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TITLE IV ACCREDITATION: REGULATORY CAPTURE AND COMPETITION

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REPORT



The U.S. Department of Education [has announced](#) its intention to develop new regulations for its recognition of collegiate accreditation organizations for purposes of institutional eligibility for federal student aid. Department officials have been quite critical of accreditation, faulting it for [lack of rigor](#) as well as ideological bias. Indeed, based on the extent of bipartisan dissatisfaction with its performance, Title IV accreditation is ripe for an overhaul. This paper outlines a core flaw in the current accreditation system and specific solutions to repair the system. In short, the nation's current accreditation system appears ineffective because it has been substantially captured by, and become beholden to, the very institutions it is supposed to oversee. Consequently, institutions with poor student outcomes—including low graduation rates, high levels of student indebtedness, and earnings that fail to justify the educational investment—are routinely granted accreditation or allowed to retain it despite indicators of failure.

Of concern, the Administration's proposal to improve accreditation by multiplying the number of accreditors through recognition of new entrants and increasing the competition among accrediting agencies is unlikely to address the core flaw. This paper argues that without substantial reforms to the recognition criteria and financial incentives governing accreditors, increasing competition among accrediting agencies will generate a predictable "race to the bottom" in which accreditors compete for institutional clients ("members"), not by improving their oversight, but by lowering standards and reducing the demands they place on the schools they evaluate. Because accreditation is effectively mandatory for institutions seeking federal student aid and because there are no meaningful differences in prestige based on which particular accrediting agency accredits a college, colleges have no incentive to choose rigorous oversight. Instead, they will select the most lenient accreditor available.

A useful analogy comes from the banking sector, where similar fee-dependent regulatory competition led to catastrophic market disruptions in the 2008 financial crisis. Competition among accreditors is analogous to competition among banking regulators prior to the enactment of the Dodd-Frank reforms: rather than competing by strengthening their standards, new and legacy accreditors will compete by weakening them and reducing compliance burdens. The result is the opposite of what free-market theory predicts—competition leads to *degraded* oversight, not improved quality. When the product being "competed for" is essentially a rubber stamp (accreditation that enables federal funding), accreditors can win clients only by stamping more easily, not by stamping more carefully.

The Problem: Regulatory Capture, Distorted Incentives, and the Performative Nature of Accreditation Standards

Despite the quality assurance rhetoric that frames their work, the central function of Secretariially recognized institutional accreditors is, in practice, gatekeeping institutional eligibility for federal funds. The fundamental challenge facing federal accreditation law is not new, nor is it unique to higher education: Title IV accreditation has been significantly captured by the very entities it is supposed to oversee. This capture manifests in multiple ways, each revealing the structural conflicts of interest that plague the system.

Most obviously, institutions substantially outnumber accreditors and many have significantly greater financial, legal, political, and staffing resources than their accrediting agency. In addition, they control accrediting bodies through their representation on accrediting boards and the funding structures that support these agencies. Accreditors are, in essence, clubs governed and funded by their dues-paying members. This arrangement creates a fundamental conflict of

interest: accreditors have little incentive to set high standards that could fail or sanction their members, who provide the bulk of their revenue.¹

This structural flaw runs even deeper when one considers the history of regulatory capture in accreditation. [Accreditation originally emerged](#) at the turn of the 20th century in American higher education as a genuinely voluntary mechanism of peer review, conducted by scholars and educational professionals motivated primarily by commitment to educational excellence rather than by institutional or financial interests. Early accrediting bodies functioned as communities of educators evaluating the quality of their peers' work, with meaningful standards and the willingness to withhold recognition from institutions that failed to meet them.

But as institutional dependence on access to federal funds grew over the post-war decades, the effectiveness of this early period of primary academic oversight did not last. Regulatory capture and the system's degradation [gradually emerged in the 1970s and then accelerated](#) as institutional ownership and executive control expanded within accrediting boards and governance structures, transforming what had been a scholarly peer-review process into an insiders' club serving institutional financial interests. While the accrediting model changed little, and largely remained, in essence, the academy regulating itself, who represented the academy changed dramatically, with administrators, executives, and owners displacing the faculty. In the [two decades immediately prior to the 1992 amendments](#) to the Higher Education Act, some accrediting bodies were formally operated as subsidiaries or divisions of institutional lobbying associations—arrangements that were naked conflicts of interest even by the permissive standards of the time. Congress attempted to address this through the 1992 reforms, prohibiting such overt legal and operational arrangements. However, the reform was substantially defeated by a simple expedient: the law did not prevent institutional executives and administrators from serving in their individual capacities on accrediting boards and visiting teams. As a result, the formal separation mandated by Congress was rendered largely meaningless. Institutions maintained effective control of accreditation through their appointed representatives, even if the accrediting body was no longer technically a subsidiary of an industry association. The structural capture that Congress attempted to prevent in 1992 persists to this day. As a result, accreditors tend to develop lofty, but intentionally vague and ambiguous aspirational standards that are not susceptible to clear interpretation or decisive action. In this way, even patently [unacceptable institutional performance metrics](#) can still be presented as justifiable in light of alleged institutional efforts to expand access and serve underserved populations.

