RESEARCH REPORT

Higher Education Accountability Policy

A Primer on Recent Proposals and the Challenges to Reform

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Higher Education Accountability Policy

Multiple events in the past decade and a half have caused many observers to call for new federal policies that will bring more accountability into our higher education system. Students and families are increasingly concerned that rising college prices and student debt will price them out of a higher education or that graduates' future earnings will not be high enough to justify the cost of college or support the debt students must take on to pay for it. The rapid growth and collapse of some online for-profit colleges in the 2010s has also spurred calls for policymakers to adopt greater consumer and taxpayer protections (TICAS 2019).

Recent major expansions to federal grant, loan, and loan forgiveness policies have also generated interest in new quality assurance standards. Policymakers naturally want greater protections against waste and abuse when the tax dollars at stake increase. And greater federal subsidies can reduce incentives for colleges and students to make economic choices that pay off for society overall, increasing the need for tighter quality assurance standards.

Calls for reforms have also sprung from concerns that the federal government's main accountability metric to judge college quality, the student loan cohort default rate, is outdated and ineffective.[1] The cohort default rate was designed more than three decades ago to identify fraudulent institutions where many students did not repay their loans.[2] It was not structured to measure other factors that are central to today's concerns, such as affordability, completion, and employment outcomes. Similarly, the cohort default rate applies to entire institutions, not individual programs, which can have vastly different outcomes within the same institution.

Generous income-based repayment options for federal loans and easily accessible forbearance and deferment benefits also reduce the effectiveness of using loan default as the government's main accountability metric. These important benefits, which are designed to help borrowers who cannot afford their loans avoid default, work at cross-purposes with the warning signs the cohort default rate is meant to identify (GAO 2018).

These conditions have generated many proposals for new federal policies to measure performance and value in higher education outcomes and to protect taxpayers and consumers from paying for low-quality educations. But policymakers have not reached any broad-based consensus on what type of proposal to adopt. As a result, federal policymakers have largely failed to advance major quality assurance reforms for colleges and universities (though there are some notable examples of incremental change). To be sure, colleges must continue to meet the so-called regulatory triad (i.e., accreditation, state licensure, and cohort default rate) to qualify for federal aid. But these policies have been in place for decades, and many believe they have failed to address student and taxpayer concerns about prices, outcomes, and value in our higher education system (McCann and Laitinen 2019).[3]

To help advance the reform debate, we review and compare recent proposed policies that would impose new federal quality assurance standards on colleges and universities (i.e., "accountability policies") to remain eligible for federal grant and loan programs. We highlight key commonalities and differences among the policies, as well as inherent trade-offs, potential unintended consequences, and implementation limitations. We then examine what factors have prevented policymakers from reaching consensus and enacting durable reforms and what conditions may be necessary to bring about significant policy changes, drawing on interviews we conducted with former congressional staff members and higher education advocates. This document is intended to be a primer for those new to accountability reform discussions, but others may find the information useful as a summary of existing proposals and major impediments to reform.

New Accountability Policies

Recent federal accountability policy proposals share some similarities but have some key distinctions. These similarities and differences are a useful starting point for understanding the policies advanced. We also discuss key strengths and weaknesses of many of the policies, though we do not aim to identify the single best policy. Some policies judge institutions or programs on multiple metrics, and others use a single metric.

Student Outcome Policies

Most recent accountability policy proposals measure student outcomes, not inputs or institutional characteristics. And most of these policies link aid eligibility at an institution to student loan repayment or affordability metrics.

The rationale is similar to that of the original cohort default rate policy. Institutions where high shares of students do not repay their student loans within a certain period are not providing good value or high-quality educations and therefore should lose eligibility for aid. There are other reasons reform proposals have gravitated toward loan-based metrics. Loan repayment metrics are directly linked to a student's use of a federal program, which ensures the federal government has access to data to execute the accountability policy and defines the universe of assessed students as only those accessing this form of federal aid. Moreover, the government bears the cost of unpaid loans, so it follows that quality assurance policies should measure loan performance.

There is considerable variation in the specific loan repayment metric these policies use. Some plans, such as the Aim Higher Act, would simply modify the existing cohort default rate by reducing the share of borrowers who can be in default, factoring in the share of students at an institution who borrow (institutions with more borrowers face stricter standards), and counting students in long-term forbearance as effectively in default.[4] The PROSPER Act of 2018, sponsored by Representative Virginia Foxx (R-NC), would judge programs by the share of students who are 90 or more days delinquent on their loans (default is defined as 270 days delinquent) and adjust the standard by the share of students who borrow. Senators Jack Reed (D-RI) and Tom Cotton (R-AR) have each also proposed new accountability policies centered on default rates.[5]

Other proposals assess loan repayment by looking more directly at the amount students repay over time, such as the share of students reducing their principal balance or the share of a cohort's total amount borrowed that is repaid. Repayment-rate metrics better capture loans students repay slowly but that do not enter default, such as when students use income-driven repayment plans or forbearance. Repayment-rate metrics therefore provide a more reliable or accurate measure of loan repayment than a default rate. A diverse group of organizations, researchers, and policymakers have proposed accountability policies that use loan repayment rates. These include the Bipartisan Policy Center, the Institute for Higher Education Policy, The Institute for College Access and Success, the Center for American Progress, Senator Lamar Alexander, and the Brookings Institution (Chou, Looney, and Watson 2017; Hoagland et al. 2020; Janice and Voight 2016; Matsudaira and Turner 2020; Miller and Libassi 2016; Senate HELP 2015; TICAS, n.d.).

Another metric assesses loan affordability by looking at what students would need to earn to afford the loan, not actual payment rates. Under this approach, the amount of debt (or the estimated annual payment a student must make on that debt) is typically compared with how much graduates earn. Only institutions or programs where graduates have debt-to-income ratios below a set threshold are eligible for federal aid programs. The Obama administration and the Biden administration used this approach for their gainful employment (GE) regulations, which apply to only certain institutions and credentials.[6] Other researchers and advocacy groups have proposed applying similar debt-to-earnings tests to all programs at all institutions (Gillen 2022; Matsudaira and Turner 2020; TICAS, n.d.).

