THE STATE ROLE IN HIGHER EDUCATION QUALITY ASSURANCE

About the Project

With generous support from Lumina Foundation, the National Governors Association (NGA) has partnered with the National Center for Higher Education Management (NCHEMS), EducationCounsel, and the State Higher Education Executive Officers Association (SHEEO) to publish policy briefs on four unsung elements of quality assurance in higher education. These elements are eligible training provider lists, non-degree training providers, veterans program approval, and occupational licensure. These new resources were informed by input received from stakeholders at regional roundtables in October 2019 and February 2020.

Project Summary

The NGA Center engaged in a collaborative effort with SHEEO and NCHEMS to better understand the complex role of states in the so-called triad of higher education oversight, which also includes accreditors and the U.S. Department of Education (ED). The foundational issue in this project was that the state role is not confined to higher education agencies and system offices, but that it spans across various authorities including workforce, occupational licensure, veterans program approval, and oversight of private postsecondary institutions. Moreover, there are a range of options that states can consider to develop and operationalize a more effective and coordinated system of quality assurance with clear lines of responsibility. A more coordinated system of state oversight will be better positioned to collaborate with accreditors and the federal government to maintain quality education, training, and strong outcomes for students.

The project's work was informed by expert roundtables which included state regulatory leaders, regional ED staff, licensure boards, workforce staff, institutional leaders, think tanks, and regional/national accreditors. NGA, SHEEO and NCHEMS collaboratively planned these roundtables to include broad representation and to build off existing research. These roundtables added a qualitative state context on issues of capacity, mission, focus, statutory requirements, regulatory code and process. It also provided an opportunity for practitioners to discuss where they see gaps in communication and oversight, offer their recommendations for improvement, and to point out policy changes that could facilitate these connections. Ultimately, the roundtables and the recommendations of the attendees informed the resulting publications and provided NGA and its research partners an opportunity to learn about the specific offices, people, systems, policies, and procedures in the state related to quality assurance.

Key Issues Moving Forward

This collaborative project highlighted the meaningful connections between institutional program approval, licensure oversight, workforce/federal programs, state governance structures and state data for quality assurance. The outcomes of this project will shape the way that the NGA Center delivers ongoing technical assistance to states and will feed into existing projects connected with data, quality assurance and other policy levers available to governors in these areas. Some key issues that emerged from the project meetings include:

- **Governance:** Individual state governance structures can make it difficult to offer comprehensive and broad policy recommendations on the issue of quality assurance. States with a coordinating board, for example, allow for a clear role, scope of work, and access to key stakeholders and policymakers. In the absence of a coordinating body, it becomes more difficult. Thus, governance changes can offer a unique opportunity for a Governor's office to provide the platform for alignment and shared goals.
- **Alignment:** Common language across agencies on the issue of quality and the use of common metrics can allow for much needed consistency. States can also operate with layers of quality definitions based on an agency's mission and goals, with overarching definitions that speak to agencies' statutory authority and priorities.
- **Defining Quality:** While different elements of quality measures may come from different oversight sources, definitions of quality should include:
    - Transferability/portability
    - Institutional health measures (financial and programmatic quality)
    - Consumer protection
    - Continuous assessment/meaningful metrics
    - A focus on outcomes for students
- **Appointment Authority:** Governors could consider the role of appointees with regards to quality assurance in higher education. This can apply to boards of trustees, workforce boards/cabinets, and licensure boards.

Quality Assurance State Authority Mapping Template-Agency/Board/Entity

The NGA Center's research documented numerous state systems that oversee, measure, or regulate issues of quality at higher education institutions. This catalogue of state mechanisms provides a foundational outline for states to consider as they examine their current quality definitions and processes.

- K-12 Education (oversight of career and technical education, dual credit, and industry credential attainment)
- Community Colleges
  - Program review/approval
  - Performance-based funding
- Public Universities/Colleges
  - Program review/approval
  - Performance-based funding
- Private Universities/Colleges
  - Operating authority
  - Program review/approval
  - Non-profit/Proprietary institutions
  - Out-of-state institutions
  - Institutional closure
- Non degree training providers
- Workforce: Eligible Training Provider List
- Veterans state program approval
- Occupational Licensure system (oversight of new programs)
- Oversight of distance education, State Authorization Reciprocity Agreements (SARA)
- Dual Credit (public and private postsecondary institutions)
- Complaint systems (public and private postsecondary institutions)
- State financial aid systems
  - Institutional eligibility
- Longitudinal data systems (outcome measures)

Final Work Product

In this culminating resource, NGA, NCHEMS, SHEEO, and Education Counsel focus in on four mechanisms that are too often left out of the higher education quality assurance conversation: **eligible training provider lists, occupational licensure, veterans program approval, and private occupational school oversight**. Stronger communication, data sharing, and alignment between these state authorities will ensure stronger consumer protection and quality outcomes for students accessing state education and training programs. It will also ensure that institutions that do not meet quality standards will receive a unified and coherent state response.

About NGA

Founded in 1908, the National Governors Association is the voice of the leaders of 55 states, territories, and commonwealths. NGA's Center for Best Practices develops innovative solutions to today's most pressing public policy challenges.