¹ Importantly, this regulatory capture problem afflicts institutional accreditors far more severely than programmatic and specialized accreditors (such as those accrediting individual programs in nursing, engineering, business, etc.). The crucial difference is gatekeeping authority: programmatic accreditors are not gatekeepers for access to Title IV federal student aid. An institution can access federal funds without any of its programs holding specialized accreditation; an institution can maintain Title IV access even for a law school not recognized by the American Bar Association or a nursing school not recognized by nursing boards. As a result, specialized accreditation is genuinely voluntary—institutions seek it primarily for the reputational and professional credibility it confers, not because they must have it. When specialized accreditors are lenient or ineffective, institutions have little reason to maintain expensive memberships. The market for specialized accreditation thus works somewhat as free-market theory predicts: competition can drive quality because loss of accreditation does not doom the program financially. In contrast, because institutional accreditation is mandatory for federal aid access, the analogous market mechanisms break down. Institutions have no choice but to seek institutional accreditation and will naturally select the most lenient available option. The difference between mandatory and voluntary accreditation explains why the pathologies described here are far more acute for institutional accreditors than for their programmatic counterparts.

The behavior of accreditors themselves is further distorted by bureaucratic incentives that prioritize self-preservation over genuine quality assurance.

Public Choice Theory and the Logic of Regulatory Competition

A helpful lens through which to understand regulatory capture of accreditation can be found in [Public Choice Theory](#), a branch of economics developed largely by James Buchanan and Gordon Tullock of the “Virginia School” of economics. The theory challenges the traditional assumption that individuals who act in their own self-interest in the marketplace magically transform into selfless public servants when they enter government or administrative bureaucracies. Instead, Public Choice Theory applies the tools of economic analysis to political behavior, positing that all actors—voters, politicians, and bureaucrats—are primarily motivated by maximizing their own utility.

In this framework, politicians are “vote-maximizers” seeking re-election; bureaucrats are “budget-maximizers” looking to maintain or expand their departments and authority; and voters support policies that offer them concentrated benefits while spreading costs to the general public. This creates an environment ripe for what Public Choice theorists call “Government Failure,” where well-intentioned intervention may actually worsen outcomes because the incentives of political and bureaucratic actors do not align with the public good.

A key driver of government failure is “rational ignorance.” Because the cost of becoming fully informed about policy details is high, and any single individual vote rarely changes electoral outcomes, voters remain systematically ignorant about policy specifics. This ignorance creates opportunities for “rent-seeking,” wherein special interest groups lobby for privileges—subsidies, monopolies, regulatory protections—that increase their wealth without creating value for society. Politicians engage in “logrolling,” or vote-trading, to secure funding for pork-barrel projects and policies benefiting their supporters. Together, these behaviors solidify the “iron triangle”: a stable, self-reinforcing relationship between politicians, government bureaucracies, and special interest groups that benefits the connected few at the expense of the general public.

Applying Public Choice Theory to College Accreditation

Applying Public Choice Theory to college accreditation reveals why a system ostensibly designed for quality control often functions as a protective club designed to serve the interests of incumbent institutions rather than students or taxpayers.

In the absence of concrete and actionable upfront criteria, the behavior of accrediting agency staff is driven primarily by institutional self-preservation and budget maximization rather than genuine quality assurance. Instead, accreditors tend to develop complex bureaucratic standards that may function as barriers to entry for new competitors, but understanding the underlying dynamic is important: these complex bureaucratic standards protect the “rents”—i.e., access to federal student aid—of incumbent institutions. This dynamic is compounded by “mission creep,” wherein accrediting agency staff expand their administrative relevance and justify their budgets by focusing on process rather than the hard judgments about the necessary ingredients of educational quality. By emphasizing vague inputs and amorphous processes, accreditors make themselves indispensable while avoiding the difficult decisions that genuine quality assurance would require. The decision-avoidance behavior was further amplified and internally justified by the duality of accreditors’ purported functions, which included helping to improve the very institutions they were overseeing. The refusal to impose sanctions could therefore always be justified in the name of giving poor performers more time to improve.