There are several downsides to using a loan-based metric for accountability. It does not capture outcomes of students who did not borrow federal loans, even if they may have received a federal Pell grant. Increasingly generous loan repayment benefits, such as income-driven repayment, also make it difficult to interpret what an appropriate repayment rate should be for federal loans, particularly as new benefits are added. Former students might also manage to repay their debts even if their educations were of substandard quality (meaning the program may have been of low quality), in which case the repayment-rate metric may produce a "false negative."

There are a growing number of accountability proposals focused on graduate earnings. Urban Institute researchers proposed that institutions with high shares of students earning at or near the federal poverty level be ineligible for aid programs (Blagg and Chingos 2016). Researchers at the George Washington University have proposed that aid eligibility at institutions be linked to whether most graduates from a program earn more than individuals with only a high school diploma (Cellini and Blanchard 2022). The Biden administration has included this policy in its GE rule but would pair it with a debt-to-earnings test. Senator John Cornyn (R-TX) introduced a bill in 2023 that would require undergraduate programs receiving federal aid to meet a similar high school earnings test; graduate and professional programs would need to meet an earnings threshold based on the typical earnings of those with only bachelor's degrees.[7] A proposal by Michael Itzkowitz for Third Way also assesses how much graduates' earnings exceed those of high school graduates and compares them with the tuition at the institution the student attended, not debt (Itzkowitz 2020). Few accountability proposals measure tuition or other prices, making the Itzkowitz proposal somewhat unique (Cohn 2023; Delisle and Cohn 2022).[8]

The problems with using student debt–based metrics for accountability are partly why others in the policy community favor accountability policies designed around different or additional outcome metrics. These proposals are less common than those that use student loan repayment, but there is growing interest in assessing former students' earnings in accountability policies. The advantage of using earnings to judge education quality is that it directly measures what many consider the main purpose of the education: to improve an individual's earning potential. The downside of using earnings to judge quality, however, is that there is not a strong link to the performance of a federal program, like there is with loans. The government must also develop substantial data collection systems (though those efforts are under way). Some observers also argue that focusing on earnings ignores other valuable outcomes that students and society can gain from a postsecondary education and would penalize socially valuable fields with relatively low earnings, such as education and social work. Critics also argue that, because of such factors as labor market discrimination, colleges have less control over how much students go on to earn than they have on outcomes such as graduation rates or inputs such as tuition prices that are more under their control.

Some outcomes-based accountability proposals would link aid eligibility to graduation rates, though this type of policy is less common than those based on earnings or loan repayment. These policies use completion rates as a proxy for quality and value instead of what graduates earn or repay on their debts. A proposal sponsored by Senator Chris Coons (D-DE), the ASPIRE Act of 2017, uses this approach. The policy would apply only to bachelor's degrees awarded at an institution and does not set an absolute graduation rate but ranks colleges relative to their peers and penalizes those with relatively low graduation rates.[9] Other proposals focus on completion rates by increasing the share of students' unearned aid funds that an institution must repay when a student drops out before the end of a semester (called the "return of Title IV funds," or "R2T4," policy). Representative Foxx's PROSPER Act takes this approach. Blagg and Chingos (2016) proposed a similar policy. These proposals measure early withdrawals in a semester, not program completion rates.[10]

One problem with using completion rates in accountability policies is that the metric relies on colleges to collect and report the data themselves, introducing the potential for errors or purposeful misrepresentation. Another problem is that colleges could make it easier for students to complete programs to boost their graduation rates, but their students might still perform poorly on other metrics, such as earnings or loan repayment. The policy could also discourage institutions from enrolling students at risk of dropping out, reducing access to certain groups of students.

Some outcome metrics are largely absent from recent accountability proposals, revealing that the policy community does not favor certain approaches. Few proposals would judge institutions based on job-placement rates or the share of students employed in jobs linked to their credential. This is likely because such a policy is difficult to implement; it is difficult for the government and institutions to collect accurate data on job placement. And none of the current accountability proposals would assess economic mobility at institutions, such as the number of students at an institution from low-income families who go on to earn higher incomes after completing their degree.

Input Accountability Policies

Policies that measure inputs at institutions (instead of student outcomes) are less prevalent among recent accountability proposals, but some policymakers and advocates have proposed notable reforms based on this approach. It is difficult to compare these proposals in terms of strengths and weaknesses because they each aim to address a different set of behaviors among institutions. There are, however, specific limitations for each policy.

One group of proposals would judge institutions based on the share of certain groups of students that they enroll. For example, Senator Coons's ASPIRE Act would impose sanctions on (or offer rewards to) institutions based on the share of their students who received Pell grants, which are predominantly awarded to students from low-income families. This policy directly targets concerns that colleges are not enrolling enough low-income students. One limitation of the policy is that colleges that focus on certain geographic regions, particularly public institutions, serve populations with different levels of Pell grant eligibility (Hoxby and Turner 2019). Between 25 and 30 percent of low-income students (from families earning less than $35,000 a year) do not receive a federal Pell grant, mainly because many of these students do not apply for federal financial aid.[11] This policy would fail to count these students.

Other proposals would link aid eligibility to a college's sources of revenue. Current rules for federal aid limit for-profit institutions from earning more than 90 percent of their revenue from federal aid programs. Some policymakers and advocates have proposed lowering this threshold to 85 percent, arguing that students and other aid providers should have a larger financial interest in the education, which, in theory, should make them more discriminating consumers.[12] These policies are aimed at discouraging institutions—for-profit institutions, in particular—from operating entirely on federal aid programs under the view that institutions that cannot attract other forms of revenue are likely to be predatory or of low quality.

Current policies that are meant to assess a college's financial health (the financial responsibility score and heightened cash monitoring) are a form of input accountability. Institutions in precarious financial situations pose a risk to students and taxpayers, particularly if they unexpectedly close. Some recent proposals aim to strengthen these protections. A proposal by Preston Cooper of the Foundation for Research on Equal Opportunity, for example, would require institutions to purchase private insurance that would cover costs that result from a closure instead of relying on the US Department of Education's assessment of institutions' financial health (Cooper 2022).

