

A New Model for Higher Education Quality Assurance:

An Overview of the GI Bill® Risk-Based Review Pilot

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Dangers to Students from Risky Schools

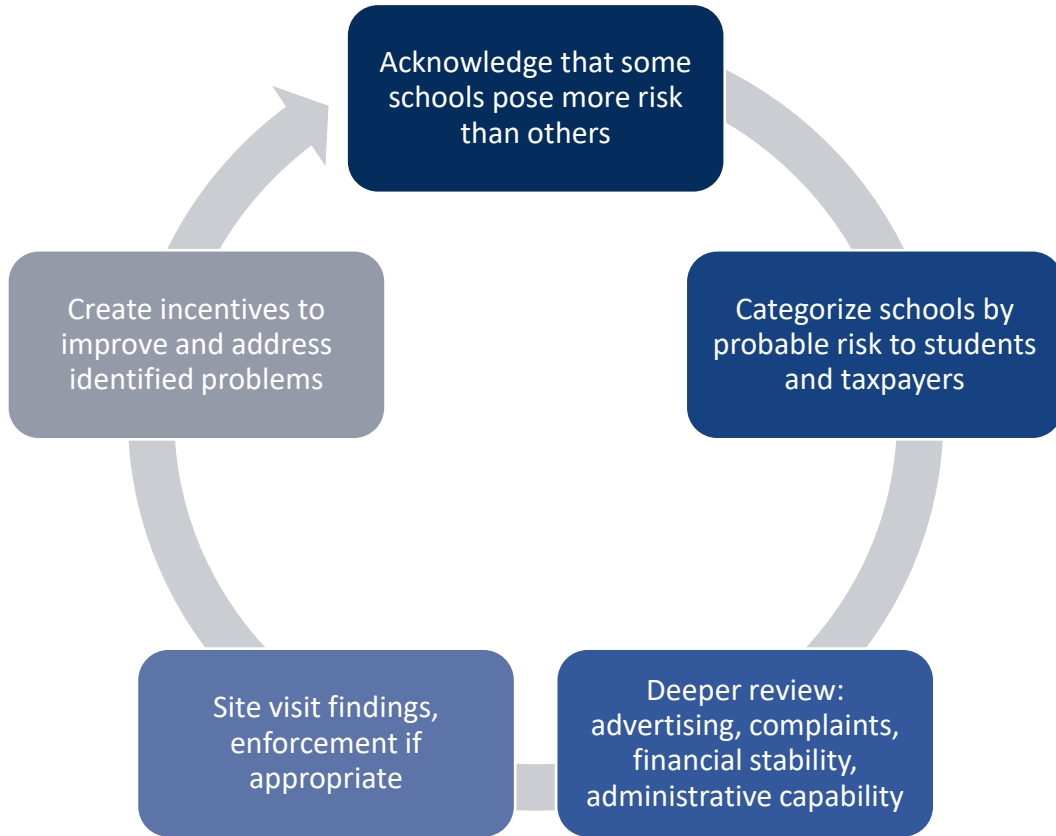
Large schools closing without warning have made big headlines the past several years—but schools can harm students in less obvious ways:

- More than half of institutions left the majority of their students earning less than \$28,000—the typical salary of a high school graduate.
- More than 1,800 institutions graduate less than 50% of their students, even after eight years.
- Some are particularly low-performing: More than 500 institutions leave 75% of students without any certificate or degree.

Why Risk-Based Reviews?

- Concerns from advocates and VA OIG on effectiveness of these surveys
- The Colmery Act in 2017 instituted risk-based reviews, but little progress was made in the following years
- Johnny Isakson and David P. Roe, M.D. Veterans Health Care and Benefits Improvement Act of 2020 passed at the end of the Trump Administration integrated key elements into federal law. Set the bar for Risk Based Surveys.

Need for Risk-based Quality Assurance System



Project Goals:

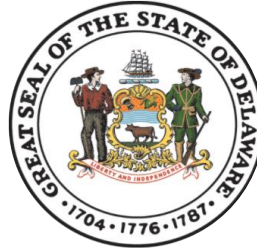
- ❑ Use meaningful metrics to identify risks in order to make sure veterans are well served, and to safeguard taxpayer funds
- ❑ Conduct data-based comprehensive and veteran-centric site visits
- ❑ Build relationships with federal and state regulators and accreditors
- ❑ Create a consistent national oversight model

Pilot SAAs and Advisory Council

Who are the voices of the Advisory Council?