Finally, the persistence of low-performing and even predatory institutions is ensured by the asymmetry between concentrated benefits and diffuse costs. When a college faces losing accreditation, the stakeholders—owners and executives, faculty, board members, and local politicians—face an existential institutional threat and possess an enormous incentive to mobilize and litigate or lobby for institutional survival. In contrast, the costs of accreditation failure (wasted tax dollars, useless degrees, burdened borrowers) are spread so thinly across millions of taxpayers and students that there is no organized opposition. This imbalance is reinforced by the rational ignorance of students, who typically assume that accreditation guarantees quality, and by politicians, who intervene to protect donors and local institutions or preserve jobs. The result is a self-perpetuating cycle where accreditation standards remain vague, low-performing schools survive, and the public interest is systematically sacrificed to the incentives of the Iron Triangle, as Public Choice Theorists call it.

This regulatory capture of accreditation has given rise to what increasingly appears to be more "performative" than substantive when it comes to quality assurance: accreditors engage in elaborate rituals and produce extensive documentation that create the appearance of rigorous oversight while avoiding the actual enforcement of meaningful standards. Institutions undergo exhausting self-studies, host visiting teams, respond to detailed questionnaires, and receive formal reports with recommendations for improvement. Accreditors issue stern "show cause" letters, place institutions on probation, and order compliance reports—actions that suggest serious quality control. Yet these performative activities almost never culminate in meaningful sanctions. Accreditors almost never strip accreditation, the ultimate enforcement mechanism, because doing so risks litigation, institutional resistance, and political backlash that could threaten the accreditor's funding and existence. Instead, accreditation has become a theater of compliance in which both accreditors and institutions play assigned roles. The institutions perform improvement; the accreditors perform oversight. Meanwhile, substantive questions about educational quality—whether students are actually learning, whether they can find employment, whether their debt is justified by their earnings—remain unexamined or addressed only through process-based proxies that avoid hard judgments. This performative character was exposed with stunning clarity in 2024, when accreditors abandoned their DEI standards almost overnight in response to political pressure, revealing that these allegedly essential quality standards had been more about signaling institutional virtue than about genuine educational requirements. The distance between accreditation's appearance and its reality has become the system's defining feature.

While conservatives argue that accreditation standards are barriers to entry by innovative competitors, the parade of fully accredited, failed and failing schools serves as evidence that virtually any operation seeking accreditation can find an accreditor if it is willing to engage in the standard charade of drafting a self-study and submitting aspirational plans.

The Precedent of Failure: Fee-Dependent Regulation and the 2008 Financial Crisis

To understand the dangers inherent in a competitive accreditation system funded through institutional fees, one need look no further than the [catastrophic failure of banking regulation](#) leading up to the 2008 financial crisis. The parallels between college accreditation and bank regulation are striking and instructive: Both systems involve oversight bodies charged with ensuring quality and safety and both serve as gatekeepers to federal funds (the ability of colleges to access Title IV funds and the ability of banks to operate and receive FDIC insurance), yet both are susceptible to a structural flaw: the regulator relies on fees paid by the regulated entities, which attain the same goals (primarily, license to operate and issue securities and, secondly, to obtain FDIC insurance) regardless of which regulator they select.

The Dual Banking System and Regulatory Arbitrage

The United States banking sector operates under a “dual banking system” that allowed financial institutions considerable latitude in choosing their primary federal regulator. Prior to 2011, banks could select from agencies such as the Office of the Comptroller of the Currency (OCC) or the Office of Thrift Supervision (OTS). Crucially, these agencies were not funded by congressional appropriations. Instead, they survived almost entirely on “assessments”—fees paid directly by the banks they were supposed to regulate. This funding model transformed regulators into service providers competing for institutional clients and created powerful incentives for regulatory arbitrage, in which regulated entities could shop for the most lenient regulator.

The [competitive pressure for bank regulatory business](#) led agencies to weaponize their authority in pursuit of attracting and retaining clients. The cultural impact of this regulatory competition was perhaps best symbolized in 2003, when federal banking leaders gathered for a press conference nominally devoted to reducing “regulatory burden.” James Gilleran, then-Director of the OTS, [posed for photographs with a literal chainsaw](#), pretending to saw through a stack of regulations. The message to the banking industry was unmistakable: the OTS was “open for business,” and regulatory oversight was merely red tape to be eliminated. Under this lax leadership, the OTS allowed thrift institutions to market high-risk adjustable-rate mortgages to subprime borrowers, directly fueling the toxic asset bubble that would soon collapse the financial system.

