SKETCHING A
NEW CONSERVATIVE
EDUCATION AGENDA

New Accreditors for New Colleges

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Key Points

Most US college students go to college in search of economic safety and independence. Unfortunately, existing US colleges often fail to produce economic mobility for their students, and prevailing policy efforts to improve existing colleges are limited in their impact.

A promising strategy for improving the quality of US colleges, particularly their ability to produce economic mobility for students, is to enable the formation of new nonprofit colleges that can bring design innovation, improved outcomes, and competition to the sector.

For colleges of this kind to form, the higher education sector needs new college accreditors that, unlike current college accreditors, specialize in evaluating, approving, and monitoring startup colleges.

White House and Education Department leadership should invest political capital and administrative resources in new accreditors that can enable and regulate startup nonprofit colleges focused on economic mobility.

American higher education policy generously underwrites student choice. Every year, millions of students, equipped with billions in financial aid, choose among colleges.

Unfortunately, colleges often fail to deliver the economic outcomes that students value most, notably low costs, high graduation rates, and strong earnings. Students and families sense the rising costs and faltering outcomes of US colleges and, in recent years, have rightly grown skeptical about the economics of college.[1]

To improve economic mobility outcomes of US colleges, policymakers should enable the formation of nonprofit college startups that can bring new designs to the sector and produce breakthroughs in economic mobility outcomes while agreeing to be strictly accountable for results and to act with total transparency.

To form in substantial numbers, these colleges need a new breed of college accreditor, one that—in contrast to current accreditors, which work almost exclusively with existing colleges—focuses on vetting, approving, and regulating startup colleges. White House and Department of Education (ED) leadership should invest political capital and resources in forming these new college accreditors.

Poor Outcomes and the Limits of Current Reform Efforts

The cost of college has increased ahead of inflation almost every year for the past four decades. For families in the lowest income quintile, the net price of a four-year private college is now 150 percent of annual household income.[2] Students entering two- and four-year colleges today face roughly

even odds of finishing and dropping out, and graduation rates drop starkly for students in community colleges and from certain demographic backgrounds. For example, only 18 percent of black students in community colleges graduate in three years.[3] Furthermore, researchers have found that a majority of college graduates will never recoup the cost of college from added wages associated with a degree or will need to work for decades to do so.[4]

Faced with troubling outcomes in many US colleges, policymakers have often proposed new modes of subsidizing existing colleges and stronger ways of holding them accountable. Many of these efforts have merit, but their impact is limited because they run up against the hard reality that established colleges have limited capacity for change. Typical American colleges are mired in fixed costs, dependent on revenue from their high-priced offerings, and governed for stasis. More thoughtful accountability and aid policies might nudge colleges into marginal improvement, but they will not fundamentally change colleges' limited capacity for change.[5]

The Case for Startup Colleges and Against the Accreditors That Block Them

Given the implausibility of real change in most existing colleges, higher education policymakers should enable a new crop of nonprofit colleges that—free of the fixed costs, mindsets, and models of incumbent colleges—can bring to the sector novel designs, competition, and breakthroughs in student economic outcomes.

These new colleges, pursuing outlier outcomes, will fully use recent advances in college design, including technology- and internet-enabled learning, competency-based and self-paced learning, college-employer partnerships, and high-dosage tutoring and advising. Founding teams for these new colleges will come from the higher education and K–12 sectors and from nonprofit sectors focused on college success and workforce development. A wide variety of private companies will also find spinning out independent, nonprofit colleges appealing.[6]

To take root and grow, a movement of these new colleges needs a new type of accreditor. Accreditors are private trade associations of colleges. Under the law, they have the authority to approve colleges for access to federal financial aid, subsidized federal student loans, and many forms of state aid—public support on which almost all colleges depend.[7]

From their powerful position as gatekeepers of public support for higher education, accreditors have historically been hostile to forming new colleges. They thwart aspiring colleges by creating time-intensive, hard-to-predict processes for initial accreditation. For example, among the seven dominant regional accreditors overseeing colleges that enroll 95 percent of US undergraduates, the process for winning initial accreditation, if it succeeds at all, typically takes six to seven years. In many cases, it takes a decade.[8]

Because of the accreditors' behavior, new colleges in the US are rare and, when they do arise, limited in reach. Ninety-two percent of US college students attend colleges more than 40 years old. Colleges that won accreditation in the past two decades educate a mere 2 percent of US college students, and they are mostly specialized, for-profit, one-year institutions.[9]

New Accreditors for New Colleges

New accreditors should operate with a steely insistence on economic mobility outcomes in new colleges. They should hold startup colleges clearly accountable for producing high graduation rates, strong short-term earnings outcomes, and low net costs—easily observed qualities that, in combination, quantify colleges' ability to create economic mobility for students. To evaluate colleges fairly, new accreditors should measure college outcomes with appropriate and carefully calibrated adjustments for student inputs.

