The Cost of Accreditation for Small, Private Institutions of Higher Education

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ABSTRACT

Accreditation of institutions of higher education is costly but critical to the survival of colleges in the United States. This study investigates the full costs of accreditation at two, small, private institutions of Higher Education. In this study, an indirect-cost template and direct-cost survey are used to estimate the full costs of accreditation, and structured interviews are used to investigate the system, processes, and costs of accreditation. The resulting estimates indicate that total accreditation costs account for about 0.13% of these institutions' operating budgets per year, during the four-year accreditation period. This study provides a systematic methodology for the estimation of the full costs of accreditation.

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DEDICATION

This dissertation is dedicated to my students who continue to shape my worldview. They have strengthened my belief that the survival of small, private institutions is more important than ever before in shaping and developing the next generation of leaders and world-changers.

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CHAPTER 1

INTRODUCTION

Higher education has been experiencing increased levels of stress during the last decade (Muehlenbeck & Pineda, 2019). Changing demographics, declining enrollments, decreasing market returns, increased competition, and expanded compliance regulations are causing some to wonder what the future holds for higher education in the United States. Within this higher-education landscape, the small, private college is being economically stressed and is experiencing closure rate similar to those of the 1970s (Seltzer, 2013; Muehlenbeck & Pineda, 2019). Increased pressures have caused some to re-examine the costs associated with running a college or university. This study investigates the costs associated with accreditation as one way to evaluate the future of small, private institutions in the United States.

At the federal-level, regulations related to accreditation, financial aid, the Family Educational Rights and Privacy Act (FERPA), the Title IX Equal Opportunity in Education Act, and the Clery Act (Campus Safety) impact higher education across institutional types ("The Cost of Federal Regulatory Compliance," 2015; "Colleges and Universities," 1976). Each year, institutions prepare and submit compliance reports to meet the requirements of federal regulations that are tied to regional accreditation. Each institution submits data that are based on student and institutional information, some of which require ongoing monitoring through daily operations ("The Cost of Federal Regulatory Compliance," 2015; Zack-Decker, 2012). The various compliance reports are costly in terms of personnel, data-tracking systems, and time ("Colleges and

Universities," 1976). There is increasing concern around the number of reports, timing of the reports, data collected, and the complexity of the data ("Colleges and Universities," 1976). As a result, institutions are spending increased resources on compliance personnel, data-collection tools, and time to ensure that federal regulations are met. Institutions, however, rarely quantify the costs that these regulations add to the overall, institutional overhead due largely to their embedded nature within human resources and institutional processes.

While the reporting process is costly, institutions find it necessary to participate in these regulatory programs. Institutions that are unable to maintain their accreditation status do not survive in today's higher-education landscape (HLC website, 2018). According to the Higher Learning Commission's website (2018), institutions that are not accredited, or who have lost their accreditation status are no longer in operation. Institutions continue to maintain their accreditation status to remain a viable option for future students.

Accreditation is one of the components of federal regulation. The federal government determines students' eligibility for federal funding based on an institution's accreditation approval (Woolston, 2012). The accreditation process is a costly endeavor that requires institutional time and funding, but institutions are rarely able to quantify the full costs of accreditation due to indirect costs. In light of the turmoil that higher education institutions in the small, private sector are facing, there is a need to understand the full cost of accreditation and its relevance to institutional sustainability. This study examines the direct and indirect costs of accreditation and the systems, processes, and costs of accreditation for small, private colleges.

Background

Accreditation was developed as a measure of quality assurance to determine which institutions were meeting the minimal requirements for educating students (Woolston, 2012). Originally, faculty members created the accreditation process to support an institution's legitimacy (Brittingham, 2009). Ewell (2008) writes that accreditation is "a process of external quality review created and used by higher education to scrutinize colleges, universities, and programs for quality assurance and quality improvement" (p. 12). Due to the diversity of the higher education landscape, accreditation grew out of a need to regulate higher education, while still allowing institutions to maintain their identities. The original purpose of accreditation was to keep the regulation of education out of the control of the national government (Hawkins, 1992; Woolston, 2012). Membership in accrediting bodies was voluntary, and institutions were inducted to membership status based on the decision of a peer-review process (Ewell, 2008; Brittingham, 2009; Bardo, 2009; Woolston, 2012). At first, the processes were unorganized and fluid, as they expanded with postsecondary education.

At the start of the nineteenth century, the United States Department of Education became increasingly interested in higher-education data collection and distribution for the clarification of higher education standards (Woolston, 2012; Warren, 1974). Regionally, accrediting bodies were formed to provide clarification of standards for segments of higher education across the United States. Between 1885 and 1924, six regional accrediting bodies were formed. These six accrediting bodies are still maintained today (Woolston, 2012). The six accrediting bodies are the following: Higher Learning Commission (HLC), Middle States Commission on Higher Education (MSCHE), New

England Commission of Higher Education (NECHE), Northwest Commission on Colleges and Universities (NWCCU), Southern Association of Colleges and Schools Commission on Colleges (SACSCOC), Western Association of Schools and Colleges Senior College and University Commission (WSCUC) (CHEA Website, 2019).

