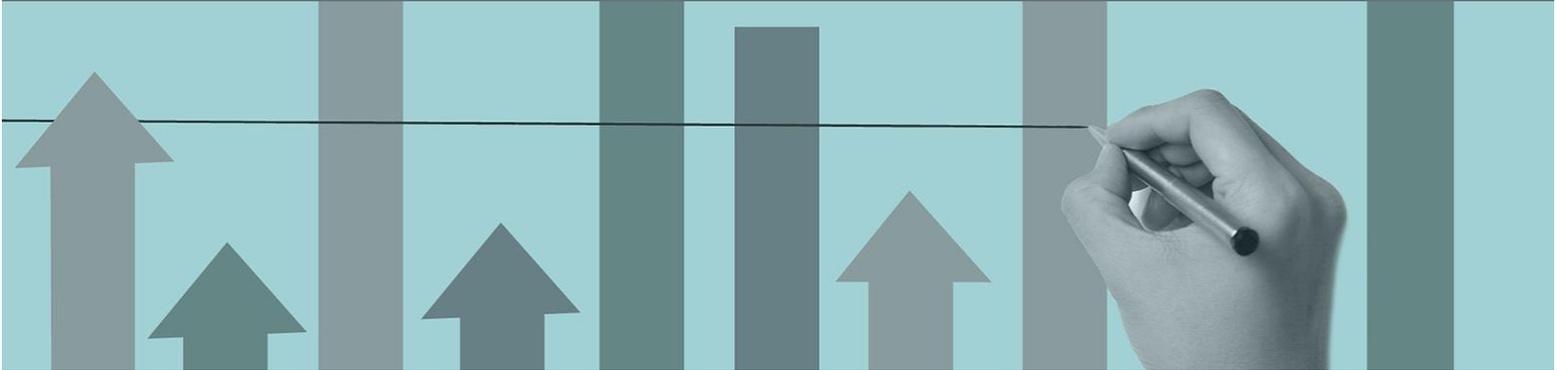


# Tough Love: Bottom Line Quality Standards for Colleges

## *Frequently Asked Questions*



Ed Trust’s latest report, *Tough Love: Bottom-Line Quality Standards for Colleges*, lays out a comprehensive proposal for the federal government to leverage its existing resources, in the form of student aid and tax benefits, to protect students and taxpayers from investing in chronically underperforming schools. By doing so, the government would play a greater role in ensuring that the \$180 billion it invests each year in institutions of higher education is used to promote low-income student access, degree completion, and post-secondary success.

Please find below answers to some commonly asked questions about Ed Trust’s proposal.

### **1. Is Ed Trust trying to “NCLB-ize” higher ed?**

No Child Left Behind touches every public school in America and leverages standards and assessments to raise academic achievement for all students while closing achievement gaps. Frankly, we think American higher education could benefit from broad-based accountability. But that’s not what this proposal does. Instead, we’re looking to establish bare minimum standards for college quality that would touch about 300 colleges and universities nationwide, out of some 6,000 to 7,000.

To protect students and taxpayers, colleges should have to meet bare minimum quality standards with respect to the core purposes underlying the federal investment: low-income student access and degree completion. There are more than 100 four-year colleges that have a **six-year** — *not even four-year* — graduation rate of less than 15 percent. And there are another 100 colleges where nearly 1 in 3 students fail to repay their college debt investment.

Our proposal seeks to improve chronically underperforming schools. It gives schools time and, in many cases, resources to improve. But at some point we have to ask ourselves, “How low is too low to be entitled to government support?”

### **2. These so-called “college dropout factories” and “diploma mills” are taking a risk in educating a challenging population of mainly poor and working-class students. Why should schools that serve this population be penalized? Aren’t you limiting access and choice among a population of students whose choices are already severely restricted?**

A choice to attend a low-graduation “college dropout factory” or low-loan-repayment “diploma mill” isn’t really a choice: It’s a false choice that simply drives students into debt and likely no degree. Moreover, regardless of institutional type, only a small percentage of overall schools and seats are affected. Under our proposal, new students seeking an education at a for-profit, online, or minority-serving institution will continue to have scores of options, including within the same sector. And colleges that are truly geographically isolated — such as tribal colleges — would have the option to appeal sanctions if they are designated as a low performer.

Beyond the matter of choice, though, we also want to question whether some of these unusually low-performing institutions really are serving students of color and low-income students. When students are six times as likely to end up with debt and no degree as they are to earn the degree they are seeking, is that service?

**3. How does your *Tough Love* proposal impact historically black colleges and universities and other minority-serving institutions?**

HBCUs and other MSIs have a rich and long history of enrolling students who were often shut out of higher education. Today, they continue to play a vital role in educating large numbers of underserved students, and many have done so despite being terribly underfunded.

But as in every sector, there are high performers and low performers. Recognizing that some institutions that fall below the graduation and student loan repayment standards may need help, we call for federal monetary and technical assistance to help them to surpass the performance bar. Most or all will, we believe, exceed the standard with time and support.

Even if they didn’t, though, students seeking an education at a minority-serving institution will continue to have many options within that sector. More than 80 percent of HBCU students, as well as 90 percent of students at Hispanic-serving institutions, attend colleges that already meet our suggested standards.

**4. The gainful employment regulation has the nation engaged in an important conversation about the role of institutions in meeting minimum standards of quality. How does *Tough Love* take this a step further?**

The gainful regulation applies only to vocational programs within colleges. We suggest minimum quality standards that apply to entire colleges. Our proposal sets bottom-line quality standards on access, completion, and post-enrollment success applicable to *all* institutions, regardless of corporate form. In fact, the most affected sector on one of our standards — our access standard — are elite, nonprofit, private institutions. In many ways, it’s a lot tougher to go after Yale University and the University of Virginia than it is a massage therapy program at Everest College.