About NCHEMS

The National Center for Higher Education Management Systems (NCHEMS) is a private nonprofit (501)(c)(3) organization whose mission is to improve strategic decision making in higher education for states and institutions in the United States and abroad. The NCHEMS Information Center for State Higher Education Policymaking and Analysis provides state policymakers and analysts' timely and accurate data and information that are useful in making sound higher education policy decisions.

About SHEEO

The State Higher Education Executive Officers Association (SHEEO) serves the chief executives of statewide governing, policy, and coordinating boards of postsecondary education and their staffs. Founded in 1954, SHEEO promotes an environment that values higher education and its role in ensuring the equitable education of all Americans, regardless of race/ethnicity, gender, or socioeconomic factors. Together with its members, SHEEO aims to achieve this vision by equipping state higher education executive officers and their staffs with the tools to effectively advance the value of higher education, promoting public policies and academic practices that enable all Americans to achieve success in the 21st century, and serving as an advocate for state higher education leadership.

About EducationCounsel

EducationCounsel is a mission-based education consulting firm that combines significant experience in policy, strategy, law and advocacy to drive improvements in the U.S. education system. EdCounsel develops and advances evidence-based ideas at the local, state, and national levels to strengthen educational systems and promote expanded opportunities and improved outcomes for all students in order to close achievement gaps and significantly improve education outcomes for all children from early childhood through postsecondary education.

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Quality Considerations for Eligible Training Provider Lists

Jack Porter, Policy Analyst, National Governors Association, Gina Johnson, Senior Associate, National Center for Higher Education Management Systems

Background and Governance Requirements

Enacted in 2014, the Workforce Innovation and Opportunity Act (WIOA) annually authorizes more than $3 billion in formula grants to states for workforce development.[1] A majority of this federal investment is dedicated to providing training to adults and to so-called "dislocated workers."[2] In order to be eligible to provide certain types of WIOA-sponsored services, training providers[3] must be placed on a state's eligible training provider list (ETPL). Critically, the statute gives governors considerable authority to establish additional accountability metrics, determinants of success, and the process by which providers are awarded placement on an ETPL.

WIOA charges governors with collaborating with the state's workforce development board[4] to outline eligibility criteria and application processes that training providers must meet and undergo to be placed on a state's ETPL. State workforce development boards, which are comprised of governor-appointed business and government leaders, are also responsible for developing the state's WIOA plan and submitting it to the U.S. Department of Labor.[5]

Training providers must secure an initial, one-year placement on a state's ETPL before they are awarded longer-term, continued eligibility. WIOA requires that governors consider the degree to which a provider is in partnership with industry, whether or not its programs are aligned with in-demand occupations, and past program outcomes when making initial eligibility determinations.[6] Governors must consider factors such as a provider's ability to serve those with barriers to employment[7] as well as outcomes including earnings, employment, and credential attainment when making decisions on continued eligibility.[8]

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[1] https://fas.org/sgp/crs/misc/R44252.pdf

[2] The regulatory definition includes workers who have been laid off and individuals receiving unemployment benefits.

[3] WIOA Sec. 122 (a)(2): eligible providers include institutions of higher education, entities that carry out registered apprenticeships, and other public or private providers.

[4] https://www.nga.org/wp-content/uploads/2018/07/NGAHighPerformingStateWorkforceBoard.pdf

[5] https://wdr.doleta.gov/directives/attach/TEGL/TEGL_27-14.pdf

[6] WIOA Sec. 122 (b)(4)(D)

[7] WIOA lists 13 groups that meet this definition and gives governors the authority to expand upon the federal definition.

[8] https://wdr.doleta.gov/directives/attach/TEGL/TEGL_8-19_Attachment_II_acc.pdf

Accountability and Performance Reporting

WIOA includes provisions that outline a minimum standard of inputs and performance measures that training providers with ETPL status must report to the state and to the U.S. Department of Labor.

Data that providers must collect and report include:

- Percentage of program participants who are employed after program exit;
- Median earnings after program exit;
- Percentage of participants who earned a credential;
- Average cost per participant;
- Number of individuals served who have a barrier to employment, disaggregated by race, ethnicity, sex, and age.

The statute gives governors the authority to dictate if performance is in any way determinative for a training provider's ETPL status[9] and requires a biennial review to make determinations about renewing a provider's ETPL status.[10] WIOA also charges governors and state workforce development boards with setting expected levels of performance for training providers[11], conducting evaluations to determine if performance measures are being met, and designing and executing a plan for improvement.[12]

Issues for Governors to Consider

Governors have significant authority to assure the quality of programs being offered by training providers that are placed on state ETPLs. The primary means by which governors can wield this federally granted power is by making modifications to their state's WIOA plan. When pursuing these policy changes, governors can consider issues of quality, eligibility, equity, accountability, and personnel.

1

Defining Quality: Neither WIOA nor its governing regulations define quality for programs on state ETPLs, and U.S. Department of Labor guidance gives states explicit authority to enact their own definitions.[13] Issues that governors can consider include:

1. Does the state's WIOA plan include a definition for quality?
    a. If so, does the definition mention equitable access and outcomes?
    b. Does the definition align with other state definitions in postsecondary education and local workforce boards?

