

Memorandum

To: Jamienne S. Studley
Deputy Under Secretary delegated the duties of Assistant Secretary for the Office of Postsecondary Education (OPE)

James W. Runcie
Chief Operating Officer, Federal Student Aid (FSA)

From: Arne Duncan
Secretary
U.S. Department of Education

Date: November 5, 2015

Subject: Next Steps for Increasing Coordination with, and Clarifying Flexibility for, Accreditors

I appreciate the efforts of your offices in promoting the effectiveness and accountability of the Federal student aid system, through which the Department of Education provides more than \$150 billion in grants, loans, and work-study funds to more than 13 million students enrolled in our nation's postsecondary educational institutions. Oversight of these programs involves a coordinated effort among the federal government, states, and accrediting agencies, in which accreditors are tasked with ensuring the quality of academic programs that receive aid. Thorough oversight of these funds is of utmost importance to protect students from fraud and misrepresentation, provide students with access to high-quality programs that will provide them with opportunities for success, and safeguard taxpayer funds.

Recent school closures and their effects on students clearly illustrate the need for us to work more closely with accreditors and states to strengthen the program integrity of our Title IV student aid programs. In order to better utilize available information, target our resources, and ensure that we are able to resolve institutional problems at the earliest stages possible, I am asking your offices to improve collaboration and information sharing among Departmental offices and accrediting agencies, as well as to evaluate opportunities to clarify existing policies around accreditors' reviews of institutions of higher education.

Please review and develop recommendations about how we can improve our efforts in these areas and report your recommendations back to this office within 75 days of the date of this memorandum.

I. Coordination Between Departmental Offices and Accrediting Agencies

FSA and accreditors already exchange information on a regular basis to assist each other with their respective missions. I ask you to consider ways to build on that effort to improve the usefulness and timeliness of the information exchanged, and to provide recommendations in the following areas.

Accreditors are currently required to share information with each other, the public, and the Department. For example, federal regulations require accreditors to provide information to the Department, including notification of certain final decisions, notification of potential failure to meet federal program responsibilities or suspected waste, fraud, or abuse, and notification of voluntary withdrawal from accreditation or preaccreditation. At the same time, FSA provides information to accreditors in an effort to inform their review efforts.

Section 487(a)(15) of the Higher Education Act requires institutions in their Program Participation Agreements to acknowledge “the authority of the Secretary ... [and] accrediting agencies ... to share with each other any information ... on fraud and abuse” On November 5, 2015, the Department announced that it would begin requiring agencies to send to FSA documentation reflecting accreditors’ reasons for putting an institution on probation. These materials will be used for oversight purposes, in recognition of the fact that the punitive nature of the sanction warrants review by FSA of any Title IV implications of the institution’s failure to meet accreditor standards. In the interests of transparency, the Department will also post the documents publicly to the extent releasable.

In addition, as that material is being gathered, please consider whether and what other information may be useful to the Department and to accreditors in their institutional monitoring, as well as how to expand channels for communication to share that information between accreditors and Department staff. Please explore information that the Department may be able to provide earlier in the process to accreditors, as well as information that agencies might be required to provide to FSA, such as copies of show cause orders, for public display. In a related area, while there has been some standardization in the field regarding the use of certain accreditation terminology, there is still great variation among individual accreditors regarding the meaning and consequences that attach to terms such as “show cause.” Please examine the extent to which these terms differ from accreditor to accreditor and provide recommendations on what actions it would be most helpful to post publicly.

II. Clarifying Flexibility for Accrediting Agencies

Typically, accreditors accredit and reaccredit all institutions using the same procedures, regardless of their past performance. Thus, accrediting agencies may spend nearly equal initial review time on all schools, regardless of their level of quality. If accreditors were to apply risk-based reviews of the institutions in their portfolios, they may have greater capacity to review and engage in quality improvement processes with their lowest-performing institutions, simultaneously relieving burden for the highest-performing schools.

Please consider whether there are ways in which the Department can publicize its own authority to recognize accrediting agencies that utilize risk-based reviews of the institutions they review and approve, which may include acknowledging sound risk-based practices accreditors can or do currently use. Furthermore, as discussed above, please evaluate other opportunities to keep the door open for communication between the Department and accrediting agencies.

Action Requested

Accrediting agencies play an essential role in ensuring the quality of institutions of higher education. However, perceived limitations in accreditors’ abilities to conduct targeted reviews of

institutions and in the existing channels for communication between accrediting agencies and the Department may limit accreditors' capacity to conduct more thorough reviews of poor-performing institutions.

Within the next 75 days, please: (1) review your processes to determine which information the Department and accreditors could provide and share that would be most useful in conducting reviews, including studying the variation in terminology across accrediting agencies; and (2) clarify the flexibility that accreditors may have to conduct risk-based reviews of the institutions they accredit. Please send your recommendations to this office, along with a description of what would be required to adopt any proposed policies and the time frame in which the policies could be implemented.

Thank you for your attention to this important matter.