**5. Is the pool of high-achieving, low-income students large enough for low-Pell institutions to enroll at least 17 percent Pell students without compromising their admissions standards?**

Our analysis of ACT data shows that 20 percent of students with top scores come from a low-income family. There are plenty of deserving, low-income students for elite colleges to educate.

Those schools just have to make it a priority to serve students from low-income families and to truly commit to student body diversity in all forms of the word.

We've seen plenty of colleges quickly increase their representation of talented students from low-income families — Franklin & Marshall College, Amherst College, and University of North Carolina–Chapel Hill. It can be done. Highly selective colleges can increase their socioeconomic diversity without compromising quality. In fact, they'd improve their quality if they enrolled a diverse student body, because the work world their graduates will enter is just as diverse.

**6. Won't elite colleges just walk away from federal financial aid program eligibility?**

Seven years ago, Sen. Chuck Grassley (R-Iowa) threatened federal support for super high endowment colleges, like Yale, Princeton University, and Stanford University, if they didn't make themselves more affordable. Those elite colleges howled, but a host of colleges also markedly improved their financial aid policies, including embracing no-loan guarantees for students from low- and middle-income families. Grassley and others should put the pressure on again.

**7. Wouldn't cutting off aid — particularly campus-based financial aid — to these elite institutions hurt low-income students?**

Currently, campus-based aid is inequitably and inadequately distributed. Given finite resources, we should target aid to the institutions and entities that need it most and are actually serving low-income students well. Colleges are supposed to be engines of socioeconomic mobility. The schools we're talking about aren't serving a bare minimum number of talented, low-income students. They aren't correcting social inequities; they're calcifying them.

Yale, for example, has a \$20 billion endowment. Why are we giving wealthy schools scarce resources for student financial aid when they can crack open their own bulging safes? There are hundreds of community colleges and four-year schools with greater need that don't have \$20 billion endowments, and they show a greater commitment to educating low-income students.

**8. How is this proposal different from the president's proposed college ratings system?**

We support the president's college ratings proposal in concept. But the administration plans to rate every individual college, and figuring out how to do that accurately and fairly is very hard. Doing that work is important, because if we are to reach our goals as a nation, we need virtually all colleges and universities to improve. In the meantime, though, it's much easier to identify institutions at the extremes of quality — the best and the worst. The latter contribute disproportionately to our problems with college access and success. So this proposal suggests a method for identifying and challenging the worst colleges in performance *and* ethics, and encourages them to improve.

**9. Why isn't consumer information alone sufficient? Shouldn't the government's role simply be to provide students and families the information they need to make their own informed decisions? Why should performance on these metrics be tied to financial aid eligibility?**

Information alone is not going to protect taxpayers completely and help students avoid “diploma mills,” “college dropout factories,” and “engines of inequality.” We can’t rely on — or wait for — consumer behavior to change on the assumption that it will.

But this isn’t just a matter of a family’s choice or their personal finances. What about the other important consumer — the taxpayer? Taxpayer dollars are at risk. A low-income student brings approximately \$30,000 in taxpayer aid with them. The general public’s investment needs protection.

**10. What about student responsibility for dropping out of college?**

When viewed as a group, the performance of nearly all colleges with overall graduation rates of less than 15 percent, such as Texas Southern University, are concentrated near the bottom of their respective peer groups. That means that other institutions serving exactly the same kinds of students with the same kinds of preparation are nevertheless managing to get more of them through to graduation. North Carolina Central University serves very similar students to Texas Southern and has a graduation rate that is more than three times as high (38 percent vs. 12 percent). NC Central and virtually all other high-performing peers show that colleges can make a big difference in a student’s likelihood of success.

These are supposed to be educational institutions. If a college can’t successfully educate at least a bare minimum percentage of its students, it doesn’t deserve to call itself a college; it is an expensive dead end.

**11. Is tying federal financial aid to bare minimum standards sufficient? This proposal would only impact, at most, a few hundred schools out of a universe of 7,000 colleges and universities. How would your proposal impact colleges across the entire spectrum of performance?**

We only examine four-year institutions. Absent any improvement, 15 percent of four-year colleges serving more than 600,000 students would be impacted. On top of that, there are additional colleges on the cusp, likely not wanting to be identified as unacceptably low performers. This is a signal to all of higher education that performance matters.

**12. You propose making institutions that do not meet minimum standards ineligible to receive competitive grants from the U.S. Department of Education. How much money are these institutions currently receiving?**

About \$42 million in U.S. Department of Education competitive grants went to underperforming institutions last year. Thirty-four institutions that fail to enroll 17 percent of Pell students received some form of a competitive grant in 2013. We estimate that awards going to these 34 institutions totaled more than \$36 million just last year. Sixteen institutions that graduate less than 15 percent of students in six years received more than \$6 million in competitive grants in 2013.

But on top of that, another \$242 million in U.S. Department of Education formula grants went to these institutions. So separate from the tax-based sanctions, we’re talking about more than \$280 million in U.S. Department of Education institutional aid at stake. And that of course doesn’t include Pell Grant and student loan money.

**13. Your proposal only outlines benchmarks for four-year institutions, yet many of the low-income students and students of color Ed Trust cares about are concentrated in the two-year sector. Is this proposal doing enough to protect these vulnerable students?**

We started with the four-year sector, because that's where we have the best available data. But yes, theoretically we should set benchmarks for two-year and certificate-granting schools. They're different, because they have different goals than four-year schools, which focus principally on degree completion. Regardless, as in the four-year sector, struggling community colleges need added resources and attention prior to any sanction, if a sanction is even appropriate. Many of those institutions are horribly underfunded. We have a Title I for K-12 education. We should have a Title I for higher education and community colleges.