APPENDIX H – MEETING TRANSCRIPT OF THE PERSPECTIVES FROM "OUTSIDE THE BOX" PANEL

MR. DAWSON: Okay, great. Thank you. My name is Tom Dawson. I'm with the Bill and Melinda Gates Foundation, where I manage a number of our national policy grants in both K-12, but primarily higher education.

We at the Gates Foundation are working on two primary strategies here in the United States. For the last ten years, we have been working on K-12 school reform, and are concentrated currently on dramatically improving the rates of college preparedness among, excuse me, among students in high schools around the country.

Most people, when they know and hear of Gates and its involvement in education, think of our work in the K-12 realm. However, for the last two years, we have been in the process of launching a new initiative, which concentrates on college completion. Our goal is to rapidly expand the number of students ages 16 through 26 who receive some form of college credential, be it a certificate, an associates degree or a baccalaureate degree.

But we also know that just increasing the number of credentials would lead to a number of unintended consequences. So we are committed to ensuring that credentials have a labor market value as well. On the policy side, we spend time on three big issues.

First, as we all know, the quality of data in higher education is very poor, and while data in higher education is not an issue without controversy, we believe that state by state, college by college, we need to know how students are performing, broken down by race and income.

How long does it take to complete an associates degree, or what should be a four-year degree? How much will it cost me and what are my job prospects when I graduate, regardless of the school I attend? These are questions that a few our grantees, like Complete College America, are working on.

But states and schools must be able to answer these questions, in our view, both for students and the general public.

We also think that how we fund higher

education ought to change. We must have incentives

for retention and completion, and how states support

schools and in our student aid programs. And lastly,

because of our belief in the power of technology and

because of the broader climate currently in states,

we must also develop policies that promote

alternative delivery of education.

We should hold schools responsible for

what students learn, in our view, not how long

they're enrolled, now what type of school they

attend, or if they're in a classroom and online.

Policies should demand results in terms of learning,

and encourage students to move toward a degree as

rapidly as possible, regardless of the venue in which

students are enrolled.

So what does this mean for accreditation?

We are just rolling up our sleeves in this area, but

we think accreditors play a pivotal role, and while

the role of student learning and accreditation is

also not an issue without controversy, we think

policies should encourage accreditors to provide

clear, transparent information on how students are

performing in the colleges they accredit.

We know accreditors are moving in this direction, and policies should encourage them further. Policies should also encourage, excuse me, accreditors to post information on retention and completion, and make that information accessible to the public as well.

And lastly, policies should not discourage accreditors from allowing schools to use online learning, or to accelerate time to degree for students. While policies must also promote quality and weed out poorly-performing schools, research does not tell us that online learning is inferior.

In fact, research tells us that if structured properly, online learning can boost student outcomes. We at Gates, for example, are particularly interested in hybrid learning models, that use both classroom and online instruction, which research tells us is particularly effective, and also competency-based education, which is based on students using technology to demonstrate mastery of academic content, versus traditional accumulation of

credits toward a degree.

Most importantly, in the current environment, we will not reach our completion goals without expanded use of online learning. Research also tells us, especially for low income students, that pathways to accelerated degrees are critically important. Time is not always our friend with regard to students earning degrees, so policies should not unintentionally punish acceleration, or discourage accreditors from approving these types of models. Thank you for your time today and look forward to your questions.

CHAIRMAN STAPLES: Thank you very much. Rachel.

MS. GUNNER: Thank you so much for having me. I'm the Director of the Center for Green Schools at the U.S. Green Building Council. Melissa asked me to come here today to talk about LEED, and how it has served as a tool for market transformation.

But I think the story that I have to tell you today is really about LEED as a success in the transformation of people. USGBC is a non-profit

501(c)(3) with a mission to transform buildings and communities towards sustainability, and in 2000, we launched the program for which we have become best known, the LEED certification program.

LEED stands for Leadership in Energy and Environmental Design. It's a third-party certification program, and a nationally-accepted benchmark for the design, construction and operation of high performance green buildings. It's developed through a consensus process in a constant state of evolution, and serves as a tool for buildings and now neighborhoods of all shapes and sizes.

The idea behind LEED certification is that much of our work at the Center focuses on K-12 can be related to a report card, for instance, where our CEO likes to introduce the analogy of a nutrition label for a box. It helps people to understand, when you walk into a building, what's going on within that building.