The Collapse and Its Lessons

The ultimate evidence that fee-dependent regulation creates perverse incentives arrived in March 2007, when Countrywide Financial, then the nation’s largest mortgage lender, explicitly sought to switch its regulatory charter to the OTS. [Countrywide CEO Angelo Mozilo](#) reportedly made the decision because the OTS was widely understood to be the most lenient federal regulator. The OTS welcomed Countrywide and its substantial assessment fees, only for the lender to collapse in spectacular fashion less than a year later, requiring a multi-billion-dollar government rescue.

The consequences of this regulatory competition were dire. Washington Mutual, another OTS regulated institution, failed in September 2008, becoming the largest bank failure in U.S. history. IndyMac, another OTS-regulated thrift, also collapsed, costing the FDIC insurance fund nearly \$11 billion. Congress eventually recognized that a regulator financially dependent on the “business” of those it oversees is fundamentally compromised in its ability to serve the public interest. In response, the Dodd-Frank Act of 2010 abolished the Office of Thrift Supervision, consolidating its functions under the OCC.

This historical precedent provides a stark and sobering warning for the accreditation landscape. Although the financial crisis had significantly broader and deeper impact on American consumers and the global economy, college accreditation, [acting as a de facto federal regulator](#), is similarly at risk of producing failure, albeit with more limited impact. When oversight bodies must compete for the fees or membership dues of the institutions they evaluate, the pressure to lower standards in exchange for market share can easily override the mandate to protect the public interest. This fundamental structural flaw undermines the very point of regulation of both sectors. In the banking sector, this dynamic created a “market for regulation” that did not drive quality improvement but instead fueled a destructive race to the bottom in regulatory standards. It will do the same in collegiate accreditation if the number of accreditors increases without a corresponding overhaul of recognition standards. Just as banks could shop for favorable federal

regulation and escape state consumer protections while accessing FDIC coverage at the taxpayers' expense, institutions shopping for accreditors will select those offering the most lenient oversight. The legal benefit in banking (preemption; freedom from stringent regulation) is analogous to accreditation benefit (access to federal funds with minimal burden).

In short, the structural parallels between banking regulation and college accreditation – with both of them competing for members and their fees in a buyer's market that allowed the regulated institutions to choose their regulator – are close enough that policymakers should seriously heed the cautionary tale of 2008.

Higher Education Accreditation: The Administration's Proposed Solution and Its Dangers

Despite the clear evidence that accreditation has failed as a quality assurance mechanism, the Department of Education's response — as currently understood — is not to reform the fundamental incentive structure of accreditation, but rather to multiply the number of accreditors it recognizes. In its announcement in the federal register, the Department has stated its goal of facilitating the recognition of new accrediting bodies to increase competition among accreditors and create multiple pathways through which institutions can obtain accreditation. As part of this initiative, the Department allocated portions of FIPSE (Fund for the Improvement of Postsecondary Education) grants [to new entities](#), some of which have no prior expertise in quality assurance or even higher education.

This approach is [championed by conservative policy advocates](#) who axiomatically assert that increased competition among more accreditors will improve oversight of institutional outcomes. The Department's reasoning is intuitive: in a competitive market, businesses improve their offerings to attract customers and gain market share. Applied to accreditation, the logic would suggest that accreditors compete by offering better quality assurance at lower cost.

The problem is that this market-based reasoning assumes a fundamentally incorrect model of how accreditation actually functions. The proponents of regulatory competition assume a bilateral, voluntary relationship between colleges and accreditors, analogous to that between consumers and service providers in a competitive market. In such an idealized voluntary peer-review system, institutions would incur the burdens and costs of accreditation only if it helped advance their educational mission, and accreditors would compete by offering the most rigorous quality assurance at the lowest price. The best firms would survive; the mediocre would be displaced.

But this model bears little resemblance to the actual function of accreditation in the federal student aid system. The real "service" that Secretarially recognized institutional accreditors provide, dressed though it is in the rhetoric of quality assurance and continuous improvement, is institutional eligibility for federal student aid (and, by extension, education funds from other agencies, such as the Departments of Defense and Veterans Affairs). This is not an optional service that institutions might or might not seek. Rather, without accreditation recognized by the Department of Education, institutions cannot participate in federal student aid programs and their students cannot access federal loans or grants. The consequence is that accreditation is, in practice, mandatory for any institution wishing to serve students dependent on federal financial aid.

