Testimony of Stig Leschly
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Before the House Committee on Education and the Workforce
Subcommittee on Higher Education and Workforce Development

For a Hearing Titled "Lowering Costs and Increasing Value for Students, Institutions and Taxpayers"

July 27, 2023

Good morning, Chairman Owens, Ranking Member Wilson, and Members of the Subcommittee. Thank you for the opportunity to testify today.

My name is Stig Leschly. I am the President and Founder of the Postsecondary Commission. I also teach entrepreneurship part-time at Harvard Business School.

The Postsecondary Commission is an aspiring accreditor, which is seeking recognition from the US Department of Education.

Our intention as an accreditor is to hold institutions accountable for generating strong economic returns for students and for acting with transparency towards them in exchange for access to Title IV aid and for wide discretion to innovate.

We are a nonprofit organization, governed by a bipartisan board of commissioners.

In my testimony today, I will describe four essential characteristics of our proposed model of accreditation.

Our approach to accreditation endorses and implements many of the policy ideas favored by this committee on how to improve economic outcomes and encourage innovation in higher education.

FIRST, ECONOMIC RETURN

We are adamant that institutions should deliver sound economic returns to their students.

An overwhelming majority of students in the US describe a better job, a viable career, and higher wages as their top motivations for investing in higher education.

Most policy makers agree with students on this point and view our colleges and universities as vital engines of economic mobility in our society.

When measuring economic returns to higher education, we calculate the wage gains -- or value-added earnings -- that institutions generate for their students.

We do this by comparing the actual wages that students experience after they exit an institution with an estimate of the wages they would have experienced if they had never enrolled in the first place.

We insist on measuring wage gains for all entering students and on holding institutions accountable for the wage gains of both their completers and non-completers. Institutions should have incentives to maintain high graduation rates.

When deciding whether wage gains are adequate, we consider the prices that institutions charge. Institutions should produce wage gains that are large enough to compensate students in a reasonable time frame for their costs, and institutions need strong incentives to lower prices.

Our method for measuring wage gains also controls carefully for whether institutions serve high- or low-need students. In any institution, student outcomes mean little until they are adjusted for the demographics and circumstances – including the income level -- of the students served.

Our approach to sizing and judging the wage gains that institutions produce for their students has much in common with the earnings metric at the core of the PELL Act before this committee.

<u>SECOND, TRANSPARENCY</u>

In addition to being almost fanatical about measuring precisely and evaluating fairly the wage gains that institutions generate for their students, we prize transparency.

We are unwavering in our ask that institutions reveal fully and proactively to students their outcomes, their prices, and their designs.

Students and families crave and deserve good information as they make life-changing decisions about whether and where to enroll.

<u>THIRD, ACCOUNTABILITY</u>

When institutions fail to deliver adequate economic returns for students or when they dodge being transparent with them, we will intervene.

We will do it sensibly and collaboratively, but pointedly.

Our accreditation model calls for us to monitor institutions closely, to work with troubled ones during reasonable periods of remediation, and to tailor our sanctions to the level of distress in question.

FOURTH and LASTLY, INNOVATION

Our sector of higher education needs innovation.

It needs clever institutions, both existing ones and new ones, that can search out new, ground-breaking models of higher education that cost less and produce more.

Our accreditation model enables this kind of searching innovation.

We have clear and fair standards for economic return and for transparency. We intervene when institutions struggle.

And after doing that much, we prefer to stand back, to avoid micro-regulating, and to cede to institutions wide discretion to operate, to evolve, and to specialize as they see fit.

We think this approach to accreditation – one that is tight on outcomes and loose on means – enables innovation.

IN CLOSING, I want to observe, as I did at the beginning of my testimony, that the ideas that shape us as an aspiring accreditor – economic return, transparency, accountability, and innovation – are also the ideas of a growing policy movement, in this capital and in most states, towards better economic outcomes and a new era of innovation in US higher education.

Thank you.

I am happy to take your questions.