Some advocates and lawmakers have proposed judging colleges based on how much each institution spends on certain categories, such as student services or instruction. Researchers at The Century Foundation and Third Way have advocated this approach, and Senator Chris Murphy (D-CT) has sponsored a bill based on this concept (Hoagland et al. 2020; Office of Senator Chris Murphy 2019).[13] A bill by Representative Bobby Scott (D-VA) that would expand Pell grant eligibility to short-term programs also requires that programs spend at least 50 percent of their tuition revenue on educational expenses.[14] In these proposals, a college that failed to spend a set share of its revenue on instruction would lose eligibility for federal student aid programs. These policies are premised on the idea that institutions that spend a low share of their revenue on instruction are unlikely to offer students a high-quality education. One challenge with these policies is that spending categories can be difficult to define, and it can be difficult for the government to ensure colleges are reporting expenses consistently.

Policies that limit what institutions can charge students are another form of input-based accountability policy. But most recent proposals that focus on college prices would apply only to public institutions and are paired with new federal matching funds for increased state contributions in exchange for free tuition or price caps. Senator Brian Schatz's (D-HI) Debt-Free College Act is an example of this approach.[15] Public institutions participating in the matching grant program could charge students who receive Pell grants no more than the amount determined by the federal expected family contribution formula. Public colleges would also be restricted in how much they could raise tuition each year to changes in consumer price inflation. Notably, few proposals cap prices at all institutions participating in the current federal aid programs, and most federal-state matching grant programs would allow institutions to remain in the current aid programs without any restrictions on price. One exception is a plan by New America that would dismantle existing aid programs and replace them with a federal-state matching grant that requires participating institutions to limit prices for all students to what is dictated by the federal expected family contribution formula (Barrett et al. 2016).

Information-Only Accountability Policies

Some calls for reforms to federal accountability policies may not set thresholds, judge metrics, or impose sanctions but instead rely on greater transparency and information disclosure to help ensure institutions are providing high-quality education and to help students avoid institutions that are not providing sufficient value. This is sometimes considered market-based accountability in that federal policies aim to improve how the higher education market functions without intervening more directly. That is the goal of the Department of Education's College Scorecard, which lists information on prices, debt, graduation rates, and former students' earnings. Other information-only policies would require institutions to disclose key information to students before they enroll or post the information on their website. Senator Ron Wyden's (D-OR) Student Right to Know Before You Go Act of 2022 is one example of such a policy.[16]

The College Transparency Act, sponsored by Senator Bill Cassidy (R-LA), also aims for greater accountability in higher education by enhancing the information the federal government collects and publishes about higher education institutions.[17] The bill would have the National Center for Education Statistics build a new database designed to more comprehensively collect and report information on institutions and student outcomes, filling gaps in existing data collection efforts. The bill would not, however, require institutions to meet any performance metrics, nor would it establish any sanctions for institutions.

Institution-Level versus Program-Level Accountability

Recent accountability policies also differ on whether they apply to entire institutions or to individual programs within institutions. A policy that applies at the institution level applies any measurement to the entire institution. The existing cohort default rate for student loans is an example of this type of policy. It measures defaults for all students in a cohort who attended the institution whether they earned a master's degree or a bachelor's degree, making it a broad and aggregate measure of an institution and its students, especially at large institutions with diverse programs. It also allows institutions to operate programs that would not pass an accountability policy so long as it also operates some programs that can pass.

In contrast, program-level polices apply to each program or a group of programs within each institution. Under this approach, cosmetology programs and nursing programs at an institution would be judged separately. The GE regulation proposed by the Biden administration would apply its debt-to-earnings and debt tests at the program level, but there is no program-level policy in place currently that affects all higher education institutions.

Recent accountability proposals are about equally likely to use either the institution-level approach or the program-level approach. Policies that measure loan repayment are often applied at the program level, except those that still rely on default rates tend to be institution-level policies. Graduation rate policies are focused exclusively at the institution level, as are policies that set enrollment thresholds for certain groups of students (though these tend to apply to undergraduates because of the focus on Pell grant recipients). The same is true for policies that assess spending categories (data on spending categories is not currently available at the program level within each institution).

Some policies could be considered student-level policies rather than either institution- or program-level policies, such as those that assess penalty payments per student or per loan. For example, policies that penalize institutions when a student withdraws early by requiring the return of federal funds

(R2T4) effectively apply at the student level. The penalty is assessed for each student who withdraws. This is also the case for policies that require institutions to pay fees on unpaid portions of each student loan.

Sanctions and Exemptions

Recent proposed accountability reforms also fall into distinct categories according to how they penalize institutions for failing to meet specific standards. Some proposals would prohibit an entire institution from participating in federal aid programs if they fail an accountability test. The policy is thus an all-or-nothing approach. The existing cohort default rate policy works this way, and proposals that modify the existing cohort default rate would maintain this structure, such as the Aim Higher Act. Some proposals that focus on program-level metrics would also take an all-or-nothing approach, but only the program would become ineligible for aid. Other programs at the institution could continue to participate. The GE regulations and other proposals that use similar debt-to-earnings tests take this approach. Programs that fail the metric lose eligibility for aid.

In contrast to the all-or-nothing sanctions, another type of sanction among the proposals takes an incremental approach. Rather than cut off access to federal aid programs, this approach imposes stronger penalties on institutions or programs for weaker performance. So-called risk-sharing policies that require institutions to repay a portion of unpaid student loans fall into this group, as well as R2T4 policies. The more severe the nonrepayment or student withdrawal rate, the more severe the penalties. Institutions and programs never lose access to federal aid under these policies, but they must bear a greater economic cost the weaker they perform on a specific metric.

Recent accountability proposals also differ on whether they include exemptions and safe harbor provisions. Some proposals apply accountability policies without any caveats, but others would exempt programs or institutions that fail an accountability policy if they meet some other qualification. A Center for American Progress proposal from 2016, for example, would require institutions to meet student loan repayment metrics but exempts institutions that charge student loan prices. The Protect Student Borrowers Act, sponsored by Senator Reed, would exempt institutions from penalty payments for high default rates if the institutions develop plans to reduce defaults. A proposal by the Bipartisan Policy Center that also uses student loan repayment metrics reduces or eliminates those penalties based on how many students from low-income families an institution enrolls and how much the institution spends on instruction and student services. In essence, these policies judge institutions on multiple metrics that allow them to fail one measure but avoid sanctions if they pass others, a general approach to accountability policies for which the Urban Institute has advocated (Baum, Blom, and Cohn 2022).