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[9] WIOA Sec. 122 (b)(4)(E)
[10] WIOA Sec. 122 (c)(2)
[11] WIOA Sec. 116 (b)(3)(A)(iii)
[12] WIOA Sec. 116 (e)(1)
[13] https://wdr.doleta.gov/directives/attach/TEGL/TEGL_8-19_Attachment_III_acc.pdf

2

Initial and Continued Eligibility Requirements: Governors can serve as gatekeepers to the federal tax dollars allocated in WIOA by requiring that training providers demonstrate a clear ability to meet the needs of students. Issues that governors can consider include:

1. Are training providers required to submit more information or performance measures than is required by WIOA?
    a. Is the information submitted by providers determinative for initial or continued eligibility?
2. What are the grounds that would constitute a training provider being removed from the state's ETPL?
    a. If a training provider is removed from the ETPL, what other state agencies or boards should be notified of this action?

3

Equity: Governors can leverage their authority and status as gatekeepers to ETPL placement to promote more equitable access and program outcomes. Issues that governors can consider include:

1. What does the state's WIOA plan say about equity?
2. Should the state expand upon WIOA's definition of individuals with "barriers to employment" to include additional vulnerable populations?
    a. How can training providers be rewarded for ably serving vulnerable populations?

4

Training Provider Improvement: WIOA calls for states to develop plans for continuous improvement. Issues that governors can consider include:

1. What does the plan say about how it will improve equitable access and program outcomes?
2. What does the plan say about how it will improve service to those with barriers to employment?
    a. Do program data reveal any outcome disparities?
3. How are program outcomes stacking up against the expected levels of performance laid out in the state's WIOA plan?

5

State Workforce Development Board Membership: Governors appoint every member of the state workforce development board. Issues that governors can consider include:

1. Do board members have a track record for making equitable improvements to the state's postsecondary education and workforce systems?

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Ensuring Quality Assurance and Consumer Protections Among Non-Degree Credential Providers

Dustin Weeden and David Tandberg, State Higher Education Executive Officers Association

Background

More than 43 million Americans, representing approximately one-quarter of the labor force, have earned a professional certification or license. As these non-degree credentials—and others such as certificates and apprenticeships—have become more popular in recent years, the providers offering these educational opportunities have also diversified. In some instances, new educational providers have popped up, while in other instances, traditional higher education institutions have started offering short-term credentials that have fewer requirements than an associate degree. Questions about the quality and labor market value of these credentials have increased. Consequently, efforts have been made to define and measure quality.

The State Role in Quality Assurance and Consumer Protection

Quality is a special concern with non-degree credential providers in part because they encompass many industries and can range from sole proprietors to established schools. For example, in Kentucky, non-degree credential providers include real estate licensing, truck driving schools, talent agencies, bartending, massage therapy, welding, dental technology, computer programming, Montessori teacher prep, auctioneering, and much more. Because there is little comprehensive information on these providers, SHEEO conducted a query of its membership to better understand how different agencies within a state work together and the consumer protection policies states have implemented. The results of this query are incorporated throughout the text below.

Unlike traditional degree-granting colleges and universities, many non-degree training providers are not eligible for federal financial aid (e.g., Pell Grants, student loans). As a result, these non-degree providers are not required to be accredited or recognized by the U.S. Education Department. For these providers, states are the only entity with oversight authority. Even with the providers that do obtain accreditation, states are recognized as the primary entity responsible for consumer protection. This state consumer protection role is critical as bad actors have a long history of duplicitous behavior.

Oversight responsibility for non-degree providers varies greatly by state but typically involves multiple state agencies. In some states, the higher education agency has oversight authority, while other states have created a separate commission or board to oversee proprietary schools. In addition to the role of higher education agencies, state licensing boards and agencies also have important oversight roles. Common licensing boards and commissions include the following occupational areas:

- Cosmetology
- Massage therapy
- Nursing
- Occupational therapy
- Real estate brokers

The role of each occupational board and state authorization agency varies by state and occupational area. However, a common division of labor is for the state authorization agency to ensure consumer protections are enforced—such as tuition refund policies and surety bond requirements discussed below—while the licensing entity is responsible for the content specific to its occupational area. For example, state licensing boards often oversee curriculum standards, faculty requirements, and quality assurance for the individual licenses earned by residents.

Policy Options to Consider

Because non-degree credential providers are so diverse, states may have rigorous consumer protection policies in place for more traditional providers (e.g., cosmetology schools) but find their policies lag innovations in other occupational areas (e.g., coding bootcamps). As a result, states may want to conduct a policy review to ensure consumer protection policies apply to all non-degree credential providers. This section highlights some of the best practices states have implemented to protect students from bad actors.

- **Require Authorization and Renewal**. Prior to enrolling students, a non-degree provider must obtain approval from each state to legally operate as a postsecondary education provider. This process is commonly known as state authorization and requires states to ensure that providers have the capacity to accomplish their educational mission and goals and that students will be well served. The authorization process varies by state but usually includes a review of the curriculum, facilities, faculty, ownership, business plan, and the like. While mature industries like nursing may have well-established authorization processes that involve several state agencies and boards, newer industries and non-traditional providers offering short-term certificates may fall outside current statutes and rules. Requiring all credential providers to be authorized by the state helps ensure that minimum standards of quality are met before students can enroll. Following the initial authorization, states require providers to renew their authorization on a regular basis, often annually or biannually. This regular renewal offers an opportunity to review student outcomes and ensure that providers are meeting all state requirements.

