

Higher Education and Accreditation: The View from the Obama Administration

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President Obama's education agenda is a key element of his strategy for restoring America's global competitiveness and the health of our body politic. The North Star of the agenda is to make the United States the most educated country in the world by the year 2020. Specifically, this means having the world's highest proportion of college graduates, and increasing the proportion of adults with certificates or degrees from 40 percent to 60 percent. Increasing the numbers of postsecondary graduates by 50 percent will require transformational changes in higher education to match the ones already underway in the K-12 system, thanks to the catalytic impact of ED programs such as Race to The Top and Investing In Innovation.

In a globalized information economy, production of goods and most services can take place anywhere in the world. Physical capital embodying state of the art technology can be shipped anywhere, and the latest designs can be similarly combined with skilled labor wherever it is found. In a world where information and capital flow freely, a nation's competitiveness flows critically from its skilled, educated labor force (as well as good supporting communication and transportation infrastructure).

In addition to enhancing global competitiveness, a more highly educated American workforce will enhance upward mobility for historically disadvantaged groups. Given the demographic trends in the U.S., the President's goal will not be achieved without higher educational levels for Latinos, African-Americans, and other minorities. And such higher educational levels will lead to higher income levels and improvement in a host of other social indicators for these groups.

A third benefit of achieving the President's education goal would be a strengthening of the civic fabric of our democracy. Higher educational

levels are strongly associated with higher voter participation. Today's complex society requires a well-informed public making thoughtful choices at the voting booth and a commitment to democratic institutions. Higher educational levels are associated with greater awareness of current events and public issues and a higher level of trust in public institutions. It is not too far-fetched to expect that higher educational levels would lead to an improvement of the political climate and extreme partisanship of recent times.

In support of the President's goal, this Administration has provided substantial support to public higher education through SAFRA and implemented two historic changes designed to increase access to college: a major increase in the maximum Pell Grant award and overall funding levels, and a transition to 100 percent Federal Direct Lending, which will save billions of dollars that will be used to expand the availability of funds.

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The possibility has been raised of developing a Race to The Top for higher education. And indeed some variant of it may be effective in focusing on improvement of university-based teacher education.

However, higher education's biggest immediate challenge is capacity: how to increase dramatically the number of graduates per year in an era of tight resources. The bulk of support for public institutions of higher education (IHEs) comes from the States, and tuition and endowment earnings for private IHEs. The privates have raised their tuition to levels that have prompted serious concerns about affordability. Most public IHEs have also raised their tuition by large percentages (albeit

from substantially lower bases) in response to reduced support from the States. In many instances, out-of-state tuitions at public IHEs now rival private tuitions. In spite of the latter increases, tuition covers on average only about 30 percent of the full cost of public higher education. Therefore, in order to increase capacity, funding will have to be restored, costs will have to be reduced, or more likely, both.

To achieve such a change in the national discourse, higher education will need to speak to the nation with one voice; it will have to articulate a clear vision of the challenges and opportunities ahead for the nation in this area, and of its centrality to the economic and civic health of the country.

Regrettably, Congress did not fund the President’s American Graduation Initiative proposal. Nevertheless, the President’s goal has been a catalyst for state initiatives and has led to synergy with the objectives of such foundations as Lumina, Gates, and others. While these efforts have led to innovation and an amelioration of the resource shortfall, they will not bridge the gap on their own. And the fiscal picture in Washington is not very encouraging, although we do hope to make some targeted investments to support the graduation initiative.

Complicating matters further, the combined impact of a dramatically increased investment in higher education by the Federal government

and the aforementioned increases in tuition has led to increased public scrutiny and skepticism of higher education, a sector which has been traditionally highly autonomous and decentralized. While these characteristics have been a source of strength in fostering creativity and diversity in educational offerings, they hamper its ability to effectively communicate a clear and accurate picture of higher education and its characteristics.