Given this mandatory character, competition among accreditors does not take the form of improved quality assurance, as free-market advocates predict. Instead, it takes the form of reduced costs and minimized demands. As long as an accreditor is recognized by the Secretary, the only way it can compete with other recognized accreditors for institutional "members" is to be less demanding, not more. Why would an institution switch to a more rigorous accreditor

when it could instead select one that imposes lower compliance costs and greater deference to institutional judgment? The result is a predictable race to the bottom, in which accreditors compete by lowering standards rather than raising them.

Simply expanding the number of accreditors without other critical reforms will result not in improved outcomes for students and taxpayers, but rather in further weakening accreditation. Any institution will be able to find an accreditor willing to recognize it, regardless of its actual performance. This outcome would be disastrous for students and the public interest, but it would serve the interests of institutions seeking rapid expansion.

The Forgotten Function: Accreditation as Outcome Prediction, Not Post-Hoc Triage

A critical and widely forgotten dimension of accreditation's proper function deserves emphasis. Accreditation is supposed to *predict* likely outcomes, not to function as a mechanism for discovering and excluding manifestly failing institutions after the fact. The whole point of having accreditors is to identify, before students and taxpayers invest their time and money, the educational programs and institutional conditions that will produce successful outcomes.

Accreditors are supposed to be authorities on the needed upfront inputs, resources, policies, practices, and conditions that together create a high probability of a rigorous education and successful student outcomes. They are meant to evaluate whether an institution has the capacity and commitment to educate students effectively, before disasters occur. Yet the current practice of accreditation has largely abandoned this predictive function. Instead, in much of the policy discussions about accreditation, reform has shifted to demands that accreditors at least perform triage after the fact, disqualifying only the most obviously failed and predatory institutions.

That current accreditors brazenly ignore unacceptable outcomes—or fail to prevent them in the first place—should not lead policymakers to accept accreditors as the official arbiters of post-hoc institutional failure. Rather, the system should be fundamentally reformed to incentivize accreditors to function as reliable ex-ante authorities on educational quality. This requires establishing bright-line thresholds for acceptable outcomes and requiring accreditors to make meaningful a priori judgments about institutional capacity to meet them through continuous monitoring, to enable reasonable predictions, rather than less engaged periodic reviews.

Were Congress to define minimum acceptable outcomes—such as graduation rates, placement rates, employment outcomes, earnings, and debt loads—these thresholds could be codified as self-executing, auditable criteria that trigger automatic penalties and expulsion from federal aid programs. Legislating such brightline markers into the statute, i.e., in the same way as cohort default rates are written into law, would eliminate the need for subjective post hoc accreditor judgment on outcomes. Unfortunately, Congress has failed to do this, largely due to intense lobbying by institutions opposed to such transparency and accountability. As a result, the financing system has continued to rely on accreditors to determine what constitutes acceptable outcomes, even though accreditors have repeatedly shown themselves unwilling or unable to make the hard judgments this task requires.

Proposed Reforms: Restructuring Incentives and Governance

If accreditation is to be salvaged and made effective, substantial reforms to the entire architecture of the oversight triad are necessary. While the focus of current policy discussions has been on multiplying accreditors, the real attention should be devoted to clearly delineating functions assigned to federal government, the states, and the accreditors. The new oversight regime should articulate minimal outcomes expectations whose enforcement would be the

responsibility of the Department of Education itself rather than an interpretive task delegated to accreditors. Outcomes at institutions approved by each accreditor could then be used not only to determine continued eligibility of institutions, but also the reliability of their accreditors as authorities on educational quality. Strengthening the criteria the Secretary uses to recognize accreditors and restructuring the incentives that govern their performance could restore the upfront predictive function that was the original intent for their establishment. Holding accreditors accountable for the accuracy of their upfront judgments about the institutions they approve could simultaneously improve the quality of those judgments while allowing accreditors to eliminate vestigial but costly practices that produce little by way of actual improvements to oversight. Federal law could resolve the conflict between accreditors' dual roles as quality assurance agents as well as institutional improvement advisors by simply eliminating the latter function as an allowable activity for recognized accreditors. Under this model, other entities—peer groups, consultants, and private higher education experts—would be free to serve as resources to institutions that need and desire improvements, while recognized accreditors would focus on quality assurance. Alternatively, accreditors could continue to provide continuous improvement suggestions to institutions, but as purely discretionary services that are superseded by the quality assurance responsibilities they undertake as part of the federal triad. Several reforms merit serious consideration.

