Accreditation and the Reauthorization of the Higher Education Act

July 13, 2005

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Summary

Under the Higher Education Act (HEA), institutions of higher education (IHEs) must be accredited by an agency or association recognized by the Secretary of the U.S. Department of Education (ED) to participate in HEA Title IV federal student aid programs. While this process is voluntary, failure to obtain accreditation could have a dramatic effect on an institution’s student enrollment, as only students attending accredited institutions are eligible to receive federal student aid (e.g., Pell grants and student loans). Accrediting agencies are private organizations set up to review the qualifications of member institutions based on self-initiated quality guidelines and self-improvement efforts.

As Congress considers reauthorizing the HEA, it may consider making changes to the role accreditation plays with respect to federal student aid or to the accreditation process itself, such as the factors accrediting agencies must consider when evaluating an institution. This report provides an overview of some of the possible accreditation issues that Congress may address during the reauthorization process. These issues include, but are not limited to, the use of accreditation as a gauge of institutional quality, the elimination of accreditation as a prerequisite for participation in HEA Title IV programs, accreditation and distance education, accreditation and transfer of credit, and due process requirements that apply to accrediting agencies. Legislative proposals, such as H.R. 609, have been introduced in the 109th Congress to address accreditation or other HEA issues.

More specifically, with respect to the use of accreditation as a gauge of institutional quality, Congress may evaluate whether accreditation is an accurate measure of institutional quality. It may alter the accreditation process to focus more on outcome measures (e.g., graduation rates and job placement rates) than on input measures (e.g., curricula and faculty). It is also possible that Congress may act to sever the connection between accreditation and institutional eligibility for Title IV programs. As an increasing number of college courses are provided through distance education, Congress may examine accreditation requirements for distance education programs and requirements for accrediting agencies that evaluate distance education programs. Congress may also address issues based on transfer of credit issues. For example, Congress may stipulate that institutions can no longer refuse to accept transfer credits solely on the basis of the accreditation of the institution at which the credits were earned. Last, Congress may alter requirements that accrediting agencies must meet with respect to providing due process to institutions facing adverse actions.

This report will be updated.
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Accreditation and the Reauthorization of the Higher Education Act

Under the Higher Education Act (HEA), institutions of higher education (IHEs) must be accredited by an agency or association recognized by the Secretary of the U.S. Department of Education (ED) to participate in HEA Title IV federal student aid programs. While this process is voluntary, failure to obtain accreditation could have a dramatic effect on an institution’s student enrollment, as only students attending accredited institutions are eligible to receive federal student aid (e.g., Pell grants and student loans). Accrediting agencies are private organizations set up to review the qualifications of member institutions based on self-initiated quality guidelines and self-improvement efforts.

This process and its critical role in determining institutional eligibility to participate in Title IV has sometimes been controversial. As the 109th Congress considers reauthorizing the HEA, it may consider making changes to the role accreditation plays with respect to federal student aid or to the accreditation process itself, such as the factors accrediting agencies must consider when evaluating an institution. This report provides an overview of some of the possible accreditation issues that Congress may address during the reauthorization process.

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1 20 U.S.C. §§ 1002, 1099c. The provisions that govern the recognition of accrediting agencies may be found at 20 U.S.C. § 1099b. See also HEA §§ 102 and 496.


3 For detailed information about institutional eligibility to participate in Title IV programs, the accreditation process, or federal requirements for accreditation, see CRS Report RL31926, Institutional Eligibility for Participation in Title IV Student Aid Programs Under the Higher Education Act: Background and Issues, by Rebecca Skinner. (Hereafter cited as CRS Report RL31926, Institutional Eligibility.)
Reauthorization Issues

There are several key issues related to accreditation that may arise during the reauthorization of the HEA. These issues include, but are not limited to, the use of accreditation as a gauge of institutional quality, the elimination of accreditation as a prerequisite for participation in HEA Title IV programs, accreditation and distance education, accreditation and transfer of credit, and due process requirements that apply to accrediting agencies.