- **Collect and Use Data**. Each credential provider should report relevant data on their students, and each entity involved in overseeing credential providers should have access to those data. While many states collect enrollment counts, completion rates, and demographic information as part of the renewal process, these data elements are often self-reported and not standardized or used to make renewal decisions. Standardized definitions of data elements can help ensure that each school provides comparable information. These data should be disaggregated by race/ethnicity, gender, income/Pell eligibility, and other relevant student characteristics. Then state agencies can create benchmarks and consider basing renewal decisions on providers meeting minimum thresholds to continue operating. States may also consider linking student records with workforce data, such as unemployment insurance records, to collect better wage and employment outcome data. This linkage is a better measure than self-reported data and can help providers demonstrate the value their credentials add to students' careers and state economies.

- **Assess Financial Viability**. Requiring schools to submit financial information as part of the renewal process can help ensure that each provider has sufficient equity to operate. For example, Arkansas and Louisiana collect income statements and balance sheets that have been certified by independent accounting firms. Monitoring trends in the three financial ratios that comprise the financial responsibility composite score in addition to other balance sheet elements such as revenue and expenses may help identify schools that may be at greater risk of closing.

- **Establish Consumer Protections in the Event of Closure**. States have established several types of consumer protection mechanisms to help students receive tuition refunds and continue their education if a provider closes before the end of a term. These include:

    - ***Record retention policies*** establish safeguards to ensure student records are preserved and made available to students after a provider closes. In instances where students are taking classes for credit, transcripts will be important to aid the transfer process. Additionally, students may be earning stackable credentials that continue to build throughout a career path. For these students, individual records will be important to document each credential earned.
    - ***Surety bonds*** require non-degree credential providers to set aside a portion of equity that can be paid to students and other creditors if the provider closes or loses its state authorization. The surety bond requirements vary by state but should be large enough to reimburse students but not so large that providers are unable to obtain a bond from a surety agent. For example, Virginia requires surety bonds that are large enough to provide tuition and fee refunds and cover the administrative costs of filing a surety claim. The state has developed a worksheet to calculate the surety bond amount.

- ***Student protection funds*** require non-degree credential providers to annually contribute to a state fund that can be used to reimburse students for tuition expenses if a school closes. Contributions to student protection funds are often based on tuition revenue, with larger institutions contributing more. In North Carolina, the annual contribution amounts range from $200 for providers with gross tuition less than $25,000 to more than $2,000 for providers with gross tuition greater than $2,000,000.

Student protection funds and surety bonds are not mutually exclusive. For example, Kentucky, Louisiana, and North Carolina require each non-degree provider to maintain a surety bond and contribute to the state's student protection fund.

- **Establish Complaint Processes**. Most states have processes in place for students to file a complaint with the state if a dispute cannot be resolved at the school level. However, some of these processes were developed in response to federal regulations and may be focused on degree-granting distance education institutions. Extending the complaint process to non-degree providers and prominently displaying it on the authorizing agency's website can help identify bad actors violating state laws.

- **Establish Tuition Refund Policies**. If a student withdraws before the end of a term, tuition refund policies outline procedures to provide prorated tuition refunds based on the length of the remaining academic term. Some states have policies that specifically target active duty military members. For example, Iowa requires schools to develop a military deployment refund policy where a military member and their dependents receive a full tuition refund if the service member is deployed.

Additional Considerations for Governors

- **Cross-Agency Coordination**. Establishing clear responsibilities and lines of communication across state agencies can help reduce confusion about which state entity has oversight responsibility. Inconsistent messaging and enforcement of state policies across agencies can create confusion among providers and result in substandard student outcomes. Efficient cross-agency coordination is especially important with non-degree providers since many interact with multiple agencies.

- **Agency Capacity**. Most authorizing agencies have small staffs with limited capacity to fulfill their responsibilities and are dependent on fee revenue for their operating budgets. While expanding the internal capacity of authorizing agencies would be the most direct and beneficial way to expand capacity, utilizing partial FTEs in other agencies with expertise in certain areas can also expand capacity. For example, some states rely on the attorney general's office for legal expertise and support. Additionally, an agency relying only on fee revenue for its budget might have more of an incentive to be lenient on a bad actor than would an agency with diversified revenue streams. For example, if revoking an institution's authorization to operate in the state would reduce the budget of an agency by one FTE, the agency might be more willing to allow the school to continue operating.

- **Equity Considerations**. Students of color constitute the majority of students at for-profit colleges, which have faced criticism for their poor institutional and student outcomes. While less is known about the enrollment and employment outcomes of non-degree providers, there is some evidence that similar trends extend to at least some proprietary non-degree providers. Collecting standardized enrollment and outcomes data by race and ethnicity can help a state understand if there are providers who disproportionately enroll but do not produce labor market returns for underrepresented students.

