



FACT SHEET

# A Legislative History of the Federal Government's Reliance on Accreditation

By Antoinette Flores      November 27, 2018

## The origins of accreditation

Accrediting agencies are independent membership associations. Today, they serve as gatekeepers to more than \$120 billion in federal student aid dollars each year—but it wasn't always that way. The college accreditation process long predates the advent of federal student aid programs. Colleges created the first accreditation agencies in the late 1800s to set standards around curricula and degrees. And for decades, accreditation had no interaction with the federal government.

## The 1944 GI Bill

From 1944 to 1951, the federal government spent \$14.5 billion on the education and training of 8 million GIs returning from World War II. While the GI Bill was groundbreaking legislation, it also gave rise to a seedy subindustry of fly-by-night operations. Over the five years following the bill's passage, almost 6,000 for-profit schools sprung up and took advantage of the new federal education funds. A round of federal investigations uncovered massive fraud.

## The 1952 GI Bill

Faced with the need to weed out bad college actors and protect students, Congress turned to the accreditation system for help. The Veterans' Readjustment Assistance Act of 1952 required that institutions receiving GI Bill funds be accredited. Since the passage of this second GI Bill, the federal government's relationship with accreditors has been intended to protect students and taxpayers' investments by keeping out fraudulent actors.

## The Higher Education Act of 1965 and National Vocational Student Loan Insurance Act of 1965

Buoyed by the success of the 1944 and 1952 GI bills that provided opportunity for millions of veterans, the federal government expanded federal aid for college in the 1960s and 1970s to cover students beyond veterans. In 1965, Congress passed the Higher Education Act (HEA), which opened federal grants and loans to all students



For more information on this topic and to view a complete list of sources, see Antoinette Flores, ["Hooked on Accreditation: A Historical Perspective."](#)

who wanted to pursue postsecondary education. The bill limited access to federal grants and loans to accredited public and nonprofit institutions. Similarly, the 1965 National Vocational Student Loan Insurance Act allowed for-profit business and trade schools to access federally insured loans—but not grants—if they had accreditation.

### Higher Education Act Amendments of 1972

The 1972 HEA reauthorization further broadened the type of education providers that were eligible to receive federal financial aid by allowing accredited business and trade schools to receive federal student grants. The amendments also expanded the volume of aid available by creating the Basic Educational Opportunity Grant, now known as the Pell Grant. Because so many for-profit trade schools wanted access to these funding sources, new accreditors emerged to serve as their gatekeepers. Many of these entities had no history of serving a quality improvement function.

**TABLE 1**  
**Major changes to federal financial aid and accreditation**

Law	Changes to federal aid	Requirements to receive aid
Servicemen's Readjustment Act of 1944 (GI Bill)	Provided federal education benefits for college, as well as vocational, on-the-job, and on-farm training with little oversight.	State agency approval.
Veterans' Readjustment Assistance Act of 1952 (Second GI Bill)	Provided federal education benefits for veterans with increased oversight.	Required accreditation or proof that credits were accepted by three accredited schools for public and nonprofit schools. Unaccredited schools had to apply and be approved by state agencies through a lengthy process.
Higher Education Act of 1965	Provided grants and loans to all students at public and nonprofit schools.	Required accreditation or proof that credits were accepted by three accredited schools for public and nonprofit schools. Unaccredited public and nonprofit schools had to be making reasonable progress toward accreditation, as determined by the commissioner of education.
National Vocational Student Loan Insurance Act of 1965	Provided loans to students at vocational schools.	Required accreditation, certification by state agency, or committee established by the commissioner of education if no agency existed.
Higher Education Act Amendments of 1972	Provided grants and loans to all students at public, nonprofit, and for-profit schools; increased grant aid.	Required accreditation or reasonable progress toward accreditation. Public and nonprofit schools could show proof that credits were accepted by three accredited schools in lieu of accreditation.
Higher Education Amendments of 1992	Added increased oversight to student aid programs.	Created state postsecondary review agencies that would identify potentially problematic institutions based on indicators determined by Congress. Provided the secretary of education authority to establish standards for approval of accrediting agencies. Accreditors had to meet new requirements established by Congress and the secretary.
Higher Education Amendments of 1998	Decreased state oversight.	State review agencies were eliminated. Requirements on accreditors were reduced.
Higher Education Act Amendments of 2008	Decreased federal oversight and requirements of for accreditors.	Accreditors could apply standards based on individual institutional mission. Secretary of education was prohibited from imposing requirements on accreditors that specify standards or assess student learning.