Proposals sometimes include bonuses that can offset sanctions imposed on institutions, which is effectively another form of an exemption. The Student Protection and Success Act, sponsored by Senators Jeanne Shaheen (D-NH) and Orrin Hatch (R-UT), would use the funds generated from penalty fees assessed on institutions for low loan repayment to award grants to institutions with a record of making college affordable and increasing college access and success for low- and moderate-income students, though the proposal does not define those metrics.[18] Senator Coons's ASPIRE Act also uses funds generated from sanctions on institutions to fund grants that will help institutions improve completion rates.[19]

Impediments to Accountability Reform

Historically, efforts to improve higher education accountability would have occurred through reauthorization of the Higher Education Act, the law that governs the administration of most federal higher education programs. But this law, required to be reauthorized every five years, was last reauthorized in 2008, and lawmakers have simply extended that version of the law multiple times. Despite the lack of any real movement on comprehensive higher education legislation, there continue to be efforts to address accountability on both sides of the aisle through stand-alone proposals such as those listed in the previous section. This is largely attributable to the bipartisan belief that colleges and universities are not adequately being held responsible for costs, prices, loan repayment rates, or student outcomes. Yet, despite broad congressional support for greater higher education accountability, policymakers have failed to advance major changes to federal law that would impose new quality assurance standards on colleges and universities.

To better understand the lack of action and help inform ongoing reform efforts, we conducted one-on-one interviews with a bipartisan group of former congressional staffers and higher education advocates to get their take on the roadblocks to achieving new accountability measures. The impediments they identified revolved around a consistent set of themes and can be divided into two categories: political obstacles and design obstacles.

Political Obstacles

When asked about the biggest impediments to improving higher education accountability, interviewees agreed on two obstacles that would be difficult to overcome. The first is a federal government that is more partisan today than at any point in the past 50 years.[20] One interviewee lamented that Congress struggled to find consensus on easy things such as the debt ceiling, so there is little chance they willll make any progress on accountability legislation. The 2008 reauthorization, for example, passed the Democratically controlled House and Senate with broad bipartisan support (wide margins of Republican and Democratic votes in favor) and was signed into law by a Republican president. Reauthorizations in the 1980s and 1990s also passed with overwhelming bipartisan support. Another interviewee stated not only has partisanship been a primary reason for the inability to reauthorize the Higher Education Act, but in the 15 years since the last reauthorization, the problems in higher education have become so much bigger that they are now "overwhelming to try and fix." The growth in the share of the population over the past 20 years that pursues postsecondary credentials, from short-term credentials to master's and professional degrees, has surely contributed to this sentiment.

The second major political obstacle stems from the size and breadth of our higher education system. The US higher education system has nearly 6,000 colleges and universities comprising a mix of four-year, two-year, and less-than-two-year programs at public, private nonprofit, and private for-profit institutions. Because of their number, these institutions are an integral and visible part of every lawmaker's constituency, and lawmakers are thus reluctant to sanction or impose costs on the higher education sector that would inevitably affect their home institutions.

Many policymakers from both sides of the aisle are also reluctant to undermine the open-access model for US higher education. The open-access model provides postsecondary opportunities for students with a wide range of academic ability, and more than two-thirds of all US colleges have an open admissions policy.[21] Our open-access system of higher education has historically been viewed as a positive by many policymakers across the political spectrum, given the relationship between a college education and economic mobility. But accountability policies are in tension with this value.[22] They can reduce access, though they ideally would reduce access only to programs or institutions that are not providing value. Open-enrollment and less-selective institutions may also struggle to meet some accountability standards because they cannot be selective in admissions and would thus be penalized for their mission. In short, widespread access to higher education is a widely valued feature of our higher education system and is politically popular. Lawmakers are understandably reluctant to change it.

One interviewee also noted that these issues were often difficult to tackle in legislative deliberations because congressional staff members often lack a detailed understanding of the open-access nature of our higher education system. They tend to understand the system as a monolith of more selective four-year institutions.

The open access and diverse nature of our higher education system poses an additional challenge for those seeking quality assurance reforms. Many output-based policies disproportionately affect institutions and programs that provide access to low-income students and students from underrepresented ethnic and racial groups. Institutions that serve high shares of these students tend to have lower graduation rates, postenrollment earnings, and loan repayment rates.

This could suggest that quality assurance policies are even more warranted because low-quality programs disproportionately harm more vulnerable populations. Whatever improvement in quality the policies are meant to produce will also disproportionately benefit these groups.

The potential downside of these dynamics is that quality assurance policies could reduce access to higher education for these groups of students if programs or entire institutions lose access to federal aid or if institutions become more selective in their admissions policies. Moreover, the weaker outcomes among programs serving more low-income and underrepresented students may not necessarily mean these students did not benefit from the education. And some of the outcome metrics may reflect labor market discrimination, not college quality, meaning quality assurance policies could penalize institutions and students for outcomes for which they are not responsible.

These different interpretations of the causes of weaker student outcomes are a major barrier to reforms because there is little agreement on which one is more accurate.

Design Obstacles

The political obstacles of government partisanship and our diverse and open-access system of higher education are primary factors in policymakers' ability to make any significant legislative progress on higher education accountability. But even if Congress moved past those roadblocks, the individuals we interviewed all noted several major design issues that will further frustrate reform efforts. They noted that these design issues often make consensus difficult in legislative negotiations because policymakers have differing views on how the policy should be constructed.

INSTITUTION-LEVEL VERSUS PROGRAM-LEVEL ACCOUNTABILITY

Before the GE regulation, all federal higher education accountability tied to federal student aid was measured at the institutional level. Among those efforts, the only one tied to student outcomes is the cohort default rate, which is limited as a high-stakes accountability measure. GE is the first and only federal high-stakes accountability measure focused on program-level student outcomes. And although reviews of the original GE regulation were mixed, it did usher in a new way to think about federal accountability.[23] But this has now added another layer of complexity to the accountability conversation. Should the focus be on institutions, programs, or both?