Reform 1: Prevent Regulatory Capture Through Governance Requirements

The Secretary of Education should establish and enforce governance requirements that prevent regulatory capture of accreditors by disqualifying political appointees, school owners, institutional executives, and administrators from serving on accrediting boards or exerting any control over accrediting bodies. The goal would be to keep interested parties out and bring in disciplinary experts. Retired academic administrators should be welcomed if they have disciplinary expertise; current administrators with a vested interest should not be. Accreditation governance should be vested in scholars and other professionals with demonstrated commitment to educational quality and no financial interest in whether any particular institution succeeds or fails. This structural reform would restore independence to accreditation and reduce the conflict of interest that currently pervades the system.

Reform 2: Align Accreditor Incentives with Public Interest Through Alternative Funding

The Department of Education should pay accrediting bodies a reasonable fee for their work as quality-assurance oversight agents on behalf of the federal student aid program, funding these payments from general revenue rather than from institutional assessments. This funding model would eliminate the financial dependence of accreditors on the institutions they oversee, reducing the structural incentive for fee competition and race-to-the-bottom dynamics. Additionally, accreditors should be required to divest from auxiliary activities, such as consulting services to institutions or advisory relationships with schools they regulate. These ancillary relationships create additional conflicts of interest and should be prohibited.

Reform 3: Establish Bright-Line Outcome Thresholds and Automatic Sanctions

Congress should define bright-line expectations for institutional outcomes, including graduation and placement rates, employment outcomes, earnings relative to program cost, and student debt loads relative to projected earnings. These thresholds should be incorporated into federal regulations and operate independently from accreditation. They would therefore serve as a back-end metric of accreditor competence and be used as self-executing, auditable criteria that trigger automatic penalties and disqualification from federal aid programs. Schools falling below these thresholds should face escalating sanctions, including loss of Title IV eligibility.

Importantly, this mechanism should apply not only to schools but also to their accreditors: accreditors that fail to identify and sanction institutions with catastrophic outcomes should themselves face sanctions, including loss of recognition.

Reform 4: Make Accreditors Bear Financial Consequences for Institutional Failure

To strengthen accreditor incentives for continuous monitoring of institutions, the Department should require accreditors to bear financial consequences for losses resulting from annual defaults or nonrepayment of loans incurred by students who attended institutions that the accreditor approved. Any penalties assessed against an accreditor would be funded through proportional assessments on all institutions accredited by that agency. This reform would align accreditor incentives with loan performance outcomes and create pressure within accrediting bodies for more rigorous evaluation of member institutions. Specifically, this would create incentives for individual institutions to police the quality of their peers: each member institution would have a financial stake in ensuring that other members of the accrediting body were performing well and not generating loan defaults.

Conclusion: Recognition Criteria Matter More Than Accreditor Numbers

The upcoming round of negotiated rulemaking on accreditor recognition presents a critical juncture for federal higher education policy. Without significant reforms to the substantive criteria for recognition and the structural incentives governing accreditor behavior, simply recognizing more accreditors will further enhance the existing, predictable, damaging race to the bottom. Accreditors will compete for institutional clients not by improving their oversight, but by lowering standards and reducing the demands they place on the schools they evaluate. The result will be precisely what we have seen in banking regulation: a proliferation of weak oversight by entities that depend financially on those they regulate.

In short, the number of accreditors is not going to change the quality of accreditation. And a focus on the numbers should not occupy center stage. This is true also for critics of the Department, who should focus less on the number of accreditors and more on the robustness of the criteria the Secretary will use to recognize them. Indeed, one can envision a scenario in which the number of accreditors increases, such as for specialized accreditation of distinctive institutional types, while the quality of their oversight simultaneously improves. This positive outcome is possible, but only if it is accompanied by substantially strengthened recognition criteria and structural reforms to accreditor governance and incentives.

The reforms outlined above—preventing regulatory capture through governance requirements, aligning accreditor incentives through alternative funding, establishing bright-line outcome standards, and making accreditors bear consequences for institutional failure—are not radical. They are the institutional equivalent of common sense. They would restore independence and proper incentives to a system that has become corrupted by conflicts of interest and misaligned incentives. They would allow accreditation to return to its original purpose: ensuring that institutions receiving federal funds and offering credentials recognized by the federal government actually deliver educational value to students and accomplish their public mission.



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