On the front end, it helps communities to make really organized decisions about their priorities around a particular building's design or

operation.

Before I tell you a little bit about the history and evolution of LEED and how I think it's come to be a success in terms of motivating a market towards sustainability, I want to make sure that two things are clear.

One is that Leeds is a city in England. LEED is the name for our certification system. The second is that USGBC, by most people's standards, has it somewhat backwards. We certify buildings and we accredit professionals. So I don't want there to be too much confusion about the language that I'm using.

The way that LEED works is it's a point-based system, and there are five different categories for performance around sustainable sites, water efficiency, energy and atmosphere, materials and resources, and indoor environmental quality.

A project has the ability to achieve up to 100 points, with additional points being awarded for innovation and design and regional priority, and we have four different tiers for certification, beginning with certified and then moving to silver,

gold and platinum.

Melissa asked me to talk to you a little bit today about how LEED came to really transform the community, and encourage the community to exceed local building codes. As I said, it's really a story about the people. After LEED was created and launched in 2007, with that goal on the prize of market transformation, we realized that what LEED needed to be a success was to culminate a movement of people.

One of the first things that USGBC did after the establishment of LEED was create a conference, where that community, the community of design and construction professionals, could come together, and to share stories of success and lessons learned.

As the green movement, in many ways we were making up a lot of it and still are in some ways as we went along. So our green build annual conference was convened. They thought they would get about a thousand people that first year. They had about 5,000, and since then the conference has grown

to draw about 28,000 people a year.

But then we realized that we really needed to tie the success of LEED to the professionals that ultimately were going to be the ones advocating for the use of it. So what USGBC did was create the LEED, a professional accreditation program. The first available was called the LEED AP or LEED Accredited Professional.

This essentially was an accreditation that demonstrated that professional exhibited specific knowledge around the LEED rating system and green building practices. To date, there are more than 157,000 LEED-accredited professionals, and we've recently introduced a tier, a first base, if you will, for professional accreditation called the Green Associate, which targets people who don't necessarily use LEED on a daily basis, but really as professionals have some sort of vested interest in understanding green building design. They might be a real estate agent or they might be a member, a faculty member at a college or university.

The success of the LEED APs, though, also

helped us to understand that at a grassroots level,

we really had to create opportunities for people to

engage. So we launched a network of chapters, which

now account for all 50 states and the District of

Columbia, with 79 of them spreading across the United

States.

This is an engagement opportunity at the

grassroots level for hundreds of thousands of people

every year. Then the final piece, and the one that's

closest to my heart on our journey towards what it

was going to take, because I think this is what our

founders, and one of our founders is today's CEO and

President, Rick Fedrizzi, what he says, he constantly

comes back to this idea of market transformation.

So what do we need to go get to this

ultimate goal of market transformation? At each

turning point, we thought okay, well we've done

something good here with LEED, with Green Build and

so forth, but it's not going to be enough to get us

all the way.

So USGBC's next piece of the journey has

to do with really making this a mainstream

conversation, a conversation that is a take-home conversation for these professionals, where green buildings become very much just part of the vernacular, and embedded in our culture, where they become more of the rule than the exception.

That was why the center that I run, the Center for Green Schools was created, because we see it as an opportunity to reach all of those other people through higher education, through K-12, through educators, through the introduction of curriculum that teaches students while they're in schools.

So the Center for Green Schools was really designed and launched as an engagement tool, to reach that broader public audience. We separate the people that we reach into three groups: the people who make the case, the people who make the decisions, and the people who get things done.

We used this as a framework for identifying how we target specific stakeholder groups. From state legislators, we have a program called the 50 For 50 Green Schools Caucus Initiative,

where we've helped now state legislators in 32 states
to set up Green School Caucuses, to school board
members, to education associations, who then can get
the message to their members, to other organizations
that work in higher education and then
sustainability.

So I think that sort of gives you a sense
of how this program, that really was so much about
buildings and about design and about architecture,
completely hinged on the ability to engage a
community around that dialogue.

I'll close by saying that USGBC, since the
introduction of LEED in 2000, has seen 90,995
registered and certified projects come through the
pipeline, 32,000 of which are commercial projects.

Higher education, most notably, building
for building, square foot for square foot, does more
with LEED than any other commercial construction
sector, and I think that you can guess all the
reasons for why that is the case, that they're really
carrying the banner on this.