There does not seem to be a consensus answer to this question (the proposals discussed in the first section of this report feature both types of design), but several of the former congressional staffers we spoke with suggested that the introduction of program-level data makes high-stakes accountability more politically feasible, as policymakers are generally more comfortable stripping access to federal student aid from specific programs rather than entire schools (Erickson and Hess 2019). Additionally, focusing exclusively on institution-level outcomes can mask low-value programs at otherwise high-performing schools or conversely unfairly punish a few high-quality programs at low-performing schools. Some also believe that program-level accountability could lead schools to self-regulate their own low-performing programs, as evidenced by the 300 programs that were shut down by their schools before receiving any sanctions once GE data were made publicly available (Itzkowitz 2019).

Despite the many positives of program-level accountability, it has shortcomings and challenges that can reduce support among policymakers for this approach. For example, US colleges and universities cumulatively offer more than 150,000 programs (Itzkowitz 2019). It will be more administratively burdensome and require more staff capacity and financial resources to evaluate every higher education program annually, as opposed to every institution. Lawmakers concerned about expansive or complicated federal regulations may be reluctant to support a policy that involves such complexity. Another concern with program-level data is they are typically reported only for degree completers; constructing cohorts of all enrollees is more administratively complicated, particularly at four-year schools, where many students do not declare a major or routinely switch majors (Blagg et al. 2021). This could result in a significant number of noncompleting students being excluded from program-level data. Institution-level accountability also meant that few institutions were ever affected by the accountability policy. A program-level accountability policy might affect a much wider range of institutions, even if only a few programs therein. That could also undercut broad support among lawmakers for the reform.

TARGETED VERSUS BROAD POLICIES

An ongoing debate is whether accountability measures should be applied to all types of schools or target specific sectors, particularly those that have a disproportionate number of low-performing schools or programs.

Some in the policy community favor reforms that would target the for-profit sector, based on this reasoning. They argue that these institutions continue to engage in unsavory practices, such as overpromising in their marketing to veterans and low-income students eligible for the maximum amount of federal financial aid and then underdelivering.[24] For-profit schools also account for more than half of all student loan defaults while enrolling only 10 percent of students.[25] Additionally, supporters of greater scrutiny for for-profits argue that nonprofit schools already face a form of scrutiny, as they are subject to prohibitions on their use of funds, which do not apply to for-profit colleges (Kelchen 2018).

One former staffer recalled a time when for-profit schools were viewed more favorably than traditional higher education because they were enrolling students not served by other sectors. In fact, in the early 1980s, Congress extended eligibility for student loans to for-profit colleges enrolling students with no high school diploma (or "ability to benefit" students) because these were students not typically served by higher education.[26] But a 1984 report found more than 80 percent of for-profit schools failed to enforce academic progress standards, and more than one-third misrepresented themselves during the recruitment process, which began to change Congress's view of proprietary schools (GAO 1984).

Others in the policy community argue that accountability policies should be applied neutrally to all sectors of higher education, arguing that weak outcomes and unaffordable prices and debt occur in other sectors. For example, the GE rule will screen out only a fraction of programs where borrowers' earnings are too low to fully repay their loans in the Biden administration's income-driven repayment plan. Only 34 percent of borrowers in a public associate degree program would be expected to fully repay their loan under IDR, and because these programs are excluded from GE, there is no incentive for schools to eliminate these programs. This problem also exists at the graduate degree level, where master's programs at private nonprofit schools are disproportionately represented among graduate programs with high debt-to-earnings ratios and not subject to GE regulations.[27]

The diversity of the higher education sector makes it difficult for policymakers to reach consensus on problem definitions and potential reforms. Concerns over quality within short-term subbaccalaureate credentials offered at for-profit colleges and concerns about low-earning master's degrees in social work are both about higher education quality but suggest different policy reforms. If policymakers are not aligned on which of these concerns they are addressing, they will not reach consensus on a reform.

Some policymakers also favor including certain exemptions and differentiated standards for different groups of students or institutions to account for societal inequities, while others argue these policies could weaken protections for the most vulnerable students. For example, disparities in earnings and education levels by gender can affect whether an institution or program fails an earnings-based accountability test. Specifically, women are more likely than men to pursue higher education, meaning they are disproportionately represented among postsecondary certificate and degree earners.[28] They also earn less than men, even when they have comparable levels of education (GAO 2022). As a result, an earnings test could disproportionately sanction programs that enroll large numbers of women, not because they are necessarily low-quality programs but possibly because of labor market inequities.[29] Similar arguments can be made for programs that enroll high shares of racially underrepresented groups. An accountability policy could be tailored to address these issues, for example, by factoring in the share of students from certain groups that a program or institution enrolls. But these features have proven controversial in policy debates. Critics argue that such an approach would allow programs that enroll more women or Black students to produce weaker outcomes than those that do not, creating a perverse standard. Accountability policies that are applied to all groups in a neutral manner are, in this view, more effective at protecting disadvantaged groups.

FEDERALLY AIDED STUDENTS VERSUS ALL STUDENTS

Policymakers also disagree on whether only students who receive federal student aid should be judged under any accountability proposals or whether all students at the institution should be considered. Opponents of the all-student approach argue that students who do not receive federal aid, let alone never submit a Free Application for Federal Student Aid, should not have their information tracked by the government.[30] This was the motivation behind a provision in current law that prevents the federal government from collecting outcomes data for students not receiving federal aid.[31] Several former congressional staffers stated a major driver of current accountability efforts are the increasing federal financial investments in higher education, driven largely by the rise in federal student debt, and the belief there is little return on investment (as measured by graduation rates, earnings, and repayment of federal student loans). For policymakers focused on the investment of taxpayer dollars in colleges and universities, excluding students who do not receive federal student loans or grants may seem appropriate.