New accreditors should seek to protect students (who pay for college) and taxpayers (who, via their state and federal governments, also pay for college) from colleges' incompetence, deception, and excessive risk. They should do this partially by conditioning new colleges' access to public aid on their results and stability.

Finally, new accreditors should studiously avoid the conflicts of interest that characterize existing

accreditors. For example, they should not be governed or managed by employees of the colleges they accredit, which is the case with most current accreditors.

Federal Support for New Accreditors

Fortunately, establishing new accreditors does not require new laws or regulations. Accreditor formation is governed by existing, though rarely activated, ED regulations. These regulations require aspiring accreditors to write protocols under the ED's supervision and to practice those protocols with existing colleges.

While the regulations and process for creating new accreditors exist, they are time intensive, prone to delay, and vulnerable to political interference. As a result, White House domestic policy staff and ED political appointees should announce their interest in a movement of new colleges and in new accreditors to facilitate and regulate that movement. They should make new accreditors for new colleges a policy priority and expand the already-overworked ED professional accreditation staff so they can focus on applications from new accreditors of the sort this report describes.

If leadership at the White House and ED supported new accreditors for new colleges, they would help initiate a movement of new colleges that could bring innovation, improved outcomes, and much-needed competition to US higher education.

About the Author

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Notes

1. Seventy-three percent of Americans believe college is not affordable. See Carnegie Corporation of New York and Gallup, *Family Voices: Building Pathways from Learning to Meaningful Work*, 2021, https://www.gallup.com/analytics/343631/family-voices-learning-and-meaningful-work.aspx. Relatedly, 48 percent of BA holders believe their degree is not "worth the cost" and does not positively affect their financial circumstances. See Strada Education Network, *2021 Strada Outcomes Survey: Student Outcomes Beyond Completion*, October 27, 2021, https://stradaeducation.org/wp-content/uploads/2022/01/2021-Strada-Outcomes-Survey-National-Report-121021.pdf.

2. Jennifer Ma and Matea Pender, *Trends in College Pricing and Student Aid 2021*, College Board, 2021, https://research.collegeboard.org/media/pdf/trends-college-pricing-student-aid-2021.pdf.

3. Graduation rates are the percentage of first-time full-time students (in the graduating class of 2012 for four-year colleges and of 2016 for two-year colleges) who earned an associate degree in three years or a bachelor's degree in six years. See Michael Bryan, Darryl Cooney, and Barbara Elliott, *2012/17 Beginning Postsecondary Students Longitudinal Study*, National Center for Education Statistics, October 2019, https://nces.ed.gov/pubs2020/2020522.pdf.

4. For more on economic outcomes in US colleges, see Stig Leschly, "Eyeballing College Earnings," Postsecondary Commission, April 20, 2022, https://postsecondarycommission.org/eyeballing-college-earnings/.

5. For a fuller discussion of structural barriers to change in US colleges, see Stig Leschly, "Colleges Cannot Change," November 23, 2021, https://postsecondarycommission.org/colleges-cannot-change.

6. To maximize its political viability, the proposal here is limited to a movement of new nonprofit colleges. It does not contemplate new for-profit colleges.

7. Thirty-four percent of undergraduates used Pell Grants to help pay for college in the 2019–20 school year, and 52 percent of undergraduates received federal loans in the 2017–18 school year. See Institute of Education Sciences, National Center for Education Statistics, Integrated Postsecondary Education Data System, Percent of Undergraduate Students Receiving Pell Grants in 2019–20, https://nces.ed.gov/ipeds/TrendGenerator/app/answer/8/35; and US Department of Education, Institute of Education Sciences, National Center for Education Statistics, "Loans for Undergraduate Students," May 2022, https://nces.ed.gov/programs/coe/indicator/cub.

8. Besides deterring new college creation, accreditors refrain almost universally from disciplining existing colleges for poor student outcomes or low-grade academic programming. Accreditors devote only 3 percent of their formal oversight activity to sanctioning or disciplining the academic quality or student outcomes of their portfolio colleges. See Stig Leschly and Yazmin Guzman, *Oversight of Academic Quality and Student Outcomes by Accreditors of US Higher*

Education: Evidence from the Database of Accredited Postsecondary Institutions and Programs, Harvard Business School and Postsecondary Commission, 2022, https://postsecondarycommission.org/report-on-accreditor-oversight-of-college-quality. For a detailed analysis of the rate and nature of new college formation in the US, see Yazmin Guzman and Stig Leschly, *An Analysis of the Age of Colleges and New College Accreditation in US Higher Education*, Postsecondary Commission, June 2022, https://postsecondarycommission.org/report-on-the-age-of-colleges-and-an-analysis-of-new-college-accreditation.

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