7.4 billion square feet have either

registered or certified, 7.4 billion square feet of buildings. In fact, USGBC actually certifies on average a million square feet worth of buildings every day.

So we've seen some really impressive things happening, thanks in large part, and I think moving forward, thanks increasingly to the higher education community that is inculcating this, you know, inculcating a generation through education and also through student engagement.

There are a number of resources for those who are interested in the back, and I believe some have been made available to the Committee, that give you a sense of how we're working with higher education specifically.

One of the guidance documents that we recently released, and this is my chance to do a little pitch for you, because I know you're not here to talk about buildings and greening campuses.

But for those of you who maybe are engaged in the conversation around sustainability, we recently released a publication which is free for

download called "The Roadmap to a Green Campus,"

which really outlines, from beginning to end, how a

campus would undertake a comprehensive green campus

initiative. So thank you so much.

CHAIRMAN STAPLES: Thank you very much

Barmak?

MR. NASSIRIAN: My name is Barmak

Nassirian. I am with the American Association of

Collegiate Registrars and Admissions Officers, and I

certainly appreciate your forbearance and patience in

waiting for this late in the day, to give us an

opportunity to address the policy issues around

accreditation.

I submitted a fairly dogmatic, short

document that captures some of my thoughts on the

matter. I hope you have a chance to look at it. I

will just summarize, for the sake of brevity, some of

my own views about where we are and where we are

headed unless we take some fairly radical steps.

In thinking about accreditation, I'm sorry

I missed the morning session, where I gather some

historical perspectives were provided, I'm often

reminded of a quotation that is, I think,

misattributed to Eric Hoffer, that every great cause

begins as a movement, becomes a business and

degenerates into a racket.

I candidly have to tell you that we are at

the tipping point of accreditation, having been a

very successful movement, having become quite a

successful and dominant business, to sliding off into

the racket category.

The reasons for it are very evolutionary

and fairly obvious, particularly against the backdrop

of what we have just as a nation I hope learned about

self-regulation without adequate incentives. Because

what has happened with accreditation is that a great

movement that responded to the incentives of its

time, simply was overtaken by change, and it failed

to change with the incentives that were now

motivating completely other kinds of behaviors.

I think it is very clear that the single

greatest change that took place was the hitching of,

you know, 100 plus billion dollars of public funding

to accreditation. Now in any critique I offer of

accreditation, I always want to sort of quickly say just about the only worse way of doing it would be to hand it to the government.

So I'm here as a friend of accreditation, as a defender of accreditation, but as someone who believes that unless it is radically reformed, in the interest of reliant third parties and taken away from insiders and handed to people who rely on it, which is the citizenry, businesses that have to actually make something of these degrees, that it is really at risk.

The federal government was being eminently practical in evading what is in fact the norm in the rest of the world, which is to have a Ministry of Education review curricula and instructional methods and mandate academic content. I think that is very wise. But the one thing they forgot was that this system cannot be handed over to the regulated entities to run to their satisfaction.

That is very much the system we have. We have a system in which accreditors, all of them honorable and good -- I'm not contesting their

motivations, but in general leaving fundamental

principles of voluntary good behavior aside, really

does not provide any actual behavioral incentives for

people to care about the flip side of the decision.

Accreditors are incentivized to say yes

and let the chips fall where they may, rather than

say no and confront costs and legal liability and

general unpleasantness, which makes them quite

unpopular and ultimately would lead to their demise.

You will become a very small club if you set the

standards very high.

So it seems to me, and I've enumerated a

number of changes, it is very troubling to us. We

are in daily combat against diploma mills. People,

this is one of those back office, basement of the

central admin building battles that we fight that big

picture policy.

People barely sort of register, and I have

to tell you, the fight against diploma mills is

getting vastly more complicated, because what used to

be a bright line marker internally to the United

States, that separated diploma mills from legitimate

institutions which used to be accreditation, is being breached.

That ought to be alarming to all of us, because even as university officials, we ourselves rely on the integrity of the credentials that are input into our academic process.

So accreditation is increasingly under siege. It really has not kept up with the changing forces. It has become extraordinarily procedural, extremely self-referential, very subjective. It hands out 7,000 passing grades and when you challenge them as to how could it be 7,000 enormously different and varied institutions, all of them above average?