- Veteran Advocate Groups
- Student Advocate Groups
- Accreditors
- State Authorizers
- Institutional Leaders
- Policy Advocates
- SAAs

SAA Pilot States



Texas

New York

Virginia

Illinois

Delaware

Nevada

Pilot Model Overview



Separate schools into three priority levels based on risk screen using public data



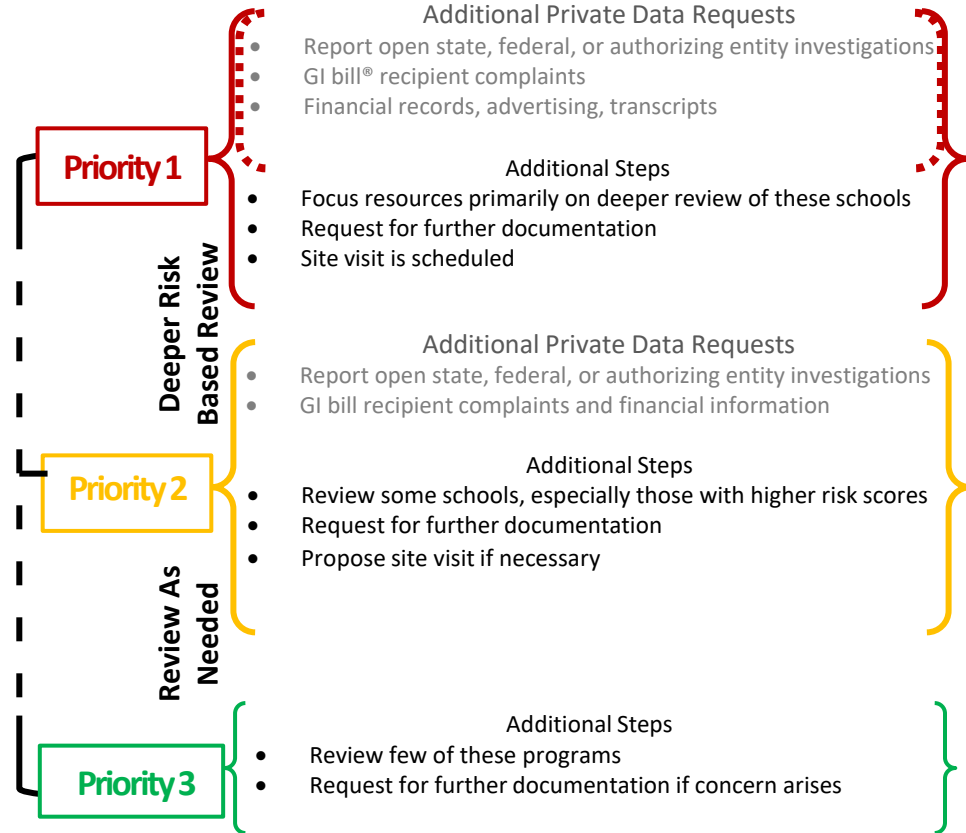
For selected schools, SAA sends request for data and documents in advance to prepare for site review



Site visit includes classroom observation, student interviews, and inquiries based on pre-visit data review