For funding to be restored—or even prevented from falling further in the midst of unprecedented fiscal crises in most States—the political and national discourse regarding higher education will have to undergo major change. It will have to be informed by an accurate understanding of the realities of the higher education sector: its economics, its organizational challenges, and the forces of change already at work within it. To achieve such a change in the national discourse, higher education will need to speak to the nation with one voice; it will have to articulate a clear vision of the challenges and opportunities ahead for the nation in this area, and of its centrality to the economic and civic health of the country; and it will need to commit itself to do its fair share in meeting these challenges of capacity and quality in higher education.

Specifically in the area of capacity, higher education will need to commit itself to creating a culture and dynamic of continuous productivity improvement, both in business functions and in the more challenging and central area of teaching and learning. In this endeavor, higher education will be joining the rest of modern society in systematically applying scientific



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Prior to joining the Department, Ochoa served for seven years as the provost and vice president for academic affairs at Sonoma State University, part of the California State University system.

A native of Buenos Aires, Ochoa attended bilingual schools in the Argentinian capital through his sophomore year in high school before immigrating with his family to Portland, Oregon.

Ochoa earned his bachelor’s degree in physics, with a minor in philosophy, from Reed College in 1973. Three years later, he finished his master’s at Columbia University in New York in nuclear science and engineering just after Isabel Perón’s government had been overthrown by a military coup. His original plan to return to Argentina and work for the National Atomic Energy Commission had to be put aside.

After working for three years as an assistant and associate engineer in New York, Ochoa began his Ph.D. in economics at the New School for Social Research, where his thesis on labor values and the prices of production during the postwar period won the Edith Hansen award for an outstanding dissertation in economics and political science.



Ochoa with Judith Eaton, CHEA president

advances to the redesign of the learning process to improve efficiency while maintaining or increasing quality of outcomes.

In the area of quality, the higher education research and policy community has long been aware that undergraduate student learning was highly uneven and generally fell short of our expectations. This state of affairs was only highlighted by Derek Bok's account of *Our Underperforming Colleges*, and by the recent publication of the book *Academically Adrift* by Richard Arum and Josipa Roksa, which reports minimal improvement in critical thinking skills by undergraduates. The higher education community will need to embrace and expand such initiatives as the pioneering work of AAC&U in articulating learning outcomes, the forthcoming work from the Lumina Foundation on qualifications framework, and build on advances in cognitive science and brain research to develop the science of teaching and learning and practices informed by it. An important first step would be for higher education to develop rich, nuanced measures of learning and make the data universally transparent.

Because of the dramatic increase of the Federal role in higher education through SAFRA, Pell Grants, and direct lending, there is a perceived need for greater scrutiny by Congress and the public. The traditional approach has been for the government to rely on institutional accreditation to fulfill this role of quality assurance. This compliance role has coexisted with the traditional

emphasis on formative assessment flowing out of accreditation's peer-review character. However, this dual role has become increasingly difficult to sustain for the agencies.

The Education Department's recent development of Program Integrity and Gainful Employment rules represent a departure from sole reliance on accreditation as a quality assurance mechanism, albeit in a focused and limited way. The departure—guided by statute—limited its scope to degree and certificate programs designed to lead to “gainful employment in recognized occupations.” It was prompted by concerns that too many students enrolled in such programs were saddled with onerous debt levels after not completing the programs, finding jobs paying too low a salary, or not finding jobs at all. Many of these programs are offered by for-profit institutions that have experienced dramatic growth in tandem with the expansion of Federal support for postsecondary education.

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This new direction for Federal regulation of higher education raises two concerns: (1) the danger of conflating the operational definition of quality implicit in these narrowly focused regulations with academic quality across the board, and (2) the fear that they represent a challenge to the very existence of the for-profit postsecondary education sector.