Accreditation as an Indicator of Institutional Quality

One question that may be raised during the reauthorization process focuses on whether accreditation can be equated with the provision of a quality education. Accreditation is used as an indicator that an institution or program has met at least minimal standards and as evidence of fiscal stability. Nearly all institutions that have lost their accreditation or have been put on probation by their accrediting agency have been cited for fiscal mismanagement or lack of fiscal integrity. Based on testimony provided before the Senate Health, Education, Labor, and Pensions Committee, few institutions have lost their accreditation due to poor educational performance.4

The accreditation process, while required to assess institutions with respect to student achievement, primarily bases accreditation decisions on the inputs (e.g., curricula and faculty) rather than the outcomes (e.g., graduation rates and job placement rates) of higher education. In light of the increased congressional emphasis on accountability for outcomes in education programs, Congress may revisit the extent to which accrediting agencies focus on student outcomes in making accreditation decisions in order to better gauge the educational quality of institutions granted accreditation.

If Congress does decide to require accrediting agencies to increase their focus on outcome measures, there may be a debate about what outcome measures to use and how they should be measured. For example, would student grades be a valid indicator of the quality of an institution? Would students’ standardized test scores (e.g., Graduate Record Exam, Graduate Management Admission Test) be a useful indicator of institutional quality? Would graduation rates or job placement rates be valuable measures? Outcomes such as these have various measurement problems, such as grade inflation, possible biases on standardized tests, differences in how graduation rates might be calculated, or which jobs should constitute a successful placement.

Elimination of Accreditation as a Prerequisite for Title IV Eligibility

Another possible issue is the elimination of accreditation as a prerequisite for Title IV institutional eligibility. Some argue that the current accreditation system is a poor indicator of educational quality and, therefore, should have no bearing on institutional eligibility decisions. Others argue that if the accreditation system were eliminated, the federal government would have to develop its own measures of educational quality, a potentially costly and controversial action; or the burden would fall on states, leading to 50 different sets of standards for accreditation.

Currently, ED plays an integral role in determining institutional eligibility to participate in Title IV programs through the eligibility and certification process. Some have suggested that it would be appropriate and possible for ED to extend this role to specify student outcome data that institutions must provide and ED would collect. Accrediting agencies and organizations would continue to play a role in evaluating or assisting institutions if the institutions wanted their input. Others have suggested that accrediting agencies continue in their current role, but another organization, such as ED, be responsible for evaluating student outcomes. Detractors of this proposal question whether increased ED involvement or the involvement of any organization trying to impose specific student outcome criteria on institutions would undermine the autonomy of postsecondary institutions. They argue that this autonomy is a critical component to providing high quality education.

Distance Education and Accreditation

Another possible issue that may be debated during HEA reauthorization focuses on accreditation and distance education. Key issues center on whether accrediting agencies that accredit distance education programs should meet additional requirements and whether accrediting agencies that evaluate institutions offering distance education programs should be required to examine specific measures related to distance education, such as student achievement for students enrolled in distance education programs.

Transfer of Credit

Congressional debate during reauthorization may also focus on the issue of transfer of credit and how to encourage institutions to accept transfer credits, while still recognizing that not all institutions offer the same level of quality education and not all courses may merit recognition of credit. Based on a study of bachelor’s

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6 For more information, see CRS Report RL31926, Institutional Eligibility.

7 This issue is addressed in detail in CRS Report RL32490, Distance Education and Title IV of the Higher Education Act: Policy, Practice, and Reauthorization, by Jeffrey Kuenzi, Rebecca Skinner, and David Smole.
degree recipients in 1999-2000, 59% of students attended more than one institution in their pursuit of an undergraduate degree.\textsuperscript{8} Currently, when a student transfers from one institution to another, the receiving institution determines which courses taken at another institution will be accepted as credit toward a degree at the new institution. The credit review process can be labor intensive and costly, as institutions must evaluate the quality of education received by the student at previous institutions. In addition, for each course that the receiving institution awards transfer credit, students may take one less course at the new institution, translating into a loss of tuition for the new institution. Thus, institutions may not have incentives to recognize transfer credits and may even have disincentives to recognize them. For students, this may result in additional time and money required to complete a degree. Some students may also reach limits on their federal student aid eligibility (i.e., available federal student loans) prior to completing their program of study if credits are not accepted or not accepted in the student’s major.\textsuperscript{9} For the federal government, this could translate into wasted tax dollars if students using federal student aid to pursue a postsecondary education have to retake courses.