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Brief: A New Model for GI Bill© Quality Assurance: An Overview of the Risk-Based Review System

Nathan Arnold, Meghan-Joy Woodall, Joe Wescott, Jessica Morales, Joe Fretwell, Beth Stein, and Bethany Little [i]

Key to Know

Over the past 20 years, numerous schools have closed without warning, leaving student veterans without degrees and few options. But by implementing a new risk-based review system, state agencies will for the first time target their reviews to the riskiest schools most likely to leave veterans worse off, help students finish their studies if their school may be at risk of closure, and push schools to improve or risk losing GI Bill dollars if they continually fail to offer veterans a meaningful path to economic advancement. Most important is that this new system is built on public data and designed so that states can evaluate program risk regardless of sector. This means that this model is a critical proof point for how states can protect all students, not just veterans.

For the past two decades, veterans and their families have been hurt by risky colleges and other postsecondary training programs because of the generous benefits available to colleges through the Post 9/11 GI bill. In 2020 the federal government is spending over $15 billion per year for veterans and their family members to attend college. While much of this investment is well spent, some colleges—especially a particular set of high cost, low-quality for-profit schools—target military-connected students with misleading ads and high pressure sales tactics, sometimes even promising guaranteed jobs and six-figure incomes after graduating. This investment is also put at risk when schools close suddenly. For example, between 2014 and 2018, 88 percent of the 1,230 college closures were for-profit schools that enrolled about 451,000 students, including about 22,000 veterans.[ii] But veterans are also at risk of more indirect harms, like receiving a poor quality education and wasting their hard-earned benefits on a program that doesn't give them the skills need to significantly increase their earning power. And risky schools aren't limited to for-profits—there are schools from every sector have extremely poor student outcomes, with poor rates of retention and that too often fail to lead to the better jobs and higher wages veterans were promised. Colleges across the spectrum can at time pose risks both to student veterans and to the taxpayer programs designed to support these veterans and help them advance.

The State Approving Agencies (SAAs) tasked with overseeing these schools have focused their reviews mostly on financial compliance—do the dollars disbursed by VA to the school match the dollars the school disbursed to students?—and not on whether schools leave student veterans better or worse off. These "compliance surveys," have failed to identify schools that were harming veterans or were dangerously at risk for abrupt closure, leaving students and taxpayers at risk.

Recognizing that the current review system was insufficient to counter the poor outcomes for veterans and risk to taxpayers, Congress in 2017 passed the "Forever GI Bill,"[iii] (or "Colmery Act"), directing the VA and SAAs to conduct "risk-based" reviews—evaluating whether a school was likely to leave students better or worse off, and if taxpayers were getting a good return on their investment. In the two years since passage, there has been very limited implementation of reviews. But with support from Lumina Foundation and pro bono support from Nelson, Mullins, Riley, and Scarborough, EducationCounsel and the National Association of State Approving Agencies (NASAA) have created a first-of-its-kind GI Bill institutional risk model and are executing a six-state pilot. This model has received buy-in from VA, the SAAs, the Hill, and a diverse 22-member advisory council representing veterans, schools, accreditors, states, and other experts. What is most exciting is not only how this model can identify risk to student veterans and taxpayers, it could also be a critical proof point for risk-based quality assurance in state oversight for higher education broadly. By using public data to identify the colleges that pose a high risk to students, the model could save your states significant resources and target oversight to the schools in your state likeliest to leave students worse off, regardless of whether they are veterans.

Background: The GI Bill and State Approving Agencies

Since 1944, the GI Bill has provided qualifying Veterans grants to cover all or some of the costs for school or training.[iv] The modern-day GI Bill, which was enacted in 2008 and is commonly referred to as the Post-9/11 GI Bill, provides assistance for tuition and fees, books and supplies, and housing. According to the U.S. Department of Education, 1.1 million undergraduates were classified as "military students" in 2015-16, and the average grant award was $15,100.

State Approving Agencies (SAAs) are responsible for the review and approval of which higher education institutions and programs are eligible to enroll military students with GI Bill benefits. While traditionally accredited institutions are eligible to enroll GI Bill beneficiaries, many other types of educational programs are also eligible regardless of their accreditation status, including flight schools, beauty schools, and on-the-job training programs. Educational facilities are approved by the SAAs. SAAs are authorized in federal law, but are state employees who are contracted by VA to conduct approvals and oversee schools in the state that are approved to receive GI Bill benefits. This complex structure, shifting directives, and an accompanying lack of funding have left SAAs largely unable to consistently identify and address colleges or facilities that pose risk to veteran students and to taxpayers.

Risky Schools and Their Focus on Veterans

Military connected students have been particularly attractive to colleges for years because of their generous benefit packages.[v] Yet, the current structure of the VA Compliance Survey process through the SAAs puts very little focus on elements like misleading and deceptive advertising and enrolment practices, exceptionally low completion rates and attainment of required credentials and licenses , increased earning power or program quality. Instead, compliance reviews have been directed to focus almost entirely on payment accuracy to the exclusion of the overall financial health, academic quality, employment outcomes, or rapid growth or contraction of the college. The absence of a cop on the beat has led to both a proliferation of low-quality programs and a higher proportion of veterans exposed to schools abruptly closing their doors.[vi]

To be clear, there are schools that do very well by the veterans they enroll, and do not present significant risk to students or taxpayers. However, some educational programs—from all sectors of higher education—do not benefit their students and can actively harm them, presenting different levels of risk. There are primarily four types of risk: (1) a lack of administrative capacity to be able to run a school effectively or prepare students for jobs, (2) a risk of closure due to financial considerations including drops in enrollment and (3) high-cost, low-quality colleges that leave veterans with wasted GI Bill dollars they can't get back and even being left saddled with debt in some cases. All three of these different type of risk presents different needs for review.