Of course, that self-referential piece about what is against the mission and the voluntary peer review, and all that is good. But again, you take a second look and I think you realize there were significant chunks of change that were historically in place when the Franciscan Brothers were running the place were gone, and the system that was initially designed to work with internal safeguards is now on auto pilot, with those safeguards long

gone, and a political and commercial orthodoxy coming into to rubber stamp it and let the chips fall where they may. If something bad happens it will be years out before anybody can call us on it. I'll stop at that and respond to any questions if there are any. Thank you.

CHAIRMAN STAPLES: Thank you. Questions? Yes, Arthur.

COMMITTEE MEMBER ROTHKOPF: Yes. Tom in your remarks, you focus, you indicate that the foundation is particularly interested in data in higher education, as well transparent information on how students are performing.

I'd say we've had sort of dichotomy today, with a lot of the outside speakers talking about the needs for data and information on student outcomes, whereas I think the accreditors and the representatives of higher education have been very resistant to that, saying we don't need all that data on the other hand there's no way to measure student outcome. It's too complicated, and the latter being a big theme of actually the panel just before yours.

Tell me, first of all, how do you propose

getting this data or incentivizing people to get this

data, because right now it's very fragmented and they

don't even know graduation rates or anything like

that, as well as how do you measure student outcomes?

MR. DAWSON: So we at Gates proponents of

trying to go after low-hanging fruit, and so you

know, certainly a lot of the issues that Barmak

identified, you know, are not untrue. I think in

fact that you have great diversity in higher

education, I think trying to compare certain

institutions, you know, against each other would be

inappropriate, given sort of their task and mission.

However, I think in terms of low-hanging

fruit, one area that I think we're moving on

aggressively, but then, you know, I think more

importantly our grantees moving in this area, is

around the type of data that states collect and

release on their public institutions.

You know, I think I mentioned in my

remarks one of our grantees, Complete College

America, is I think, you know, an example that gets

at just that question, which is if at some point in

the spring this year, spring early summer, they'll be

releasing -- I'm not sure. I should probably explain

a little bit about Complete College America.

It's a group of states that have come

together, to try to improve and develop policies

around college completion. As a condition of joining

the organization, states have to submit data on

things like retention, completion, being able to

disaggregate that data by if you get a Pell grant, if

you're an African-American student, a Latino student.

They're also looking at issues such as how

long it takes you to get a degree, so time to degree

across all of those, you know, all of those areas as

well. So in the spring-early summer, they're going

to be releasing data from about 20 of their states,

that will look at --

It's not student learning data admittedly,

but it will be, I think, a strong start with regard

to looking at where states are, where public

institutions are in states on graduation, on

retention, on time to degree, and being able to

disaggregate part-time students, full-time students,

all of those issues that, you know, have kind of

bogged down the debate, frankly, at the national

level with IPEDS and what-not.

So I think that's one area. It won't

solve this problem, but I think it will take, you

know, make a significant step ahead at getting more

information out there in the public domain and

frankly getting more public attention on this issue.

I think when we see some of this data

around how long it takes students to get a degree,

the cost involved in that, you know, especially in

the current environment, I think that will be a

significant step forward. So I hope we begin to

answer this question a little bit better.

COMMITTEE MEMBER ROTHKOPF: Thank you.

COMMITTEE MEMBER KEISER: To follow up on

that, is it the Gates Foundation to try to define, I

think it said -- you wrote what is a four-year

degree? Is that purposeful?

I mean is that what you want to do or are

we better with the diverse definitions because part-

time students might take six or eight years on a

four-year, or for that, you know, really energetic

individual that wants to take it in three years

instead of four years?

We've got BA, we have BS, we have all

types of different definitions. Is it better to have

one-size-fits-all?

MR. DAWSON: So no. I'll clarify that.

We don't -- my point on the four year degree was

more, you know, I think some of this data you'll see

is that part-time students taking -- you know, I was

looking at data from one state today where part-time

students for a particular category of students, I

believe it was African-American students, was taking

11 years.

I think we could all agree that if it

takes you 11 years, you know, to get through, your

likelihood of getting through is dramatically lower.

I think if you look at, you know, some of the poor

data that we have, but the data that we do in fact

have around, you know, what I also said around time

to degree, you know, it might not --

It's unrealistic to expect a part-time student attending a baccalaureate institution to finish in four years. But we should probably do better than 11. You know, I think also that I completely agree and the Foundation agrees too that we're looking at both associate degrees, baccalaureate degrees. Most of our work, in terms of our investments in colleges, are frankly with community colleges.