More specifically, Congress may consider changes to transfer of credit rules. Currently, institutions may deny the transfer of credit when credits are being transferred from an institution accredited by a different agency. Legislative proposals, such as H.R. 609, have already been introduced in the 109th Congress to end this particular practice.\textsuperscript{10} H.R. 609 would stipulate that institutions may not refuse to accept credit transfers solely on the basis of the accreditation of the institution from which the student earned the credits if that institution is accredited by an organization recognized by ED. In addition, it would mandate that decisions regarding the acceptance of credit may only be based on whether the courses for which credit would be transferred are equivalent in content to those offered by the receiving institution and student performance was at the required level of proficiency at the receiving institution. Institutions would continue to be able to make these decisions on a case-by-case basis. Last, institutions would be required to report on the percentage of transfer credits accepted and fully counted toward a degree or certificate, and the type of accreditation (e.g., nationally accredited, regionally accredited in same region) held by the sending institution.

As proposed, this legislation would prevent institutions from denying transfer of credit solely on the basis of the type of accrediting agency by which the sending institution was accredited. Supporters of these new transfer of credit requirements argue that any institution that is accredited by an agency or association recognized by ED should be acknowledged as providing an education of an acceptable level of quality (or presumably they would not have received accreditation). Opponents of these requirements, however, argue that the federal government should not be


\textsuperscript{9} For more information about federal student aid limits, see CRS Report RL30656, \textit{The Administration of Federal Student Loan Programs: Background and Provisions}, by Adam Stoll.

\textsuperscript{10} In the 108th Congress, see, for example, H.R. 3311 and H.R. 4283.
involved in determining whether an institution should accept credit for course work from another institution, and that federal recognition of an accrediting agency establishes only a minimum level of quality that some institutions may find unacceptable. In addition, arguments have been made that if institutions are required to analyze each transfer students’ courses for course compatibility and quality, as opposed to rejecting transfer credits from institutions holding specific accreditation, it will result in a substantially more costly review process.11

**Due Process**

Another issue that may arise during HEA reauthorization is whether to make changes to the statute’s due process requirements. Under Section 496(a)(6) of the HEA,12 accrediting agencies recognized by ED must meet certain requirements with respect to due process. That is, an accrediting agency is required to implement specific procedures to resolve disputes between the accrediting agency and any institution that is subject to the accreditation process. Under current law, accrediting agencies are required to provide an IHE with, at a minimum, the following:

- adequate specification of requirements and deficiencies at the institution of higher education or program being examined;
- the opportunity to have a hearing;
- the right to appeal any adverse action against it; and
- the right to be represented by counsel.13

During the reauthorization process, Congress may consider revisiting statutory language relevant to due process. Some proponents of altering the current due process requirements have, for example, proposed changes that include requiring that hearing records be kept and that IHE appeals be heard by a panel of three outside arbitrators.14 When considering such proposals, Congress may wish to weigh the benefits that would result from additional protections for IHEs against the administrative burdens for accrediting agencies that would result from additional procedural requirements.

Although the due process requirements that apply to accrediting agencies are statutory in nature, the concept of procedural due process has its origins in the U.S. Constitution. Both the Fifth Amendment, applicable to federal agencies, and the Fourteenth Amendment, which incorporates certain guarantees in the Bill of Rights and is applicable to the states, prohibit government action that would deprive any

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11 It is unclear whether potential increased costs associated with the proposed change in transfer of credit policies would ultimately result in increased tuition and fees for students.
13 Ibid. Accrediting agencies may provide additional procedures beyond the statutory minimum if they wish.
person of “life, liberty, or property, without due process of law.”\textsuperscript{15} The premise behind due process is that the government, for reasons of basic fairness, must provide certain procedures before taking any of these important interests away from protected parties.