Finally, there are schools that may continue to enroll outsized numbers of veterans despite poor outcomes and complaints because of aggressive and misleading marketing and recruiting. This last category is particularly concerning not only because of their outcomes, but because of the predatory nature of their enrollment practices mean that market failure alone will not stop these schools from harming students. Indeed, the explosive growth of for-profit colleges during the great recession occurred at the same time that Post 9/11 GI Bill benefits became available, and created a particularly poor set of policy incentives. For-profit colleges are subject to a requirement that at least 10 percent of revenues come from sources other than federal student aid – payments from students themselves or from employers willing to fund additional education for employees. Many were struggling to comply with this requirement—failing to attract even 10 percent of students willing to pay for their education out of pocket or with employer support. Even though GI Bill dollars are funded by taxpayers, the way the law is currently written GI Bill benefits count towards the 10 side of the equation.[vii] The result has been a troubling increase in misleading and deceptive recruiting practices specifically target at veterans, often by high-cost programs at schools that do not always lead to good outcomes or earning for veterans and their families. Numerous independent reports and a comprehensive Senate Committee investigation[viii] have found many instances of predatory behavior, especially on the part of for-profit colleges. This behavior poses significant risk given that it specifically targets veterans.[ix]

Congress Recognizes the Need for a Risk-Based Quality Assurance System

Members of both parties on the Veterans Affairs committees have watched with growing impatience as some schools prey on veterans, capture millions in taxpayer dollars, and too often close with little warning. In response, in 2017, they passed the Colmery Act, which for the first time required SAAs to evaluate the risk of these programs: the risk of poor finances, of harming student veterans, and of leaving taxpayers holding the bag when schools shut down with little warning. The Colmery Act also authorized a modest funding increase for SAAs and mandated the Government Accountability Office issue a report on SAA capacity and performance—finding that a focus on risk was indeed warranted.[x]

Recognizing that "compliance surveys" were insufficient to address the widespread use of misleading and deceptive tactics, the Colmery Act required for the first time that state approving agencies evaluate the risk that schools approved to disburse GI Bill funds pose to students and taxpayers. This is the first time such a robust requirement for risk-based reviews was passed in any higher education context—so it provides a key opportunity to test risk-based reviews for higher education more generally, in addition to helping to protect veterans. For two years after passage of the law, little progress was made. VA and the SAAs did not have experience designing and creating a risk-based system from scratch, and there was not a clear and publicly transparent precedent that could be used as a model. In response, NASAA recognized the need for a dedicated team to design, build, pilot, and scale a quantitative model that evaluates programs based on risk to veterans and taxpayers, and focused limited resources on those programs evincing the highest level of risk—with attendant requirements for improvement or risk of loss of GI bill eligibility.

The NASAA Risk-Based Review Model and Pilot

To design this process, we regularly convened an advisory council of 22 members representing a diverse set of interests and perspectives across higher education and the veterans community (see Appendix C); integrated feedback from dozens of policy experts, researchers, advocates, and practitioners; worked closely with several SAAs to understand their capacity and perspectives on risk; and researched examples and precedents in other contexts, such as predicting housing foreclosure risk, financial oversight of publicly traded companies, and others.

The risk-based review process is a system that separates low-risk schools from high-risk schools using quantitative publicly available measures of risk and then prioritizes further data requests and site visits to those schools showing the highest levels of risk. The system uses publicly available date to automate the process of ranking programs in a state from most to least risky. This allows SAAs to conduct risk-based reviews focused on those programs most likely to present risk to students and taxpayers. A risk-based review is premised on the idea that some schools pose less risk than others and limited SAA resources should be focused on schools that pose a greater level of risk. But because SAAs do not have unlimited capacity to execute a deep and focused review of every single educational program in their state each year, there must first be a process that allows SAAs to initially assess the risk of all of the GI-Bill eligible programs in a state. (For a full description of the system, See Appendix A and B.)

As of October 2020, we are beginning a pilot of this system with six states, where for the first time SAAs will systematically be conducting reviews examining specific areas of risk relating to finances, enrollment, student outcomes, and other success measures beyond solely keeping track of payment of correct grant amounts. Success of this pilot is contingent on execution and implementation of a newly created system among regulators who have never before evaluated programs based on risk, all in the midst of a once-in-a-century pandemic. We must ensure pilot states can get the cooperation of their partner regulators, adequately assess the data reported by educational programs, and conduct the site visits in a consistent manner that identifies and addresses risky schools and teaches us what needs to be adjusted before scaling the model nationwide. Beginning in August 2021, we will have the opportunity to evaluate and improve the model based on the pilot and then expand and execute the model at national scale with all states.

This will truly begin to have transformative impact when we are evaluating all GI bill programs in the nation on the basis of risk.

The Impact for Your States

Certainly, the most critical value provided of this work is the direct positive impact on veterans and their families, and how it will allow SAAs to prioritize their resources on schools that pose the most risk to taxpayers and to military-connected students, rather than a narrower focus on payment compliance.

