Playing Together in Regulating Private Institutions

What’s In It For Me?
What a terrible title!

WHY?

Public Policy Serves *Two* Purposes
- The *Public Interest*
- The *Self-Interest* of those involved
  - State Government
  - Federal Government
  - The Actual Service Providers

Public Policy must be practical
- Limited human & financial resources
- So “playing together” has to be “worth it”
Playing Together – The Scene Today

Life As We Know It

A reasonably comfortable world

- A Clear Goal – Consumer protection & satisfaction
- Rules that work
  - You make them
  - They follow them
- A defined set of players
  - You know them
  - They know you
- A manageable environment
  - Change is the name of the game
  - But not chaos
- A manageable sphere of influence
  - Your state
  - You learn from others; but you aren’t bound to others
Playing Together – The Scene Today

Life As We’re Coming to Know It

Not So Comfortable

- The Goal is becoming muddled
- The rules are changing
- The players are changing
- The pace of changing is becoming chaotic
- Your sphere of responsibility is expanding (maybe beyond control)

- This is happening from external forces, not by choice:
  - The feds -- Are they a partner, or big brother?
  - The new World of national on-line providers
The State Perspective: The Mantra: 
Education is a state, not a federal responsibility

- It’s in *The Constitution*, for God’s sake
- So, where does the Federal Government get off?

The Federal Perspective

- Not a federal responsibility, but certainly a federal interest!
  1. Population’s education level drives Nation’s competitiveness
  2. Ergo, the significant federal investment
Differences in College Attainment (Associate and Higher) Between Younger and Older Adults - U.S. and OECD Countries, 2005

WICHE Projections of High School Grads

## Enrollment & Federal Financial Aid by Sector of American Higher Education

**Sources:** NCES Enrollments for 2009; College Board Trends in College Aid, 2010

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<th>Public 2yr</th>
<th>Public 4yr</th>
<th>Private</th>
<th>For Profit</th>
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<td>14%</td>
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<td>8%</td>
<td>38%</td>
<td>30%</td>
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Playing Together – The Scene Today

The Dilemma We Face

The States’ Perspectives:
  • Believe in State’s Rights (& Rightly So)
  • All 50 Versions
    • Many serious
      • But still often different
    • Some not so serious

The Federal Perspective
  • New global challenges require change
  • Existing system isn’t up to the task
  • TRIAD was to create consistency
    • Hasn’t
    • And won’t, given changes
ALTEL – The effort of the eighties

- Driving Force – State higher ed leaders
  - as *do-gooders*
  - As frustrated regulators
- Purpose: consistent standards & metrics
- Design:
  - Rely on state point of origin for quality assurance
  - And trust each other -- Reciprocity
Playing Together – Reflections

Past Reform Efforts

ALTEL – The effort of the eighties (cont.)

- Results
  - Failed
  - Why
    - Most rigorous (or rigid) wouldn’t “compromise” & couldn’t “trust”
    - Most reasonable wouldn’t accede to the most rigid
    - Legitimately, a few couldn’t be trusted
    - Not all stakeholders in the room
      - Effort driven by SHEEO
      - But role isn’t always the SHEEO’s
Playing Together – Reflections

Past Reform Efforts

State Postsecondary Review Entities (SPREs) --The Effort of the Nineties

- Purpose – Reinvigorate the TRIAD
  - Address
    - Skepticism of Accreditation
    - Realistic Limits of Federal Oversight
    - Increased reliance on States as more significant partner
State Postsecondary Review Entities (SPREs) – Effort of the Nineties (cont.)

- **Design**
  - Focus on consumer protection
  - Approval focused on outcomes – graduation rates
    - Established by states
    - Evidence based
    - Federally reviewed and approved
  - Consumer complaint avenue required
Playing Together – Reflections

Past Reform Efforts

State Postsecondary Review Entities (SPREs) -- Effort of the Nineties (cont.)

- Results
  - Mixed reviews in state activity
    - Some quite robust plans developed
      - Some implemented & still in place
    - Some – not so much
  - Law abolished in 94/95 -- Contract With/On America
    - “Most” institutions opposed
    - Some states didn’t want the role
    - New Congress Opposed Federal Regulation
Past Efforts

Laissez Faire – The Twenty-First Century

- Driving Force
  - Coalition of the Unwilling
  - Politics of Appeasement

- Purpose -- Market Forces Are Good; Let Them Drive Demand & Supply

- Design – Get Out of the Way

- Results
  - Return of Fraud & Abuse
  - Renewed demand by new regime for state action
Playing Together – The Scene Today

Where To From Here?

- Different Perspectives
  - The Feds
    - Obama Administration
      - Clear On State Role
      - More significant
      - Not So Clear On What That Means
      - Three Year Hiatus
  - Congress
    - Not so clear
    - My bet – won’t see the Gingrich de-reg thrust
  - The States
    - All Over The Place
      - Some – no big deal
      - Some – big deal, but necessary
      - Some – the sky is falling
Different Perspectives (cont.)

Institutions
- Independents -- Back to the Future
  - INDEPENDENT
- Publics – Who; us?
- Proprietaries
  - Overt: What good for the Goose . . .
  - Covert: Contributions to demonstrate value
Why This Time Is Different

The Perfect Storm

Wave One

Diminishing US Global Competitiveness

Wave Two

Demographic Trends in the US

Wave Three

Constrained Public Resources to Support Higher Education/Ergo Reliance on Private Sector
How To Proceed

- Efforts to date
  - The feds original regs – States, do your job
  - Bevy of efforts
    - Most “to do something” to respond
      - WCET, SHEEO, The President’s Forum, WALF
    - Trying to keep abreast of what is evolving
    - Figuring out how to comply
    - Renewed effort to fashion new interstate collaboration
      - So long as it doesn’t involve real collaboration
  - Some on “how to stop the train” rather than respond
    - Mostly institutionally driven – the 87 sign. letter
Playing Together – The Scene Today

Where To From Here?

How To Proceed

Two Possible Paths

- Path One: Strengthen the triad; reinvigorate the state role – back to the future, ala 1990s.
  - Reregulate – at federal and state level.
    - But definitely regulate
  - Standardize so state efforts provide consistency
    - Would mean sacrificing individuality & building trust
  - Could happen nationally or regionally
Playing Together – The Scene Today
Where To From Here?

How To Proceed

Two Possible Paths

- Path Two: Let the TRIAD fade away
  - States abdicate their current role to the Feds
    - The States continue to do their own thing
    - The Feds take over institutional regulation for federal program eligibility
      - Also being considered for accreditation
  - My perceived results from this path
    - Greater disparity in educational outcomes, state to state
    - U.S. slip slides away in international leadership
It’s Your Choice

Stay the Current Course & Fall Behind
Or
Play Together

Try It; You’ll Like It
There’s A Lot in It for You