INSIDE HIGHER ED

Trump Administration's Take on Transparency and Deregulation

Education Department official describes the administration's philosophy on accountability in higher education and agrees with fellow panelists on states' overreliance on federal funding.

By **Paul Fain**

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Diane Auer Jones (second from left) at 'Inside Higher Ed' event Wednesday

BALTIMORE -- So far the Trump administration's take on trying to hold colleges more accountable has relied largely on releasing more public-facing data about their performance at the program level, while also deregulating and dropping sanction-bearing rules from the Obama era.

The U.S. Department of Education's top higher education official, Diane Auer Jones, the principal deputy under secretary, described this approach on Wednesday at an event held here by *Inside Higher Ed* on the future of public higher education.

"Our philosophy on accountability is that government has an obligation to make data and information available to consumers. But we don't think government knows better than an individual what is right for that individual," she said. "People should know what the outcomes might be so that they borrow responsibly. But somebody who's interested in philosophy should still pursue philosophy, and somebody who's interested in welding should pursue welding."

In May the department updated the College Scorecard, for the first time including preliminary data on student loan debt at the academic program level. More is on the way for the consumer tool created by the Obama administration, Jones said, including annual earnings of graduates one year after college and data on college debt held by parents, such as through Parent PLUS loans.

The administration has reached out to the private sector for help with the updated Scorecard. "We've been working with Google, because one thing I know is that Google will do it better than the government can do it," Jones said. “So we will have a student-facing website. But if we really want data usable by students, Google’s going to do a much better job.”

Jones reiterated the department’s caveats about the Scorecard's new data being preliminary and still a work in progress. She said the plan is to publish a limited amount of high-value metrics for students and parents, but to also release much more for researchers to use.
"You have to start somewhere," she said. "We had a decision to make -- do you wait until you have the perfect site to put data out or do you put it out as you get it? And we’re putting it out as we get it."

The Scorecard is a welcome step toward more transparency in higher education, said F. King Alexander, president of the Louisiana State University system, who joined Jones as a participant in the panel discussion.

“We spent 40 years without providing any information to anybody. And we know more about used cars we bought,” Alexander said.

In the Great Recession’s wake, Alexander said, students and parents started asking more about college outcomes. Yet the new data haven’t come easily.

“It was a fight the last 10 years to get the Scorecard up,” said Alexander, adding that trade groups for higher education, private colleges and for-profits “fought it every step of the way.”

Carrots, Sticks and Performance Funding

Many have criticized the Trump administration for dropping the gainful-employment rule, which the Obama administration largely aimed at for-profit institutions and designed to punish colleges where relatively large shares of graduates were unable to repay their student loans. Likewise, some say the department's recently concluded rule making on accreditation gives those agencies too much latitude to avoid punishing low-performing colleges.

Jones defended the move toward relying more on transparency and the market than on regulations. And she said the executive action on accreditation creates a higher standard of accountability, in part because it gives colleges more time to correct problems.

"We think we have better tools, because we will have tools that look at every program at every institution, so it won't just be a subset," she said. "We are hoping that carrots work, and that transparency works."
She also said federal regulations come with a cost to colleges.

"We're trying to figure out how to responsibly reduce the regulation to the big things, which is the student experience, so that you can shift more of your resources to students and faculty," said Jones.

The feds won't be tying college aid to outcomes at the program or college level under this administration, Jones said. But such policies currently are on the books in roughly 35 states, which have linked a portion of support for public colleges to metrics such as graduation and retention rates, numbers of degrees issued, and, increasingly, attempts to measure equity, such as enrollment levels of students who are low income or from minority groups.

Alexander said the move toward performance funding in the states began shortly before 1980, when legislatures began disinvesting in public colleges by failing to keep pace with enrollment gains.

“We’ve never seen new money. We’re fighting over a constrained set of money,” he said. “We’ll meet some of these new standards. We will do these things. The problem is not that we’re having to do it. The problem is that we’re allowing state legislators to avoid their responsibility.”

Kate Shaw, executive director of Research for Action and a speaker at the session, agreed with Alexander that states generally are failing on their side of the bargain.

“States are backing away from their responsibility to higher education,” she said.

However, Shaw, who is a former state-level higher education executive officer in Pennsylvania and whose organization studies performance funding for colleges, said so-called outcomes-based funding formulas -- when well designed -- have created important incentives and bargaining power in statehouses for public colleges.

“Until outcomes funding came around, no higher education [institution] was accountable to anybody, and state legislators and policy makers knew it,” said Shaw. She also said the formulas can identify inequity in systems and colleges.

Alexander said graduation rates have been overused as an accountability tool.

“I can get our graduation rate up: you turn away the low-income kids and you turn away the males. I know the numbers,” he said. “If you’re going to use a rate, you better use how many are graduating, how many graduates are you putting in the economy for the good of the local region and the state, and are they increasing their number of low-income students, who are the ones who need higher ed the most."

Shaw agreed that performance funding should include a broad, nuanced set of metrics. But she said colleges with selective admissions typically are the ones that can game performance formulas.

"Most institutions in this country don't have the luxury of cherry-picking," said Shaw.

While the Trump administration won't use the Scorecard to set bright lines for colleges, it could be done, said Jones, perhaps successfully.

"I'm sure that there will be researchers out there who use College Scorecard data to come up with a formula that would be a pass-fail line," said Jones. "There are going to be people out there doing it. It's not going to be us. It could be a future administration. It could be researchers."

'Supplement or Supplant'

Jones said the Obama administration undertook an interesting experiment by allocating new money to community colleges, specifically through a $2 billion grant program. The question, she said, was whether the funding would "supplement or supplant" state support.

"What we saw was, in many cases, it didn't supplement," she said. "How do you put federal resources out in such a way that it doesn't gives states the excuse to just pull more money out of higher ed? Because the federal resource isn't always going to be there. This idea that we prime the pump so that states take over just kind of hasn't worked so well."

Alexander said that in K-12 policy, the feds have included "supplant" clauses, and he argued for the creation of federal-state partnerships that incentivize states to better fund public colleges. If that doesn't happen soon, he said, several states in coming years will stop supporting public higher education entirely.

"We created a federal voucher system with no accountability," he said. "States started figuring out that they could pull their money out, and let the institutions raise tuition and fees, and they could get re-elected by not raising taxes."

The Trump administration has spent much of its energy on higher education reversing the Obama administration's take on accountability and regulation. And a future Democratic White House is likely to go the opposite direction. Jones was asked how college leaders should plan amid the regulatory whiplash.

"If you are focused on serving your students well, and making sure that employers in your community want to hire your students, you will survive almost any shift in political focus," she said.

"Regardless of political party, we have different ideas about how to get there, but what we all agree upon is that we want schools to be serving their students to the best of their ability," said Jones. "And we know it's what you want as well. If you always keep that in mind, you're going to be fine."

Read more by Paul Fain

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