But no, I don't think we have, and we don't have a one-size-fits-all view of it. We're just trying to improve the quality of data that's out there, so people can start asking these questions, because it's our view that a lot of this is not well known, not paid attention to.

I think if the public saw that it was taking certain students 11 years on average to finish a baccalaureate degree, that would be something that, you know, would generate a fair amount of attention.

CHAIRMAN STAPLES: Any other questions? Jamie?

COMMITTEE MEMBER STUDLEY: Unlike Susan, I

didn't write the same essay question for everybody.

So my question or thought for you, Tom, is whether

you -- some people have spoken about the lack of

coherent standards that could be used across

institutions to make those judgments. Have you

learned what you need to learn? Can time be

compressed? What are the effectiveness stories of

different ways of delivering educational content?

         But you didn't mention supporting the

creation of those standards as part of what you were

doing. Do you see that happening elsewhere

adequately to support the work that you're doing, or

--

         MR. DAWSON: You're talking about --

         COMMITTEE MEMBER STUDLEY: Or do you

disagree with him? Do you think that those standards

exist? What the learning criteria --

         MR. DAWSON: You're talking about, right.

The learning criteria. Well so no, we don't disagree

with that. That's an area that we have not focused

on as much. I think you see other prominent national

foundations in higher education focusing a bit more

on that area.

So that is not an area that we at Gates have focused on as much, but it's not that we view it as being unimportant. It's just not central to what our charge is.

COMMITTEE MEMBER STUDLEY: And you don't view it as taken care of?

MR. DAWSON: No, it's certainly not taken care of.

COMMITTEE MEMBER STUDLEY: You think it does need to have happen; you just think it's somebody else's --

MR. DAWSON: Yes. I mean the area where most -- well, you know, and I shouldn't say it's outside of our charge completely. It's, you know, we are interested in that labor market value question. Like I was saying, we don't really have a good way of quantifying that right now.

So we are interested in working on trying to improve systems that would allow us to answer some of those questions. But specifically on the academic standards side, that other national foundations in

higher education are working on, we support that

work. We're happy that they're doing it, but it's

not an area that we're currently investing in.

COMMITTEE MEMBER STUDLEY: And I don't

know that this is a short answer question, but the

LEED example is a very interesting one, because --

and I think we may want to think about it. But I'd

be interested if you have any reactions to this.

The notion of LEED certification came on

very fast at schools, and as you said, was adopted

very, very quickly and indeed embraced, and the

results are quite evident in the accomplishments that

you're talking about on campuses, to which I then

said why is it that LEED certification could capture

the hearts and minds of institutions so quickly?

An assessment, shall we say, has been a

slower sell. I don't know if anybody else at the

table bears the scars of trying to bring a faculty to

the notion of increasing assessment. But even when

paid for by an outside foundation that was going to

make it a no cost additional resource to our school,

it was, put it mildly, that the uptake the first time

somebody said there's LEED certification; should we

go after that for our next building project, and

everybody got behind the parade.

So maybe in preparation for this, you gave

some thought as to why it happened so quickly.

Obviously student interest. Students knew the

questions to ask. It was a simple question, will

this building that you are building be LEED-

certified? But do you have anything to offer us

about that changing the people, not just the

buildings?

MS. GUNNER: Sure, and I think, you know,

we're always unpacking this, right. Everyone is

always -- people constantly sort of come to us to try

and study like what is it that you did to become like

the "Tickle Me Elmo" of buildings? But I mean I

think it's a couple of things. One is that LEED-only

rewards good behavior. It's not about shining a

light on the people who aren't doing well.

It's completely voluntary and

participatory, and it allows people to set their own

goals. It's non-prescriptive in the sense that you

decide what combination of credits you're going to

pursue. You decide whether indoor air quality is a

higher priority than energy efficiency, or you know,

that you're desperate to try a new chilled beam

technology.

So you're going to invest your, you know,

some of your dollars there, but knowing that you're

going to maybe not be able to achieve the same sort

of strides in water-efficient technology, for

instance.

I think another piece of it though that

people have become evangelists for LEED, and really

the best evangelists that we've had are students.

So another reason why we think that this

has taken root so much on campus. You know, when we

first launched the green campus campaign and we were

working towards the launch of the Center for Green

Schools, we started asking people the question.

