

February 15, 2018

Sen. Lamar Alexander
Chair
Senate Health, Education, Labor and Pensions Committee
United States Senate
455 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Alexander,

On behalf of the American Association of Collegiate Registrars and Admissions Officers (AACRAO), I write to respectfully submit our comments on your request for input on federal accountability requirements as it relates to the Higher Education Act reauthorization process.

AACRAO is a nonprofit association of more than 11,000 campus enrollment officials who represent approximately 2,600 institutions and agencies in the United States and more than 40 other countries. Our members play a central role in protecting and maintaining the academic integrity of their institutions as admissions gatekeepers and as codifiers and custodians of the institutional academic policies that govern the awarding of credits and credentials. They also have a systemic interest in academic integrity across the spectrum of educational institutions, since they must make decisions based upon credits and credentials granted by high schools and previously attended colleges and universities. As key stakeholders in promoting the integrity of all collegiate institutions, AACRAO members are particularly reliable partners in the committee's efforts to review and improve accountability measures for Title IV federal student aid programs.

Over the past decade, our members have become increasingly alarmed by the dramatic rise of diploma mills—from high schools to doctoral institutions—and the frequency of applications based on fraudulent and questionable credentials. Our members' efforts to protect their own institutions' academic credentials have, regrettably, been rendered more difficult as questionable schools have managed to gain eligibility for participation in federal student aid programs. Weak accountability measures within the Title IV gate-keeping provisions have not only allowed subpar institutions to gain access to federal financing, they have also created perverse incentives for many previously participating schools to vastly inflate their offerings and pose as legitimate colleges and universities. AACRAO supports efforts to strengthen the regulation and enforcement of accountability measures for all institutions of higher education eligible for participation in Title IV federal student aid programs.

Each year, billions of dollars from Title IV programs enable students to participate in and benefit from higher education programs. Unfortunately, the lax eligibility standards and poor gate-keeping of these programs allow some institutions to take advantage of taxpayer funds. These institutions often display multiple indications of potential trouble, such as high-attrition/low-graduation rates, non-transferability of academic credits to other institutions, low licensure pass-rates for programs in licensed professions,

low job placement rates for their vocational programs, high-debt/low-income characteristics for the vast majority of their students, high default-rates, and very high levels of dependence on federal dollars. The ability of subpar institutions to game the federal gate-keeping “triad” (i.e., states, accrediting agencies, and the federal government) undermines public support for federal student aid programs and devalues all academic credentials, even those that have been earned at legitimate institutions.

Legitimate institutions of higher education and employers are also harmed by weak Title IV accountability measures. Lax eligibility standards harm legitimate collegiate institutions in their autonomous efforts to ensure that the transcripts and credentials they rely upon are from other legitimate institutions. Legitimate institutions are also harmed by the ever increasing number of ineffective but burdensome requirements that purport to target fraud, but that instead impose huge costs on good actors without stopping the bad ones.

AACRAO commends the committee’s efforts to update federal accountability measures for institutions of higher education to ensure that students are receiving an education worth their time and money. However, we are concerned that the proposals to eliminate the cohort default rate requirement, 90-10 rule, and gainful employment regulation would weaken the federal government’s ability to prevent fraud and abuse in the federal aid system and undermine the limited protections currently available to students and taxpayers.

Cohort Default Rates

The current cohort default rate requirement is flawed and its shortcomings should be addressed. However, we believe the proposals to eliminate the cohort default rate system entirely and replace it with a program-level loan repayment rate system could be problematic. Instead, we recommend an expansion of the current definition of cohort default rates to more accurately capture all defaults. It is odd and counterintuitive that defaults that occur outside the official window do not “count” against the institutions where the loans were disbursed. Just as borrowers and taxpayers are stuck with defaults whenever they occur, schools should likewise have all defaults associated with them counted accurately, no matter when they occur.

While we agree that information regarding student loan repayment rates is useful for measuring a broad range of borrower outcomes, it is not sufficient as a standalone measurement for student success. The use of programmatic repayment rates could improve upon the existing institutional cohort default rates, but its full implications are not known. Any proposal for a program-level repayment rate metric should incorporate protections to prevent institutions from gaming the system by simply modifying failing programs to look like new programs to maintain access to Title IV funds.

90-10 Rule

AACRAO opposes the elimination of the federal 90/10 rule, which we believe serves to ensure the market viability of Title IV-eligible institutions by restricting inappropriate reliance on federal funding by schools. We support proposals, made by a number of key policymakers, that would alter the current 90/10 rule by limiting the total amount of federal funds received through Title IV, U.S. Department of Veterans Affairs educational benefits, and the Department of Defense tuition assistance program to no more than 85 percent of each institution’s total revenues for any given year. Additionally, we believe that the rule should prevent the current gaming of the system by excluding all institutional aid, including any private-label loans that have been made or are held by an entity that has had an

origination relationship or any business arrangement with the school. Such a change would help to ensure that no institution becomes exclusively dependent on federal funds.

All institutions eligible for Title IV funds should be subject to appropriate oversight and accountability. Public and private, nonprofit institutions are subject to strict state requirements, while for-profit institutions are not. Therefore, we believe federal accountability measures for for-profit institutions are not only appropriate, but critical to protect students and taxpayers from institutions that countless studies have shown leave students worse off as a result of their postsecondary experience.

Gainful Employment Rule

The current gainful employment rule, as an accountability metric, is flawed and its shortcomings should be addressed. Additionally, the regulation's reporting requirements are overly burdensome for well-intentioned institutions. However, AACRAO is concerned that an outright repeal of the gainful employment rule would, once again, open up certain career education programs to fraud and abuse. Eliminating the gainful employment rule would remove critical incentives for colleges to offer quality, affordable programs, to protect students from burdensome debts, and to reduce the costs of student loans for taxpayers. We believe that a careful review of the regulation is necessary to achieve a balance between ensuring that vocational educational programs produce valuable student outcomes while not saddling institutions with imposing costs and reporting requirements.

AACRAO would like to thank you for the opportunity to provide feedback on federal accountability concepts and proposals. We appreciate the committee's willingness to work with the higher education community and stand ready to assist you in your effort to reauthorize the Higher Education Act.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael V. Reilly", written in a cursive style.

Michael V. Reilly
Executive Director

CC: Sen. Patty Murray
Ranking Member, Senate Health, Education, Labor and Pensions Committee