The threshold question in a claim alleging a violation of due process rights is whether there has been a deprivation of life, liberty or property. In order to establish a due process violation, a challenger must show (a) a deprivation, (b) of a protected interest and (c) “state action,” either federal or action under the color of state law, whichever is applicable.\textsuperscript{16} Additionally, the petitioner must show that the action was not a random act but one caused by established procedure.\textsuperscript{17}

The Supreme Court has stated that due process “is a flexible concept that varies with the particular situation.”\textsuperscript{18} Thus, the degree of procedural protection afforded is determined on a case-by-case basis, with the amount of procedure due increasing as the importance of the interest at stake becomes greater. For example, in \textit{Lassiter v. Dept. of Social Services}, the Court held that the termination of parental rights represented a sufficiently high interest such that increased procedural protections were necessary.\textsuperscript{19}

In \textit{Mathews v. Eldridge}, the Court established a balancing test to determine the procedural protections required in a particular case:

\begin{quote}
[I]dentification of the specific dictates of due process generally requires consideration of three factors: First, the private interest that will be affected by the official action; second, the risk of an erroneous deprivation of such interest through the procedures used, and the probable value, if any, of additional or substitute procedural safeguards; and finally, the Government’s interest, including the function involved and the fiscal and administrative burdens that the additional or substitute procedural requirements would entail.\textsuperscript{20}
\end{quote}

In applying this test, the Court has generally held that due process requires some type of notice and “some kind of a hearing before the State deprives a person of liberty or property,”\textsuperscript{21} although the litigant is not necessarily entitled to a trial-type

\begin{thebibliography}{9}
\bibitem{15} U.S. Constitution amendment V, § 1; Ibid. at amendment XIV, § 1.
\bibitem{17} \textit{Brotherton}, 923 F.2d at 479 (citing \textit{Hudson v. Palmer}, 468 U.S. 517, 532 (1984)).
\bibitem{19} 452 U.S. 18, 33-34 (1981).
\bibitem{20} 424 U.S. 319, 335 (1976).
\bibitem{21} \textit{Zinermon}, 494 U.S. at 127. The Court cited the following cases as evidence of this proposition: \textit{Cleveland Bd. of Educ. v. Loudermill}, 470 U.S. 532, 542 (1985) (”’[T]he root requirement’ of the Due Process Clause” is ”’that an individual be given an opportunity for a hearing \textit{before} he is deprived of any significant protected interest’”; hearing required before termination of employment (emphasis in original)); \textit{Parham v. J.R.}, 442 U.S. 584, (continued...)
\end{thebibliography}
hearing similar to those used in judicial trials or formal administrative trial-type hearings. In *Goldberg v. Kelly*, the Court held that welfare recipients facing termination of their benefits were entitled to nearly all of the rights afforded in a trial-type hearing. In subsequent cases, however, the Court has made it clear that trial procedures are not essential for every governmental decision that might affect an individual and that “something less than a full evidentiary hearing is sufficient prior to adverse administrative action.” Other procedures that courts have at times recognized as required by due process include the presentation of evidence and witnesses, legal representation, an impartial decision-maker, a written decision, and administrative and/or judicial review of the agency’s action. Ultimately, however, the Court has recognized as constitutionally sufficient many different types of procedures, depending on the nature of the individual and governmental interests at stake, and federal agencies currently provide a wide range of procedural protections.

As noted above, constitutional due process requirements apply only to governmental actors, not private entities. Since accrediting agencies are private organizations, the courts have generally held that they are not bound by the Due Process clause of the Constitution. Nevertheless, most courts, reasoning that accrediting agencies serve a quasi-governmental function in their role as the gatekeepers that determine whether IHEs will be eligible to participate in Title IV student financial aid programs, have ruled that accrediting agencies are subject to common law due process principles. Under these principles, courts evaluate whether the decision of an accrediting agency “was arbitrary, capricious, an abuse of discretion, or reached without observance of procedure required by law.”

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21 (...continued)


23 *Loudermill*, 470 U.S. at 545.


25 See, e.g., *Foundation for Interior Design Educ. Research v. Savannah College of Art & Design*, 244 F.3d 521, 527-28 (6th Cir. 2001). The common law is law that is based on custom and judicial opinions, rather than constitutions or statutes.