Others argue that the policies should include all students at an institution because some 44 percent of college students do not receive federal aid and therefore would be excluded from an accountability metric.[32] One limitation of College Scorecard data is that they exclude students who do not receive any federal aid, which policymakers have proposed addressing with legislative changes such as the College Transparency Act.[33] Another argument interviewees mentioned in favor of an all-student approach is concern over the general quality of a postsecondary education. And although there is no singular definition of what "quality" means, it often encompasses issues that affect more than students with federal aid. Presumably, federal concerns over affordability, retention rates, completion rates, earnings, and job placements are not limited only to students with a federal loan or Pell grant. Yet, relying on the current federal data infrastructure would mean holding schools accountable for the outcomes of little more than half of students who pursue a postsecondary credential. The narrowly focused GE rule includes all students—those who have received federal aid and those who have not.

DATA RELIABILITY

At least one interviewee expressed reservations about the quality and timeliness of the data the federal government would use to execute any accountability policy. The foundational feasibility and effectiveness of any accountability measure is based on the availability of reliable and timely data. And although a wealth of data are collected on US colleges and universities, most were not designed for high-stakes accountability. As such, there are several limitations related to existing data for accountability purposes.

The main federal datasets that currently contain input and outcomes data that would be used for accountability purposes are the Integrated Postsecondary Education Data System (IPEDS) and College Scorecard. Both datasets have a two-year lag on data availability. So in 2023, the most current data available in IPEDS for finance and completions are from 2021. Similarly, the earnings and debt data in the College Scorecard are from 2021. So any changes in an institution's performance relative to an accountability measure using these data will take at least two years to show up in these datasets.

In addition to timing, there are limits to what the data can reveal based on how they are collected. For example, public schools have a different accounting standard than private schools.[34] As such, it is difficult to compare financial data between public and private colleges and universities. This would complicate accountability measures tied to a school's sources of revenue or spending on things like instruction, academic support, or student services. Another well-documented example of a data limitation is the IPEDS graduation rates, which have historically excluded transfers and non-first-time students.

Another limitation of federal institutional-level data is that they are not audited (Kelchen 2018). Because colleges and universities submit IPEDS data, there are few checks to flag when an institution submits data that are inconsistent with previously submitted data. But there is no process to verify the data are accurate. Additionally, schools can update their data so a school's IPEDS data can change even after they are submitted. Data being used for high-stakes accountability should go through some auditing process, perhaps like the process the US Department of Education's Office of Federal Student Aid uses, which requires colleges to verify for a share of their students the accuracy of the information submitted on the Free Application for Federal Student Aid.

OUTCOMES VERSUS AFFORDABILITY METRICS

Not all accountability reformers agree that policies should focus on student outcomes, posing yet another hurdle to lawmakers forging a consensus. Most federal accountability efforts to address affordability have been "back end" approaches that focus on a student outcome. But some reformers want to address what colleges charge and what students must pay to attend. That is the concept in Senator Schatz's Debt Free College Act, which would limit how much public colleges could charge students and would cap annual price increases.[35]

A former congressional staffer noted that these policies can be controversial among Republican lawmakers who are hesitant to implement policies that could be seen as price controls. Policies that would regulate prices at public institutions are also almost always paired with large new federal grants to states to provide incentives for federal-state funding partnerships, making them controversial among some lawmakers both for their cost and interference in state policymaking.

Conclusion

The US has one of the largest, most diverse, and most openly accessible higher education systems in the world. We have more than 6,000 schools that participate in the federal student aid program. These schools vary greatly in their enrollment size, mission (e.g., minority serving, religious affiliated, research, or vocational), and mode of curriculum delivery (e.g., in person, online, or hybrid). US schools also vary greatly in the type of student they serve—from highly selective schools largely serving recent high school graduates with high levels of academic preparation, to open-access schools that tend to serve older working students and have minimal academic standards for admissions.

The size and diversity of schools and students served is arguably one of the greatest strengths of the US higher education system, yet it is one of the greatest challenges for reforming accountability policies.

Even so, there is significant consensus among lawmakers that the existing set of quality assurance policies for federal aid programs are not protecting students and taxpayers. Many of the recent reform proposals illustrate that point and should ultimately encourage lawmakers to work toward a consensus on reforms that strengthen our higher education system and federal aid programs.

Appendix

TABLE 1

Input Accountability Proposals

Proposal	Metric(s)	Institution-wide versus program-level	Special provisions
Ben Barrett, Stephen Burd, Kevin Carey, Kim Dancy, Manuela Ekowo, Rachel Fishman, Alexander Holt, Amy Laitinen, Mary Alice McCarthy, and Iris Palmer, *Starting from Scratch: A New Federal and State Partnership in Higher Education* (Washington, DC: New America, 2016).	Cost of attendance is limited to the expected family contribution formula; federal funding is based on low-income student enrollment	Institution-wide	States provide a 25% match for the federal contribution, which is based on a federal formula grant; colleges must meet accountability measures (graduation, employment outcomes); 25% of students must be low-income students
Office of Senator Chris Murphy, "Are You Getting What You Pay For? A New Proposal for Accountability in Higher Education" (Washington, DC: Office of Senator Chris Murphy, 2019).	Tuition per full-time equivalent (FTE) student versus spending on instruction per FTE student; Pell enrollment	Institution-wide	Different consequences for schools with failing metrics that spend less than 1/3 of tuition on instruction; fines for schools whose Pell enrollment declines
ASPIRE Act, S. 1855, 116th Cong. (2019).	Percentage of full-time students enrolled for the first time who receive a Pell grant for the year	Institution-wide	Penalty fee is used to fund grants; grants are received to enact a plan to improve completion rates
Wesley Whistle and Lanae Erickson, "Using Instructional Spending to Test for Value in Higher Ed," Third Way, April 18, 2019, https://www.thirdway.org/memo/using-instructional-spending-to-test-for-value-in-higher-ed.	"Resource test," a ratio of expenditures on instruction per FTE student to net tuition	Institution-wide	Schools spending little of their tuition revenue on instructional spending would not be eligible for federal grants and loans
Debt-Free College Act of 2021, S. 1263, 117th Cong. (2021).	Cost of attendance is limited to the expected family contribution formula	Institution-wide	Dollar-for-dollar federal match to state higher education appropriations
Preston Cooper, *Closed School Discharge Reform: A Roadmap* (Washington, DC: Defense of Freedom Institute, 2022).	Institution must purchase insurance to cover cost of a closed school's discharge of federal student loans	Institution-wide (only private institutions that use Title IV funds)	

Proposal	Metric(s)	Institution-wide versus program-level	Special provisions
Jobs to Compete Act, H.R. 1655, 118th Cong. (2023).	Percentage of tuition revenue spent on educational expenses	Program-level	

Notes: The proposals here summarize those mentioned throughout the report. This is not an exhaustive list of accountability proposals.