Sources: *Servicemen's Readjustment Act of 1944*, Public Law 346, 78th Cong., 2d sess. (June 22, 1944), available at <http://www.ourdocuments.gov/doc.php?flash=true&doc=76>; *Veterans' Readjustment Assistance Act of 1952*, Public Law 550, 82nd Cong., 2d sess. (July 16, 1952), available at <http://www.gpo.gov/fdsys/pkg/STATUTE-66/pdf/STATUTE-66-Pg663.pdf>; *Higher Education Act of 1965*, Public Law 329, 89th Cong., 1st sess. (November 8, 1965), available at <http://www.gpo.gov/fdsys/pkg/STATUTE-79/pdf/STATUTE-79-Pg1219.pdf>; *National Vocational Student Loan Insurance Act of 1965*, Public Law 287, 89th Cong., 1st sess. (October 22, 1965), available at <http://www.gpo.gov/fdsys/pkg/STATUTE-79/pdf/STATUTE-79-Pg1037.pdf>; *Higher Education Amendments of 1972*, Public Law 318, 92d Cong., 2d sess. (June 23, 1972), available at <http://www.gpo.gov/fdsys/granule/STATUTE-86/STATUTE-86-Pg235/content-detail.html>; *Higher Education Amendments of 1992*, Public Law 325, 102d Cong., 1st sess. (July 23, 1992), available at <https://www.govtrack.us/congress/bills/102/s1150/text>; *1998 Amendments to the Higher Education Act of 1965*, Public Law 244, 105th Cong., 2d sess. (January 27, 1998), available at <http://www2.ed.gov/policy/highered/leg/hea98/sec492.html>; *Higher Education Opportunity Act*, Public Law 315, 110th Cong., 2d sess. (August 14, 2008), available at <http://www.gpo.gov/fdsys/pkg/PLAW-110publ315/html/PLAW-110publ315.htm>.

### Higher Education Amendments of 1992

Beset by concerns about rampant waste, fraud, and abuse among schools, and following years of high default at for-profit colleges in the 1980s, Congress passed the Higher Education Amendments of 1992. For the first time, lawmakers delineated what they expected of accrediting agencies, while also assigning states and the federal government more formal roles in the accreditation process. The 1992 HEA reauthorization defined specific indicators, such as curricula, successful student achievement, and fiscal capacity, on which accreditors had to have standards when approving schools. For states, policymakers proposed the creation of new State Postsecondary Review Entities (SPREs), which required states to work with the U.S. Department of Education to develop standards and identify problematic institutions. The U.S. secretary of education also received new authority to establish standards for approving accrediting agencies as gatekeepers.

### Higher Education Amendments of 1998

Following widespread backlash from some states objecting to the Department of Education's increased authority, institutions that wanted to maintain independence and autonomy, and a new Congress that promised government deregulation, the 1998 HEA Amendments reversed many of the strict federal standards imposed on states, accreditors, and institutions. SPREs, which required increased state oversight, were outright eliminated. Congress also eliminated some of the requirements imposed on accreditors, such as needing to check tuition and fees, conduct investigations into default rates, and have mandatory unannounced visits to colleges. Dialed-down language reflected the view that the federal government should stay out of enforcing standards altogether.

### Higher Education Act Amendments of 2008

The 2008 HEA Amendments continued the trend of reducing the role of the federal government, giving accreditors greater freedom to act without strong oversight and affording institutions more leeway. First, the amendments required that accreditors apply quality standards with respect to individual institutions' missions, which could vary based on standards established by the institution. In effect, this made accreditors serve the role of gatekeeper while letting schools define what it takes to unlock the door. Second, the act prohibited the secretary of education from establishing standards by which accreditors must abide in assessing student achievement. All of the changes combined made accountability increasingly difficult to demand and even harder to define.

The legislative history of accreditation shows that fraud and abuse of the federal aid system have persisted despite repeated attempts to enact oversight and steer accreditors toward consumer and taxpayer protection.

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