Summary to the facility, report to VA and referrals made to affiliated agencies



Pilot Model: Risk Based Filter Overview

Mean 8.007
Median 7.778
StdDev 3.507

	Count	Pct
Priority 1	6	16.67%
Priority 2	20	55.56%
Priority 3	10	27.78%

FACC	UNITID	OPEID	OPEID6	INSTNM	STATE	AdjRiskScore	Z-score	PriorityLvl
100001	200001	300001	400001	School A	AB	17.000	2.5642	Priority 1
100002	200001	300001	400001	School B	AB	16.176	2.3294	Priority 1
100003	200001	300001	400001	School C	AB	14.519	1.8566	Priority 1
100004	200001	300001	400001	School D	AB	12.444	1.2652	Priority 1
100005	200001	300001	400001	School E	AB	12.000	1.1385	Priority 1
100006	200001	300001	400001	School F	AB	10.500	0.7107	Priority 1
100007	200001	300001	400001	School G	AB	9.852	0.5259	Priority 2
100008	200001	300001	400001	School H	AB	9.706	0.4843	Priority 2
100009	200001	300001	400001	School I	AB	9.563	0.4434	Priority 2
100010	200001	300001	400001	School J	AB	9.500	0.4256	Priority 2
100011	200001	300001	400001	School K	AB	9.422	0.4034	Priority 2
100012	200001	300001	400001	School L	AB	9.422	0.4034	Priority 2
100013	200001	300001	400001	School M	AB	9.333	0.3781	Priority 2
100014	200001	300001	400001	School N	AB	8.833	0.2355	Priority 2
100015	200001	300001	400001	School O	AB	8.667	0.1880	Priority 2
100016	200001	300001	400001	School P	AB	8.438	0.1226	Priority 2
100017	200001	300001	400001	School Q	AB	8.296	0.0824	Priority 2
100018	200001	300001	400001	School R	AB	7.778	-0.0655	Priority 2
100019	200001	300001	400001	School S	AB	7.778	-0.0655	Priority 2
100020	200001	300001	400001	School T	AB	7.778	-0.0655	Priority 2
100021	200001	300001	400001	School U	AB	7.549	-0.1307	Priority 2
100022	200001	300001	400001	School V	AB	7.259	-0.2133	Priority 2
100023	200001	300001	400001	School W	AB	7.000	-0.2873	Priority 2
100024	200001	300001	400001	School X	AB	6.741	-0.3612	Priority 2
100025	200001	300001	400001	School Y	AB	6.682	-0.3780	Priority 2
100026	200001	300001	400001	School Z	AB	5.889	-0.6041	Priority 2
100027	200001	300001	400001	School AA	AB	5.392	-0.7457	Priority 3
100028	200001	300001	400001	School AB	AB	5.231	-0.7918	Priority 3
100029	200001	300001	400001	School AC	AB	5.000	-0.8576	Priority 3
100030	200001	300001	400001	School AD	AB	4.577	-0.9782	Priority 3
100031	200001	300001	400001	School AE	AB	4.333	-1.0477	Priority 3
100032	200001	300001	400001	School AF	AB	4.314	-1.0532	Priority 3
100033	200001	300001	400001	School AG	AB	3.269	-1.3511	Priority 3
100034	200001	300001	400001	School AH	AB	3.000	-1.4278	Priority 3
100035	200001	300001	400001	School AI	AB	2.944	-1.4437	Priority 3
100036	200001	300001	400001	School AJ	AB	2.083	-1.6892	Priority 3

Pilot Model: Developing the Risk Based Filter

**Compile available data for all facilities
under SAA jurisdiction**

Publicly available metrics

- Enrollment change over one and two years
- Veteran enrollment
- Tuition change over one and two years
- Average total net price to students
- Total complaints reported to the VA
- Heightened Cash Monitoring status
- Three-year cohort default rate
- Completion rate - total and disaggregated by student group
(With comparisons by Pell recipients and for Black and Latino students)
- Full- and part-time retention rate
- Ratio of graduate earnings to state high school graduate earnings
- Percent of revenue spent on instruction

SAA-provided metrics

- Multi-state facilities
- Newly approved facilities
- Recent change of ownership
- Recent expanded audit or training by SAA
- Recent suspension
- Recent withdrawal

Data and Document Request

- Each school identified was asked to provide a set of materials.
- Documents requested included: Advertisements and recruiting materials; student complaints, financials, 90/10 and 85/15 compliance, and pending investigations.
- SAAs then evaluated the data and prepared for the site visit focusing on the issues identified.