What is most potentially impactful for your work and your state is that the pilot SAAs are evaluating the risk of the majority of their programs on the basis of publicly available data. That means that to the extent that you want other agencies in your state to start evaluating educational institutions on the basis of risk, they could do so right now, with a bit of effort—and at the conclusion of this pilot we expect to have significant tools and materials to help aid your states in doing so. There is currently a wide range of types of state agencies and their level of oversight, and this is a method by which states with fewer resources can focus limited time and budget on those schools presenting the highest degree of risk to students and taxpayers. More importantly, this creates time and money savings for the high-performing schools in your state, who will be less likely to be subject to reviews based on risk.

During the several months of designing this system and pilot, we have learned a number of lessons we also think are key for state policymakers:

Data availability and quality are key: Without data, there is nothing to build risk model on and nothing to distinguish high risk from low risk schools from one another. Some metrics are only available for certain types of programs, and some data are poorly reported, limiting which metrics can be used in a risk filter. A repeal of the 2008 ban on a student-level data network would provide policymakers with a more complete picture of student outcomes to construct a more precise risk model.

Better coordination is needed within and among states: Many problems we see share a common denominator: a need for better communications among actors within a state and among states generally. Often, bad actors fall through the cracks because of lack of coordination because multiple agencies responsible for different components of a school's compliance aren't aware that other agencies are finding other problems with the same school, failing to see the big picture of a school in trouble on multiple fronts. Lack of coordination leads to lack of clear responsibility, where even in obviously harmful situations different oversight bodies wait for others to act first. SAAs need to share data with state authorizers, attorneys general, accreditors, licensing bodies, and vice versa on an automated basis so that problems are identified early. Governors' offices can help forge these connections and responsibilities, but ultimately we need a national solution to ensure consistency of data, coverage of multistate schools, and connection to federal benefits like GI Bill and Pell Grants.

We need a system that fits the real world: When designing a risk-based system, policy perfection often gives way to the reality of what regulators are capable of implementing. This means adjusting the number of reviews and extent of data requests, given that some SAAs have more than a dozen employees and others have only one full-time staffer. This also emphasizes the importance of focusing on risk and following up on high priority schools: with limited budgets and time, we need to focus reviews and staff on the areas of inquiry that matter—completion, debt, earnings, risk of closure, complaints, and misleading claims—and on the programs impacting the most students. And with the impact of COVID, it becomes even more important to design a system that accounts for changes to employment, earnings, enrollment, and overseeing schools when in-person site visits are impracticable.

Finally, we hope to provide you all with more information at the conclusion of this pilot, including:

Which metrics are most predictive of risk: We designed a risk filter that is purposefully overinclusive of metrics to determine which ones have highest predictive validity of actual poor performance upon closure review, which are negatively correlated, and which metrics can be streamlined because they have strong correlation with other, more reliable metrics.

Automating communication: Rather than relying on relationships and good memories of staff, are there ways that interagency data sharing and warning systems can be made automatic?

What needs to be changed: By putting this into practice in reality and not just in theory, the SAAs will learn valuable information about what needs to change and improve to both scale this model from a six state pilot to a national model next year.

Appendices

Appendix A: Advisory Council Members and Pilot States

Appendix B: Overview of Risk Based Review Process

Appendix C: Risk Based Review Pilot: Metrics Taxonomy

Appendix D: Example Output of Section I Risk Filter

Appendix E: Example Tabulation of Risk Scores

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[i] Prepared for the National Governors Association on behalf of the National Association of State Approving Agencies, EducationCounsel, and Lumina Foundation.

[ii] Veterans Education Success Report: VA and States Should Act on Early Warning Signs When Risks to GI Bill Beneficiaries and Taxpayers Emerge at Participating Schools https://vetsedsuccess.org/va-and-saas-should-act-on-early-warning-signs-when-risks-to-gi-bill-beneficiaries-and-taxpayers-emerge-at-participating-schools/

[iii] Harry W. Colmery Veterans Educational Assistance Act of 2017 (P.L. 115-48)

[iv] https://www.va.gov/education/about-gi-bill-benefits/

[v] https://sites.ed.gov/naciqi/files/2018/05/Complete-History-Series.pdf

[vi] Veterans Education Success Report: Overemphasis on Payment Accuracy Impedes More Effective SAA Oversight of Schools Participating in the GI Bill https://vetsedsuccess.org/overemphasis-on-payment-accuracy-impedes-more-effective-saa-oversight-of-schools-participating-in-the-gi-bill/

[vii] https://www.brookings.edu/wp-content/uploads/2019/01/ES_20190116_Looney-90-10.pdf

[viii] https://www.help.senate.gov/imo/media/for_profit_report/Contents.pdf

[ix] Veterans Education Success Report: VA Still Not Enforcing 1974 Ban on Schools that Engage in Deceptive Advertising and Recruiting https://vetsedsuccess.org/va-still-not-enforcing-1974-ban-on-schools-that-engage-in-deceptive-advertising-and-recruiting/