We went to all these different colleges

and universities who were working with LEED. We went

to Harvard, we went to community colleges, you know.

We went to UC schools and we said where did this

start? Where did this sustainability movement start?

Almost every single one of them could trace it back

to the students.

Now of course you have to have a receptive

administration. But the students really became the

ones who were advocating for this on campus, and then

we tied into that the opportunity for them to gain

professional development experience and career

skills, by actually working on these projects.

I guess the third and final thing that I

think is worth mentioning has to do with the way in

which colleges and universities have very wisely been

able to use this to drive admissions, you know. The

Princeton Review, we partnered with them to create a

guide to green colleges. We'll release the second

version in April of this year.

It was published -- it got front page

coverage from USA Today, and USA Today posted the

resource, as well as the Princeton Review and USGBC

on its website. It was the single most popular

download that USA Today has ever had, this guide to

green colleges.

The reason why we decided to work with the Princeton Review to publish it, and again, it only celebrates good behavior. It doesn't say these people did a bad job. It just says all of these people did a good job, and all 300 plus colleges, almost nearly 300 colleges and universities that were covered, this was a badge of honor for them, right?

So every single one of them ran a piece in their own newsletter, in their own newspaper, in their own alumni magazine. We decided to publish that resource though, because Princeton Review had done some research.

They had surveyed more than 15,000 prospective college students and 68 percent of them said that a college or university's commitment to sustainability would impact their choice as to whether or not to attend that institution.

So colleges and universities started to use LEED as a marketing tool. They started to use, you know, the first stop on the tour was the LEED-certified dorm, where you sure as heck want your kid to be, you know, to be living. They started to use

it as a way to fund-raise for buildings on campus.

You know, you want your name on this state of the art

building that's going to receive national coverage.

So they've just been, I think, really

smart about that. I said I was going to give you

three, but if you don't mind, I just thought of a

fourth, and it also bears mentioning. It ties into

this idea of the school as a laboratory, and the fact

that these buildings have become in and of themselves

teachers.

So they're actually being utilized, you

know, as the inspiration for innovations in

curriculum. They're being utilized as teaching

tools. You're studying renewable energy, you know,

through the solar panels on your roof and wind

technology, you know, on the turbine farm next door

on campus.

So they've found their way into the

curriculum, and I don't quite know what the

translation is for the topics that you're considering

today. But I think that that's been a huge part of

what's made them so attractive and successful in the

higher education context.

COMMITTEE MEMBER STUDLEY: Well certainly as we talk about teaching people problem-solving and strategy and analysis and continuous improvement, I could see the same thing could be done with the kinds of assessment and competencies that we're working on. But we can go into this further at a different time.

But I can imagine the one difference we might come up with is that LEED certification arises in the context of a very happy situation, either the construction of a new building or a significant enough renovation to be able to make the kinds of changes that would make it LEED-certified.

So good change is already happening. You're not asking people to either change their behavior in a situation of scarcity or anxiety about individual performance; you're saying are we going to do this in the usual way or an even better way, and I think that helps.

So Barmak gets, perhaps, the hardest question. But that's completely appropriate. You talked about incentivizing accreditors to do

something other than an easy pass, and I'm wondering

if you have some notion about what the affirmative

incentives or sticks, I'm thinking carrots and

sticks, might influence behaviors in the directions

that you're recommending.

MR. NASSIRIAN: And this is where my

education in medieval philosophy comes in really

handy, because --

COMMITTEE MEMBER STUDLEY: What a mental

patient?

MR. NASSIRIAN: --when you discuss the

matter with some of my colleagues in accreditation,

the conversation becomes quite metaphysical very

quickly, because it's never clear. Are they

gatekeepers or are they peer review voluntary quality

improvement operations? The answer, as in medieval

theology, is both.

Okay, you know. If you want to go and

voluntary improve each other's quality, yippee for

you. What a great thing to do, joining AACRA

provides zero benefits in terms of governmental

recognition. You don't get an extra dollar of

benefits if you join AACRA or if you drop AACRA

membership, and presumably people who join AACRA find

some innate sort of market-based value for so doing.

I routinely wonder what that is, but that's just, you

know, me.

The real critical question from a policy

perspective is why do we open the doors to the

treasury on the basis of your say-so? Therefore, and

the answer may be that you're an honorable and great

expert in the topic, and I concede that.