FINANCIAL SOUNDNESS TEMPLATE			
Basic Institutional Information			
Institution Name:			
Point of Contact Name:			
Email:			
Phone:			
Form Submission Checklist - Type YES in each cell below to verify that you have submitted all requested financial documents found in the Glossary tab.			
Form	2020	2019	
Prepared Financial Statement(s)			
Balance Sheet			
Income Statement			
Cash Flow Statement			
Compiled Financial Statement(s)			
90/10 Documentation			
IRS Form 990			
Other Submitted Federal and/or State Tax Forms			
Financial Data and Indicators - Please enter the requested information in each of the highlighted cells below. Relevant tab.			
Assets	2020	2019	
Current assets			
Cash and cash equivalents			
Accounts receivable, net			
Pledges receivable			
Lines of credit			
Capital assets, net			
Other noncurrent assets			
Total assets	\$0.00	\$0.00	

Site Visit

- SAAs tour the facility, observe classroom instruction, interview students, and make inquiries of relevant staff based on pre-visit data reviewed.
- SAAs then make a qualitative assessment of factors that cannot be reviewed off-site

ON-SITE/VIRTUAL REVIEW

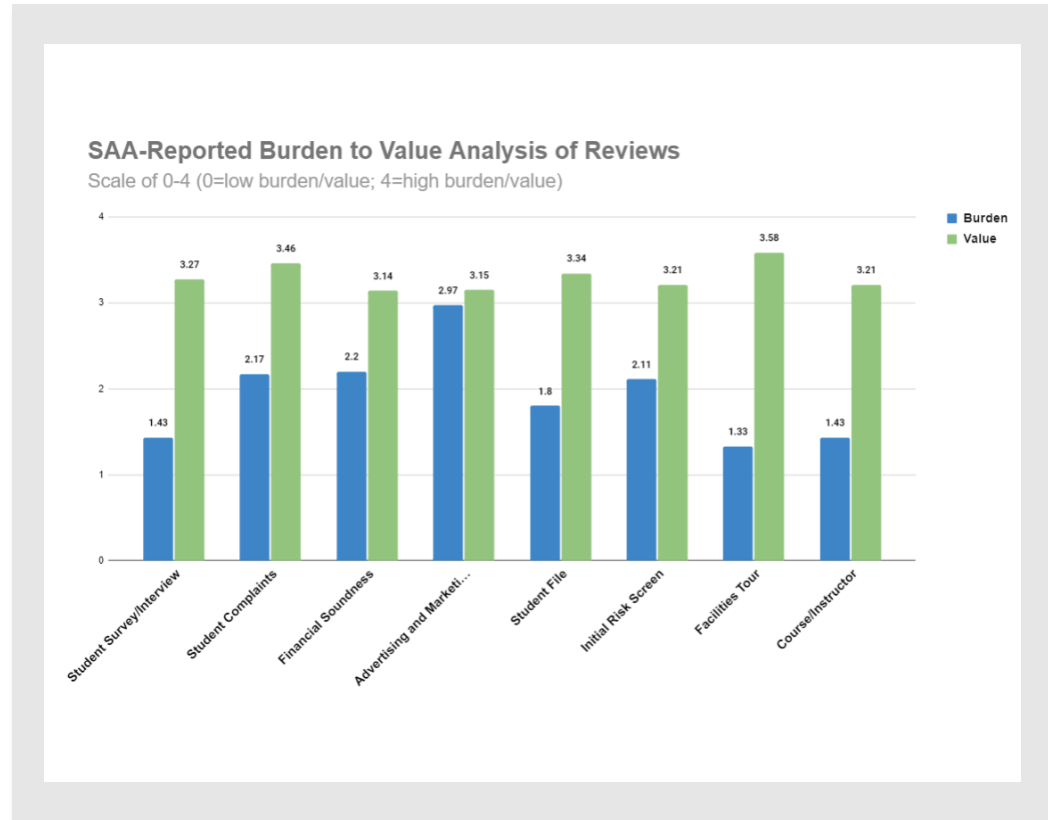
EQUIPMENT	YES	NO	N/A
Do the equipment, lab, and classroom materials, all appear satisfactory and appropriate for a learning environment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Is the environment conducive to learning including satisfactory basic health and safety standards?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are there any clear differences in environments that are being offered to various types of students?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If applicable, does the school have current equipment would see in the field?			
Are there enough learning stations for the student population?			
Is there any additional equipment or materials that you			