University faculty and academic administrators feel the first concern most keenly. I want to assure you that the Department fully recognizes the unique value and genius of American higher education's commitment to liberal education as the foundation not only of postsecondary degrees in the traditional arts and sciences disciplines, but also in professional degrees. In the global information society of this century, where the volume of knowledge doubles every



Trace Urdan, Signal Hill Capital Group, seeks policy insight during the Q&A session.

five years and college graduates are projected to change occupations (not just jobs) 4 or 5 times in their work lives, the skills and abilities imparted by a broad liberal educational foundation will prove the most lasting and valuable preparation. Educational quality cannot be reduced solely to the ability to get the first job after graduation.

However, a quality postsecondary education—particularly one aimed at professional preparation—must include employability as a necessary if not sufficient outcome. And it is this partial, necessary ingredient that the gainful employment regulations are aimed at ensuring.

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The second concern is also misplaced. Secretary Duncan has said that the for-profit higher education sector is needed to reach the President's education goal and expand access. Moreover, American society and economy is based on the principle that private profit-seeking firms operating in properly operating competitive markets best meet consumer needs. Economists have long known about the market's ability to allocate resources and organize produc-

tion efficiently when certain conditions are met, namely (1) fully informed buyers and sellers; (2) competitive market structure, i.e., many buyers and sellers, low barriers to entry; and no significant externalities, i.e., no costs and benefits impacting others besides the individual buyers and sellers. It has also been a part of the strength of the American economic system that whenever these conditions for efficient markets have broken down the government has acted through laws and regulations to restore those conditions. It is no contradiction to uphold the free market system (in higher education as in other sectors) while at the same time regulating it when the conditions for market efficiency breakdown.

In this case, there are two ways in which the free market breaks down: incomplete buyer information and large external costs that lead to moral hazard. When purchasing higher education, the consumer—particularly a first-generation, low-income adult learner—often has limited knowledge of the value of the product being offered, and is receiving information about it from a recruiter with a vested interest in selling it. In addition, the availability of Pell Grants and direct government loans combined with a typically low implicit discount rate by the buyer leads to perceived costs that are substantially lower than the actual total costs to society. Thus, the objectives of consumer protection and stewardship of taxpayer dollars are the respective bases for the Department's decision to regulate these market defects.

Beyond these issues, the broader educational landscape shows a world catching up to and leapfrogging U.S. higher education. In particular, the European Union has been undertaking major structural reform of their “higher education space” for the past ten years in something called the “Bologna process.” This process has reached four major accomplishments in that period: (1) it has developed a consistent “qualifications framework” with shared baseline expectations for each degree level; (2) it has created a Europe-wide registry for student academic credits, allowing for easy and consistent transfer of work across institutions; (3) it has instituted a “diploma supplement” that interprets individual student accomplishments, thus providing greater transparency about the student’s knowledge, skills and abilities; and (4) it has undertaken a “tuning” process to reach baseline consensus among European Union faculty by discipline for each degree level.

Processes similar to Bologna are underway in Australia and Latin America (with more coming in other countries). The increased transparency and efficiency of these emerging systems constitute a challenge to U.S. higher education’s global preeminence, and changes in foreign student enrollment here and abroad are a barometer of that trend.

So, U.S. higher education needs to respond to these four challenges: (1) Obama’s 2020 goal, including the quality imperative; (2) the current

fiscal environment; (3) public misperception of higher education; and (4) the challenge of Bologna. It must do so in a manner in keeping with U.S. traditions and strengths: collegiality, autonomy, and diversity. But it must add some new virtues: intentionality, strategic focus, and an ability to engage in concerted action. U.S. higher education must find common ground and speak to the country with one voice, not just when reacting to perceived threats, but proactively to frame the national discourse and higher education strategy.

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The Education Department could act as a convener and facilitator of such a strategic visioning process in concert with other national higher education organizations and stakeholders. Out of such a process could emerge a clear unifying vision that frames the national conversation and acts as a guide to enlightened state and federal policy. Only then will we be able to renew our body politic and fulfill the promise and potential of the President’s vision of being once again the most educated, innovative, and economically dynamic country in the world.