial outcomes. The following recommendations for state authorizing agencies stem from our findings:

- As a highest priority, states should focus on the adoption of consumer protection reauthorization metrics – namely student grievance/complaint policies, student records procedures, school closure plans, tuition refund policies, tuition recovery funds, surety bonds, and financial statements.
- Given that we identified no significant difference in student outcomes for more stringent policies, these reauthorization policies should, at minimum, conform with the lowest tier of stringency.
- The adoption of multiple consumer protection metrics may be more effectual than the option of a single reauthorization policy; when possible, state agencies should adopt the suite of consumer protection metrics simultaneously.
- Agencies can adopt more stringent versions of their consumer protection metrics if they have the resources and capacity to implement and enforce these policies.
- Given that the purpose of the consumer protection policies is to safeguard the financial and academic wellbeing of students, state agencies should develop policies with the best interests of students in mind.

LIMITATIONS AND FUTURE RESEARCH

Our exploratory analysis is limited by the reality of student outcomes and state authorization data. Student outcomes in the College Scorecard are not consistently reported across years, with just three relevant outcome measures reported in 2023, compared to the 10 reported in 2021. Institutions are also not consistent in their reporting, resulting in some missing data components. Institutions with insufficient or missing data are dropped from regression analyses. Reauthorization metrics were collected primarily in 2024 and 2025, resulting in some time gaps between the measurement of outcomes and reauthorization metrics. When possible, we adjusted the reauthorization metrics to reflect their stringency in 2021 and 2023; however, some changes may not have been captured.

All analyses are limited to some extent by the variables that are available to analyze. There may be other, unobserved factors that are significantly associated with student outcomes that we are unable to capture in our report. The reauthorization metrics and control variables included in our models explain a relatively small portion (less than 30%) of the variance seen in our outcome variables, with most R^2 values falling below 0.3. This suggests that there are other student- or institution-level variables that are more directly associated with student outcomes, such as student preparation and aptitude, which are not easily measured. As an exploratory analysis, it is also possible that our choice of linear regression models was not appropriate for the data. Further analysis should explore the possibility that relationships are not linear or that other interactive relationships among reauthorization metrics exist.

Future research into the correlations among reauthorization metrics and student outcomes could include additional sample institutions (i.e., private nonprofit and public institutions), state-level contextual variables such as citizen ideology and voting patterns, and authorizing agency capacity (i.e., staffing, resources, and statutory authority). While our research accounted for agency staffing (with no significant findings), more detailed information on an agency's capacity to adopt and enforce statutes and administrative rules could uncover relationships among agency capacity, reauthorization metric stringency, and institutional compliance, which are in turn correlated with student outcomes.

The collection of longitudinal reauthorization metrics would also provide future research opportunities. An inventory that includes the year of implementation and any changes in stringency over time would allow for a longitudinal or quasi-experimental analysis of the link between student outcomes and reauthorization metrics. A longitudinal structure may be more suitable for analyzing student outcomes at lagged time intervals rather than the cross-sectional structure our research employed. A difference-in-differences approach could assess the isolated impact of the adoption of a new or more stringent reauthorization metric by comparing student outcomes prior to and following implementation.

The results of our exploratory research suggest that there is some correlation between consumer protection reauthorization metrics and student completion and financial outcomes. Additional data collections and experimental analyses are needed to more fully explore these relationships.

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