A. Advertising	
For each unique advertisement or website please answer the following questions. For each "Yes" answer, make sure to check the accuracy of the statement. (
Do materials reference high demand in the field; job placement rates; job likelihood; or jobs being "virtually" guaranteed? ("Our graduates are in demand at top companies!")	
Do materials reference likely earnings in the field? ("Earn up to \$50,000 in the first year!")	
Do materials reference relationships or partnerships with local, regional or national employers? ("We partner with companies like Amazon and Oracle!")	
Do materials reference the type of accreditation it has or suggest its accreditation is good/better? ("College of the Mountains is nationally accredited!" or "College of the Sea is accredited by the same organization as Harvard.")	
Do materials reference ratings? (Our school is ranked #2 by best colleges in Virginia)	
Do graduation and placement rates seem high? (95% of our graduates placed!)	

Complaints about cost (tuition, fees, unexpected costs, unavailable aid, loans they weren't informed about, private loans from the school provided to satisfy tuition costs)
Complaints about administration (transcripts, course availability, scheduling, inadequate facilities, lack of tutoring, lack of counseling, poor quality equipment, couldn't get needed clinical)
Complaints about recruiting/consumer protections (isn't what was promised, couldn't get a job, couldn't transfer, couldn't get a job in the field, told it was highly rated, didn't earn enough to repay the debt)
Complaints about course quality/faculty/grading (teacher not

What We Learned: It Works

- Risk-based quality assurance would be a more impactful and cost-effective model
- Strong support from the participating SAAs
- Reviews identified areas of concern
- Schools generally provided information in a timely manner
- SAAs appreciated the ability to take a more comprehensive approach to review
- Referrals to other agencies is new to most SAAs; they will need to build relationships with accreditors and other regulators
- This model is scalable and replicable
- It saves time and money for low-risk facilities



Comparing Compliance to Risk-based, Outcomes-focused Reviews

This approach identifies areas of concern that directly impact student veterans' ability to complete programs and increase their earnings and provides a more effective process to judge if a school is posing a financial risk to both veterans and taxpayers.

	Compliance survey	Risk-based review
Facility selection	Schools chosen at random, or using qualitative factors like size or sector type without regard to risk presented	Schools chosen using quantitative, publicly available metrics
Review Capability	Small number of facilities reviewed because of limited staff capacity, and random selection means many did not merit review	Small number of facilities reviewed because each review is deeper and more comprehensive, but risk screen ensures that most or all schools merit review
Documents/ data reviewed	No data or documents reviewed in advance	Robust data and document requests made of schools <i>in advance</i> of site visit based on insight from risk data to allow SAAs a week or more to review and prepare questions before site visit; documents provided include information about finances, complaints, administrative capability, and other areas beyond student files
On site review	Most time spent reviewing student files; some limited interviews of staff if they happen to be available that day; no prepared questions possible because documents not reviewed in advance	SAAs come prepared with questions based on documents reviewed and ensure ahead of time that relevant staff will be present. Time is not spent reviewing documents; instead SAAs tour facilities, observe classes, and conduct interviews with staff
Findings	Only findings reasonably likely are compliance errors found in student files, e.g. GI Bill payment errors	SAAs are now capable of substantiating findings across all relevant lines of inquiry that could impact students and taxpayers, and can explain those findings to the school using its own data to demonstrate how it should improve

Response from the Pilot SAAs

- The only parties that had first-hand accounts of the way the old process works and the new pilot model are the six pilot SAAs—and their feedback was overwhelmingly positive
- This will be important in demonstrating the value of this work to other state actors, regulators, and oversight bodies, given that their peer regulators are such positive advocates of this type of model

*This new type of review where we examine a wider range of data and information has resulted in me having **conversations with the schools I oversee that I have never had before.***

*When I think about compliance surveys compared to the new risk-based process, it felt like I had **blinders on that I've finally been able to take off.***

*One school noted that questions asked were **unlike accreditation—in a good way**—and we looked at areas that are not covered in other reviews.*

*During this review, most of my facilities had limited student record errors and in a compliance survey there would have been few to no findings. However, as a risk-based survey the **majority of my schools had an area to improve on or an area of concern that required action.***