In addition to these common law due process requirements, IHEs that wish to contest certain accrediting agency decisions may be protected by the HEA’s due process statutory provisions. Under the HEA, “any civil action brought by an institution of higher education seeking accreditation from, or accredited by, an accrediting agency or association recognized by the Secretary … and involving the denial, withdrawal, or termination of accreditation of the institution of higher education, shall be brought in the appropriate United States district court.” It is unclear, however, whether this jurisdictional provision gives IHEs a private right of action to sue accrediting agencies, and courts have split on this question. For example, in *Thomas M. Cooley Law School v. American Bar Association*, the court noted that “nearly every court to consider the issue in the last twenty-five years has determined that there is no express or implied private right of action to enforce any of the HEA’s provisions,” and thus held that the HEA’s jurisdictional provision did not give the IHE in question the right to enforce the statute’s due process provisions by suing its accrediting agency directly. On the other hand, other courts have suggested that the HEA’s jurisdictional provision could be interpreted to confer a private right of action on IHEs, but have not definitively ruled on the point. Regardless of how the courts have ruled on the question of whether the statute grants a private right of action to sue accrediting agencies, they have generally noted that the lack of such a right is not significant, given that IHEs still have the ability to sue accrediting agencies under principles of common law due process.

A recent court case between Auburn University and its accrediting agency, Southern Association of Colleges and Schools (SACS), provides a good illustration of how courts approach due process disputes between IHEs and their accrediting agencies. In the case, Auburn alleged that SACS violated the HEA, common law due process principles, and the Due Process clause of the Constitution by not following its own procedures for a planned investigation. Although the court declined to rule that accrediting agencies were governmental actors for purposes of applying constitutional due process requirements, the court did find that accrediting agencies, in their role as quasi-governmental entities that act as the gatekeepers to Title IV student financial aid, are subject to common law due process principles. Applying those principles, the court held that “Auburn is entitled to some kind of due process

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28 In general, lawsuits brought by individuals who claim federal statutes are being violated, can only be brought against the agency that administers those laws. Thus, IHEs cannot bring statutory suits directly against accrediting agencies unless the HEA is interpreted to grant schools a private right of action.

29 Thomas M. Cooley, 2005 U.S. Dist. LEXIS 11346 at *15 (quoting *McCulloch v. PNC Bank, Inc.*, 298 F.3d 1217, 1221 (11th Cir. 2002)).


31 See, e.g., Thomas M. Cooley, 2005 U.S. Dist. LEXIS 11346 at *18, n.2.


33 Ibid. at *17-30.
at this stage in the accrediting process. 34 Since the investigation was in an early phase, the court concluded that the university did not require strong due process protection at that stage. As a result, the court allowed discovery on whether the executive director had a conflict of interest under the association’s policies, but denied a preliminary injunction. 35 In addition, the court rejected Auburn’s HEA claim because, although the court found that the statute’s jurisdictional provision might contain an implied private right of action, the lawsuit did not challenge the “denial, withdrawal, or termination of accreditation” as required by the statute. 36

More recently, Edward Waters College (Jacksonville, FL) and Hiwassee College (Madisonville, TN) sued their accrediting agency, SACS, based on the denial of due process. Edward Waters College was found to have plagiarized material on a report due to the accrediting agency. The school, however, claimed that SACS did not provide it with due process when the agency took action to remove the college’s accreditation based on this infraction. 37 The case was settled out of court, and Edward Waters College retained its accreditation in exchange for dropping the lawsuit. 38 Hiwassee College is also suing SACS on the grounds that due process was denied when its accreditation status became threatened by issues of fiscal mismanagement. While the case is considered, a federal court has issued an injunction requiring SACS to reinstate the accreditation of Hiwassee College. 39

34 Ibid. at *30.
35 Ibid. at *31-37.
36 Ibid. at *47-48.
37 It should be noted that the lawsuit did not dispute the plagiarism. Rather, the lawsuit focused on whether SACS provided Edward Waters College with due process in determining the sanction, if any, for the alleged plagiarism.
39 Burton Bollag, “Court Injunctions Against Accréditator’s Decisions Arouse Fears About the Process,” The Chronicle of Higher Education, Apr. 8, 2005, p. A25. Prior to the Edward Waters College case being settled out of court, a federal court had issued an injunction requiring the SACS to reinstate the college’s accreditation until the case was resolved.