[x] https://www.gao.gov/assets/700/695462.pdf

THE STATE ROLE IN HIGHER EDUCATION QUALITY ASSURANCE

Postsecondary Quality Assurance Considerations for Occupational Licensure Boards

Amanda Winters, Postsecondary Education Program Director, National Governors Association

Background

Occupational licensure systems establish state-specific education and training requirements to work in specific professions and provide oversight for postsecondary training providers. Occupational regulations protect consumers by establishing minimum competence requirements to safely practice and removes unsafe practitioners and training programs from the field. Licensure boards play a key role in approving and regulating the institutions that provide occupational training as well as the essential curriculum elements for these programs. They are a vital state authority in the triad of higher education oversight, which includes the state, accreditors, and the US Department of Education. There are a variety of professional and regulatory considerations in the oversight of these state boards, but one key connection that is often overlooked are the ways in which regulatory structures can better align on oversight of postsecondary training programs. There are a few key opportunities and challenges for state leaders to consider for this type of governance alignment that can ensure stronger state quality assurance and consumer protection for learners in professional programs.

Alignment of State Agency/Board Governance Structures

Governance challenge:

1. State licensure systems are complex and at times disjointed**.** Some states have umbrella agencies that house most of their licensure oversight authority while other states maintain separate boards for each occupational area. The requirements to enter a profession in one state could vary widely from a neighboring state.

2. States have licensure and certification processes in place for dozens of occupational areas. The diversity of occupational program areas and diffused leadership can complicate efforts to coordinate cross-sector alignment.

3. Individual licensure boards may have limited staff capacity or data collection capability, which can hinder efforts to implement plans for strategic collaboration and program evaluation.

Governance opportunity:

1. While regulatory models differ from state to state, this reality can provide the space for innovative and creative approaches to system connection during program review and approval processes. There are opportunities that exist in each model, and the first step is understanding the state licensing landscape.[1]

2. Licensing boards are primarily made up of practitioners from the occupational field. Tapping this group of professionals as a valuable source of expertise is a model that should be replicated by other postsecondary quality assurance systems in the state. Practitioner insights would be valuable to other oversight entities and their approaches should be informed by other quality assurance efforts in the state.

3. Licensure boards closely connect with another forgotten player in the triad of higher education oversight: the programmatic accreditor. This connection, as well as the alignment with national industry standards, provide an ideal place for state higher education agencies to access expertise and information to inform their program approval and review processes.

Quality Assurance Considerations in Occupational Licensure

Occupational licensing boards establish criteria and approvals for postsecondary and non-degree training programs necessary to ensure minimum competence to safely practice. These requirements often cite approval by the U.S. Department of Education, the state regulatory authority for non-degree training programs, and/or other profession-specific national accrediting agencies.

Equity Challenge:
Occupational regulation establishes the level of education required to enter a profession as well as experience and exam requirements among other considerations. While the intent is to ensure only qualified individuals receive the authority to practice, some current requirements could have unintended consequences by marginalizing certain segments of the population such as low-income workers, veterans, military spouses or individuals with criminal convictions.

Equity Opportunity:
Pathways: Occupational licensure can facilitate entry to a profession by providing for a formalized pathway designed to reach traditionally underserved populations. To strengthen their equity focus, licensure boards can align review processes with other state

[1] Data collection and analysis conducted by the Council on Licensure, Enforcement and Regulation (CLEAR) for a project funded by the Occupational Licensing Policy Learning Consortium: the National Conference of State Legislatures (NCSL), the Council of State Governments (CSG), and the National Governors Association Center for Best Practices (NGA Center)

entities to ensure that only high-quality training programs, with strong passage rates and workforce outcomes, are approved to operate and receive state and federal training funds.

Workforce Data: Occupational licensing boards house important data elements concerning the workforce. As these data sets have largely moved to electronic platforms, states have a meaningful opportunity to bolster workforce and postsecondary priorities by sharing and analyzing these data sets and evaluating their performance in serving vulnerable populations. This data can be leveraged to inform program review and the development of sector strategies to support emerging workforce needs.

Removing Unsafe Programs: State licensing boards can disallow certain schools or programs from qualification for licensure. These decisions are intended to protect students and consumers.

Questions a Governor Should Ask:

- How can the state occupational licensure system better connect to strengthen quality assurance oversight?
    - What are the existing communication mechanisms? Are they based in process and policy or are they reliant upon agency relationships?
- How is licensure data collected and disseminated across state agencies and to the public?
    - What would be needed to improve or support these data collection systems to connect, disaggregate and analyze licensure data?
- How is licensure data currently used within other planning processes? With credential attainment goals? With workforce development?
- How can licensure board appointments be leveraged to ensure a stronger industry/practitioner voice to postsecondary program review and approval?
- What lessons have been learned from the review or closure of poor-performing training providers that could inform the development of inter-agency policies to address this issue?

Occupational Licensure During COVID-19

The combination of a shifting labor force landscape and an economic recession may present new and significant challenges for occupational licensing boards. Higher demand for relatively new credentials and new actors attempting to meet this demand make the oversight role of licensing boards especially critical. Moreover, any creation of new programs has the potential to stretch the already thin capacity of licensing boards. It will be especially critical for licensing boards to strike a balance between being flexible enough to enable students to expeditiously enter the workforce while maintaining programmatic and licensing integrity.