TABLE 2

Output Accountability Proposals

Proposal	Metric(s)	Institution-wide versus program-level	Special provisions
Senate HELP (Senate Committee on Health, Education, Labor, and Pensions), "Risk-Sharing/Skin-in-the-Game Concepts and Proposals" (Washington, DC: Senate HELP, 2015).	Loan repayment rate; cohort default rate; dollar-based cohort default rate	Institution-wide	Institution must contribute to a Federal Student Aid Insurance Fund, where the premium is based on the institution's volume of federal aid, student withdrawals, and noncompletions
Kristin Blagg and Matthew Chingos, *Getting Risk Sharing Right: Creating Better Incentives for Colleges and Universities* (Washington, DC: Urban Institute, 2016).	Risk sharing is based on semester completion rates; federal aid eligibility is based on graduate earnings	Institution-wide	
Amanda Janice and Mamie Voight, "Making Sense of Student Loan Outcomes: How Using Repayment Rates Can Improve Student Success" (Washington, DC: Institute for Higher Education Policy, 2016).	Loan repayment and cohort default rate	Institution-wide	
Tiffany Chou, Adam Looney, and Tara Watson, *A Risk-Sharing Proposal for Student Loans* (Washington, DC: Brookings Institution, 2017).	Institution makes risk-sharing payments according to the loan cohort repayment rate based on loan principal remaining after five years	Institution-wide	Institutions' risk-sharing payments would be used to support institutions that successfully support low-income students

Proposal	Metric(s)	Institution-wide versus program-level	Special provisions
Aim Higher Act, H.R. 6543, 115th Cong. (2018).	Cohort default rate that includes borrowers in long-term forbearance; 85/15 rule (15% of revenue must come from nonfederal sources) at for-profit institutions; accreditors must focus on completion and workforce participation; requirements for instructional spending levels	Institution-wide	Public and private nonprofit institutions with a high cohort default rate and who enroll a large number of Pell students can receive technical and financial support; schools that use less than half of tuition revenue on instructional spending cannot use federal funds for advertising, recruiting, marketing, or lobbying
PROSPER Act, H.R. 4508, 115th Cong. (2017).	Loan repayment rate; risk-sharing payment is based on student noncompletion or withdrawal	Program-level	
Office of Senator Chris Murphy, "Are You Getting What You Pay For? A New Proposal for Accountability in Higher Education" (Washington, DC: Office of Senator Chris Murphy, 2019).	Graduation rates by credential level and debt-to-earnings or price-to-earnings or repayment rate	Institution-wide	Different consequences for schools with failing metrics that spend less than 1/3 of every tuition dollar on instruction versus those that spend 1/3 or more
ASPIRE Act, S. 1855, 116th Cong. (2019).	Completion rate (percentage of first-time, full-time students who graduate within six years)	Institution-wide	Penalty fee is used to fund grants; grants are received to enact a plan to improve completion rates
PROTECT Students Act of 2019, S. 867, 116th Cong. (2019).	85/15 rule (15% of for-profit revenue must come from nonfederal sources); debt-to-earnings ratios of program graduates	Program-level and institution-wide	Creation of a For-Profit Education Oversight Committee; codification of borrower defense rule; restrictions on use of federal funds for recruiting, marketing, and lobbying activities; incentive compensation bans for job placement and reducing student loan default
G. William Hoagland, Shai Akabas, Kenneth Megan, Jinann Bitar, Kody Carmody, Elizabeth Middleton, and Mariette Aborn, *A New Course for Higher Education: Strengthening Access, Affordability, and Accountability* (Washington, DC: Bipartisan Policy Center, 2020).	Cohort default rate in combination with program-level repayment rate or amortization, completion rates, graduate earnings, or outcomes of low-income students	Institution-wide and program-level	Institutions pay a premium based on student loan outcomes, adjusted by low-income enrollment and student-centered spending; additional Pell dollars for students who attend institutions that have good outcomes for Pell students

Proposal	Metric(s)	Institution-wide versus program-level	Special provisions
Michael Itzkowitz, "Price-to-Earnings Premium: A New Way of Measuring Return on Investment in Higher Ed" (Washington, DC: Third Way, 2020).	Price-to-earnings premium (total average net price / (postenrollment earnings – typical salary of a high school graduate) = number of years to recoup net cost	Institution-wide	
Jordan Matsudaira and Lesley J. Turner, *Towards a Framework for Accountability for Federal Financial Assistance Programs in Postsecondary Education* (Washington, DC: Brookings Institution, 2020).	Loan repayment rate; earnings compared with those for workers with lower levels of education	Program-level	Exemptions for schools where less than 25% of students borrow; schools where 25% to 50% of students borrow would pay a lower fee based on the percentage of students who borrow
J. Oliver Schak, *A Policymaker's Guide to Using New Student Debt Metrics to Strengthen Higher Education Accountability* (Oakland, CA: The Institute for College Access and Success, 2021).	Debt-to-discretionary-earnings ratio; earnings net of expected debt payments threshold; repayment rates used in combination with the cohort default rate	Institution-wide and program-level	
Andrew Gillen, "A Retrospective on Gainful Employment," *Academic Questions* 35, no. 1 (2022): 48.	"Gainful employment equivalent" comparing debt payments to earnings	Program-level	
Student Protection and Success Act, S. 5072, 117th Cong. (2022).	Risk-sharing payment is based on cohort repayment rate and loan balance	Institution-wide	Schools with low repayment rates are ineligible for federal funds and would pay a fee to fund aid to institutions with high shares of low-income students; colleges that are accessible to low- and moderate-income students are awarded grants
Protect Student Borrowers Act of 2022, S. 5065, 117th Cong. (2022).	Risk-sharing payment is based on the cohort default rate	Institution-wide	Exemptions for institutions using student loan management plans; risk-sharing payments are used for a supplemental federal grant for Pell-eligible students who attend an institution that does not have to make risk-sharing payments and meets Pell grant enrollment target