But you know what? A system that operates

on the basis of people's voluntary good behavior is

not a system. It's a wink and a prayer and, you

know, hoping that good things happen. So the

question is what happens to accreditors that are

consistently wrong? What bad thing happens to

accreditors that have a demonstrated track record of

poor judgment?

I can tell you what happens to auditors.

Auditors, you know, I'm involved in the running of a

non-profit. Guess what? I hire my own auditor, and

if an auditor's going to hassle me over a $2 missing

Metro receipt, that's not the auditor I want. I want
an auditor who understands I want to pass my audit.

But at the same time, obviously auditors
will have a tremendous interest in making sure I'm
not taking bags of money home, not because they care
that much, other than the fact that they know they're
in the line of fire. Somebody documents fraud that
they overlooked or fraud that they were complicit in,
or at least gross negligence because they just didn't
know what they're doing. That is not systemically
the case today.

Accreditors that say yes can look forward
to greater membership, more revenues, lower costs,
and accreditors that say no are looking for trouble.
If the answer that I get is that well, of course our
brand would diminish, our brand would suffer if we
rubber-stamp too many questionable operations, I say
to you what planet are you from? Let me show you
some accredited institutions in this country.

More importantly, look at some of the
behavior that some of our best accreditors are
engaged in, right outside the domain of their federal

recognition. It's really stunning.

CHAIRMAN STAPLES: Larry?

COMMITTEE MEMBER STUDLEY: Thank you.

COMMITTEE MEMBER VANDERHOEF: Just a few
comments. First of all, with regard to whether or
not this can be translated into assessment, I think
one big difference in -- first of all, I think it
can. But one big difference is that all of the
criteria for LEED certification are objective and
measurable, and that makes, always makes things
easier.

I sat with the region. I was the
University of California chancellor and I sat with
the regions from the beginning, all the way through
this process. The one thing that you didn't mention
that I think is worth mentioning is that from the
very beginning, this did not look like a student
movement.

First of all, I think your conclusion that
it was is correct. But it always something, it had
persistence; it was always polite. There weren't
screaming demonstrations. It just stayed on track

the whole while, and patient, very patient, because it didn't happen -- it seems like it happened overnight, but it didn't really happen overnight. Those were just comments.

Barmak, I'm wondering. Let's assume for a minute that you're exactly correct about what's happened over the years and where we've gotten to. If that's true, and you could do two or three things, what would you do? And you were God. If you could -- it was going to happen.

MR. NASSIRIAN: That would be a dangerous world, huh? A couple of -- you know, I'm very interested in what my colleague from the Gates Foundation mentioned about data. We are data custodians, very interested in data.

In candor, I'll tell you. There is a lot of abracadabra when it comes to data, and my suspicion is that each of the partners in the financing of the postsecondary enterprise in this country has really one metric, and that's the one metric we absolutely deny them, and that metric is return on investment.

If I'm the federal government, if I'm the
state government, if I'm the individual and I'm
chipping in, what is the return to me? That's really
-- otherwise, because all the other stuff is highly
manipulable. So from my point of view, at the very
least, and I'm very cognizant and very aware of the
importance of keeping politicians out of the
classroom.

So my view tends to be look, if you want
to run an institution without taxpayer subsidy, I
will tip my hat to you. You go on your merry way and
do the best you can, and let the market validate or
reject the credential. As taxpayers, we all become
stakeholders, particularly given the preeminence of
the federal partner now, in ensuring that federal
money doesn't cause mischief, which it now is
beginning to do.

And therefore, I mean one of the notions,
and again, I spelled it out in detail, but one of the
notions would say look, you know, I'm going to
create some sort of a measurement of return on
investments, at least insofar as the federal

government, because at the end of the day, we're

thinking about the federal gatekeeping here, some

kind of a metric.

We impose this metric on institutions

today in the form of cohort default rates. The

three-year cohort default rate is going to be

announced tomorrow. We have it for lenders, we have

it for guarantors. Why not know what the percentage

of loss is by accreditor, right? I mean that's one

metric.

The other one, which is really grossly

missing today is joint and several liability for

cases of outright collusion or gross negligence,

because I don't think every bad outcome should rub

off on the accreditor. You know, the accreditor is

not a cop on the beat 24-7. But certainly there is a

statistical measure of failure that if this entity,

we should take the rubber stamp away from them

because they're too liberal in its use, and there are

also cases of catastrophic error that really indicate

either lack of qualification or a purpose of evasion.