Risk Screen Predictions of Site Visit Findings - Overall

Indicator	Correlation coefficient
Student complaints	
Higher rates of complaints made to federal and state oversight entities	r = .19
Higher rates of complaints made to consumer agencies	r = .37
Higher rates of complaints about costs	r = .45
Higher rates of complaints about recruiting practices	r = .79
Lower likelihood of institution resolving complaints	r = -.32
Null prediction: Complaints made to the institution	r = -.01
Financial Health	
Lower total current assets, both current and prior FY	r = -.07
Lower net worth, both current and prior FY	r = -.07
Lower amounts of cash and cash equivalents, current FY	r = -.06

Indicator	Correlation coefficient
Advertising, marketing, and misrepresentation	
Likelier to contract with third party lead generation advertising	r = .28
Likelier to contract with third party lead generation website	r = .17
Advertising likelier to make assurances about job placement	r = .20
Likelier to use advertising with misleading military affiliation/endorsement	r = .37
Administrative capability	
Failure to award credit for prior coursework	r = .45
Less likely to have records of high school completion	r = -.32
Less likely to charge students proper published tuition	r = -.10

Risk Screen Predictions of Site Visit Findings – Financial Health

Indicator

Correlation coefficient

Financial Health

Lower total current assets, current and prior FY

$r = -.07$

Lower amounts of cash and cash equivalents, current and prior FY

$r = -.06$

Lower net worth, current and prior FY

$r = -.07$

Indicator

**Lower total
current assets**

**Lower cash and
equivalents**

**Lower net
worth**

Lower completion rate

$r = -.37$

$r = -.36$

$r = -.38$

Lower completion rate – Pell recipients

$r = -.35$

$r = -.32$

$r = -.37$

Higher net price

$r = -.39$

$r = -.37$

$r = -.32$

Larger YoY change in tuition

$r = -.43$

$r = -.40$

$r = -.13$

Bigger increases/decreases in enrollment

$r = -.25$

$r = -.26$

$r = -.18$

Higher cohort default rates

$r = -.06$

$r = -.07$

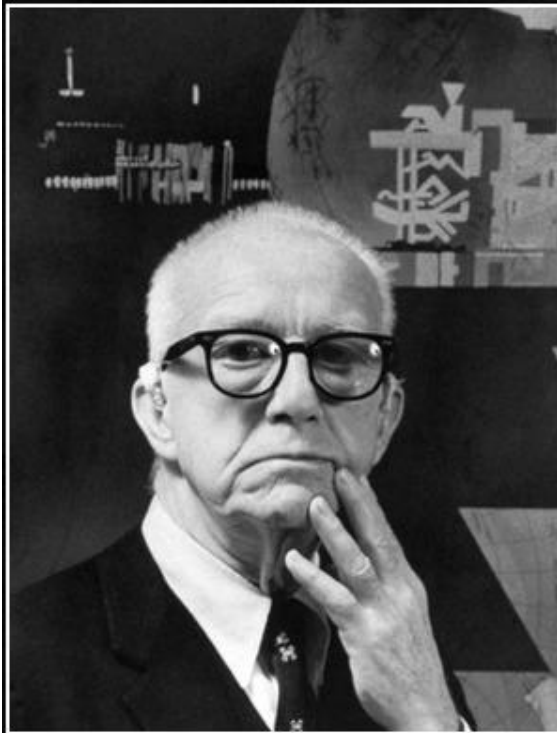
$r = -.25$

Impact and Next Steps



- SAAs required under law to no longer conduct compliance surveys, just risk-based reviews by fall 2022; the pilot model and data evaluated fully comply with new statutory requirements; working with VA to scale the model with the support of Congress
- Several key elements applicable to the Title IV context that can be advanced
 - Forthcoming regulations
 - Program review selection criteria, enforcement, financial risk
 - Interagency information & data sharing
 - State oversight and accreditation
 - “Quality assurance” determinations under Direct Loan Agreements (PPAs)

Words for Thought / Questions???



You never change things by fighting
the existing reality. To change
something, build a new model that
makes the existing model obsolete.

— *R. Buckminster Fuller* —