Proposal	Metric(s)	Institution-wide versus program-level	Special provisions
Stephanie Riegg Cellini and Kathryn J. Blanchard, "Using a High School Earnings Benchmark to Measure College Student Success: Implications for Accountability and Equity" (Washington, DC: George Washington University, 2022).	Graduates within each program must typically earn more than those with only a high school diploma; debt-to-earnings ratio	Program-level	
Streamlining Accountability and Value in Education for Students Act, S. 1971, 118th Cong. (2023).	Undergraduate program graduates must typically earn more than those with only a high school diploma; graduate and professional students must earn more than bachelor's degree holders	Program-level	

Notes: The proposals here summarize those mentioned throughout the report. This is not an exhaustive list of accountability proposals.

TABLE 3

Information-Only Accountability Proposals

Proposal	Metric(s)	Institution-wide versus program-level	Special provisions
Student Right to Know Before You Go Act of 2022, S. 3952, 117th Cong. (2022).	Completion, transfer, average debt accumulation, and loan repayment rates; postgraduate outcomes such as earnings and pursuit of further education (all disaggregated)	Program-level and institution-wide	These metrics must be made available on the US Department of Education website and individual institutions' websites; the bill also establishes a new secure state-based data system that collects student-level data while protecting student privacy
College Transparency Act, S. 1349, 118th Cong. (2023).	Public data on prices, completion, transfer, debt accumulation, and loan repayment rates; postgraduate outcomes such as earnings and pursuit of further education (all disaggregated)	Program-level and institution-wide	Permission for the Department of Education to share data with other federal agencies; all data must be posted on a user-friendly website; establishes a new federal postsecondary student-level data system with privacy protections

Notes: The proposals here summarize those mentioned throughout the report. This is not an exhaustive list of accountability proposals.

Notes

[1] Omnibus Budget Reconciliation Act of 1990, H.R. 5835, 101st Cong. (1990).

[2] The cohort default rate is calculated as the percentage of borrowers who enter repayment in a given fiscal year who then default within three years. Institutions lose eligibility for aid programs if their default rate is 30 percent or higher for three consecutive years or above 40 percent in a single year. See "Official Cohort Default Rates for Schools," US Department of Education, Office of Federal Student Aid, last updated September 29, 2023, https://fsapartners.ed.gov/knowledge-center/topics/default-management/official-cohort-default-rates-schools. See also Fraas (1990).

[3] See also US Senate Committee on Health, Education, Labor, and Pensions, "Statement of Senator Tom Harkin (D-IA) at the HELP Committee Hearing: 'The Triad: Promoting a System of Shared Responsibility. Issues for Reauthorization of the Higher Education Act,'" news release, September 19, 2013, https://www.help.senate.gov/ranking/newsroom/press/statement-of-senator-tom-harkin-d-ia-at-the-help-committee-hearing-the-triad-promoting-a-system-of-shared-responsibility-issues-for-reauthorization-of-the-higher-education-act.

[4] "Aim Higher," Education and Workforce Committee Democrats, accessed November 7, 2023, https://democrats-edworkforce.house.gov/aim-higher.

[5] Protect Student Borrowers Act of 2015, S. 1102, 114th Cong. (2015).

[6] The gainful employment regulations under both the Obama and Biden administrations require program graduates to meet a debt-to-earnings test. The Biden administration's rule includes a second test of whether college graduate earnings are higher than those of a high school graduate. Programs that do not meet a certain threshold will lose federal financial aid. See Program Integrity: Gainful Employment, 79 Fed. Reg. 64890 (Oct. 31, 2014); and Financial Value Transparency and Gainful Employment, 88 Fed. Reg. 70004 (Oct. 10, 2023).

[7] Streamlining Accountability and Value in Education for Students Act, S. 1971, 118th Cong. (2023).

[8] Another exception is a proposed bill that would provide Pell grants for short term programs. See Promoting Employment and Lifelong Learning Act, H.R. 496, 118th Cong. (2023).

[9] ASPIRE Act, S. 2201, 115th Cong. (2017).

[10] "2021-2022 Federal Student Aid Handbook Chapter 1: Withdrawals and the Return of Title IV Funds," US Department of Education, Office of Federal Student Aid, accessed November 7, 2023, https://fsapartners.ed.gov/knowledge-center/fsa-handbook/2021-2022/vol5/ch1-withdrawals-and-return-title-iv-funds.

[11] Authors' calculations using the 2019–20 National Postsecondary Student Aid Study PowerStats tables xrzreo and dpevvm.

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[13] See also Wesley Whistle and Lanae Erickson, "Using Instructional Spending to Test for Value in Higher Ed," Third Way, April 18, 2019, https://www.thirdway.org/memo/using-instructionalspending-to-test-for-value-in-higher-ed; and Stephanie Hall, "How Much Education are Students Getting for their Education Dollar?," The Century Foundation, February 28, 2019, https://tcf.org/content/report/mucheducation-students-getting-tuition-dollar/.

[14] Jobs to Compete Act, H.R. 1655, 118th Cong. (2023).

[15] Debt-Free College Act of 2021, S. 1263, 117th Cong. (2021).

[16] Student Right to Know Before You Go Act of 2022, S. 3952, 117th Cong. (2022).

[17] College Transparency Act, S. 839, 117th Cong. (2021).

[18] Student Protection and Success Act, S. 1939, 114th Cong. (2015).

[19] ASPIRE Act, S. 2201, 115th Cong. (2017).

[20] Drew DeSilver, "The Polarization in Today's Congress Has Roots That Go Back Decades," Pew Research Center, March 10, 2022, https://www.pewresearch.org/short-reads/2022/03/10/the-polarization-in-todays-congress-has-roots-that-go-back-decades/.

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