So that would be the single greatest one.

But of course there are numerous others, not least of

all, by the way, is the gravitational force. I mean

out of curiosity, I looked at one of -- and by the

way, my comments are really at this point directed at

institutional accreditation, not the specialized

ones. There's a little more concreteness to the

special ones.

I looked at one of the smaller ones, and

you look at that budget and you say what could they

be doing, other than just paying themselves? This is

so minuscule. How could they open the doors to the

federal treasury with this kind of minuscule budget?

What kind of value-added activity could be going on

here?

So adequate resources and enough skin in

the game to be there the day after things go wrong.

COMMITTEE MEMBER VANDERHOEF: Yes, thanks.

CHAIRMAN STAPLES: Susan?

COMMITTEE MEMBER PHILLIPS: Wow. You

know, the group that put together the agenda for this

meeting really wanted to have an out of the box way

of thinking, and we did it. You guys are just right

on, out of the box.

I can't even think of a single one essay question to ask all of you, and you've heard me do it to everybody else. So I'm going to restrict myself to just one question, and it's going to be to Barmak, and it's going to play off of the racket notion.

So I'm going to assume that the world is cyclical, that the process that you described of a movement starting with a good cause, moving to a business and turning into a racket eventually generates a new movement, a new good cause, a new business and a new racket.

So if you would just stare into your crystal ball and anticipate, if we are in fact in the racket stage now, what is the next movement and good cause, particularly with respect to the Title IV monies and who leads it and how?

MR. NASSIRIAN: As you know, that kind of prognostication overwhelms my meek intellect. Just in general, I do think we're at -- I think there is enough consciousness of inadequacies of the system. You know, I want to -- because I've been maligned as

a big critic of the for-profit sector, I'm going to

be very emphatic, that it is not solely a function of

for-profit/non-profit.

I think mediocrity is the enemy clear

across the board. Ineptitude is as bad as corruption

when it comes to bad outcomes. You don't need

corruption; you just need people who don't know what

they're doing. You can have horrible outcomes. And

guess what? We do have horrible outcomes.

So in terms of the next cycle, my hope is,

you know, we do a lot of comparative education,

international education work at AACRA, and really I

do not believe the process of governmental

recognition, as simple as it is, really would be

preferable. So I hope we can preserve private

accreditation, with academics in charge of defining

substance, but with appropriate metrics that measure

the relevant outcome from each stakeholders'

perspective.

I mean it will be no good to have the best

medieval philosophy program, that then goes on the

steroids of federal financing. How many medieval

philosophers do you really need, right? I mean at

some point, something that is perfectly edifying and

perfectly valuable in its own right can, through

third party intervention, and remember if you want

corruption and bad outcomes, look for a system of

third party payments, right, Medicare fraud.

If you want to find a system in which

integrity is at risk, find a system in which the

person making the decision is not the person picking

up the tab.

Therefore, we need to make sure that the

interests of industry -- look, this country has

bigger problems than simply producing meaningless

credentials. These credentials have to mean

something if you're going to go up against the rest

of the world, which doesn't have these trappings and

these sort of ideological anchors.

So I think we're at the beginning of the

point where we should have a very serious discussion

around what are frankly obvious shortcomings of

accreditation to everyone except insiders.

One of the frustrating aspects of

accreditation, I suspect, is that you quickly begin
to sound like the guy with tin foil wrapped around
his head in the park, that people politely move away
from, as you begin to go too deep into what ails the
system. It's a system that is just overwhelmingly
dominated by insiders.

The only people who can speak coherently
about accreditation, in my judgment, except I don't
know, maybe ten people. Remember, I'm maybe outside
the box, but my office is at One Dupont Circle, the
Kremlin of American higher ed. So if you see any
kind of coherence to anything I'm saying, it's just
by the rub off halo effect.

In general, there are not that many people
who have the vocabulary to criticize accreditation,
and that's one of the mechanisms by which a system
that is producing bad outcomes sustains itself.

So I think we need third party reliance.
I think industry, I think the taxpayers, I think the
citizenry need to be given mechanisms to simply
measure is this the best we can do for the kind of
money we're spending.

CHAIRMAN STAPLES: That was a very interesting discussion again, and I appreciate the time that you've given to it. I want to thank everyone who was here today.