From the 1920s through the 1950s, accreditation went through a phase of professionalization in which the accrediting bodies began to define formally the requirements of accreditation centered on institutional missions (Brittingham, 2009; Woolston, 2012). The mission-driven approach allowed public, private, and vocational institutions to serve their specific populations of students adequately while meeting the accreditation criteria (Ewell, 2008). With the diversification and growth of higher education institutions, accreditation spread.

As the number of students who attended college increased, there was a greater need for accountability among higher education institutions. The Veterans Readjustment Act of 1952, a renewal of the G.I. Bill of 1944, caused an increased federal investment in higher education in terms of student funding (Harcleroad, 1990). As the federal government began to fund individual students, the government needed a mechanism by which to verify that institutions were using their funding responsibly (Woolston, 2012). The government chose to rely on accreditation as a means of determining institutional accountability (Brittingham, 2009; Ewell, 2008). Accreditation agencies were already serving in an accountability role and were not institutionally affiliated, which increased their status as unbiased exhibitors of quality (Woolston, 2012). In 1963, the federal government formally required institutions to be accredited in order to receive federal funding (Ewell, 2008; Woolston, 2012).

The federal government saw accreditation as an inexpensive and accessible system by which to increase institutional quality and accountability (Woolston, 2012). Accreditation shifted from a voluntary, peer-based system of quality assurance to a function of higher education, and a means by which to receive federal funding. In 1963, with the federal government investing in higher education through federal grants and loans, there was a need for stricter accountability requirements (Woolston, 2012). By 2013, the federal government was spending over $75 billion on higher education ("Federal and State," 2015). Brittingham (2012) writes, "Accreditation represents one of the few avenues of direct influence – i.e., regulation – that the federal government can exercise over colleges and universities" (p. 61). Accreditation evolved into a system of quality assurance and quality improvement.

Certain components of accreditation emerged as the basis of accreditation requirements, such as the self-study, on-site visit, and intermediate reporting (Ewell, 2008). The process of accreditation was and continues to be built around an institution's mission. As institutions prepare a self-study for accreditation, they examine their ability to meet their mission (Woolston, 2012; Chernay, 1990). According to Michael (2005), "For a higher education institution to be actively responsive, the leaders must have in place within it a self-monitoring mechanism for institutional renewal and transformation . . . institutional transformation is only possible when the institution is in tune with itself, conducts periodic self-examination and utilizes data for self-renewal" (p. 30). The mission-based focus of the self-study allows institutions to meet the requirements of accreditation without sacrificing their unique contexts (Ewell, 2008; Zook & Hagerty, 1936; Woolston, 2012).

Once the self-study is completed, it is reviewed by a group of visitors from peer institutions. Upon review of the self-study, the review team conducts an on-site visit, during which it verifies the information that was submitted in the self-study (Adelman & Silver, 1990; Bardo, 2009; Brittingham, 2009; Chernay, 1990; Woolston, 2012). Since like-minded and knowledgeable professionals, who understand the context of higher education, conduct the review, the process is largely viewed as valid and reliable (Woolston, 2012). The three components of self-study, intermediate reporting, and on-site visit are the basis of the accreditation process in which institutions are required to participate.

Each of these components of accreditation involves a cost to the institution. There are direct and indirect costs that require purposeful planning and budgeting by member institutions. Direct costs include self-study fees, the preparation of reporting costs, on-site visits fees, conference attendance fees, training costs, resource and material costs, pathway program fees, and membership dues (Willis, 1994; Woolston; 2012; Longanecker, 2011). These fees are often easily identifiable within institutional budgets and can be accommodated through planning.

The indirect costs are much more difficult to measure. The indirect costs include the time required by various institutional members to maintain accreditation requirements, complete the self-study requirements, and run the on-site visits (Longanecker, 2011; Willis, 1994). It is essential to capture both the indirect and direct costs of accreditation to understand their full impact on institutions. Woolston (2012) states, “Because accreditation plays a critical role as gatekeeper for access to federal funding, it is essential to the financial survival of colleges and universities . . . when the

time committed by these various parties is combined with the actual financial expenditures, the cost of accreditation can be considerable" (p. 27). In order for institutions to survive in the coming years, they need to consider how to manage the costs of accreditation. Managing costs requires institutions to understand both indirect and direct costs of accreditation and the ways in which those costs are absorbed so as to minimize the impacts and maximize the outcomes of accreditation.

Context of the Study

Due to increasing costs of higher education, federal financial aid is a necessity for most college students. Institutions need federal funding for their students so accreditation is a necessity for higher-education institutions. Institutions that are unaccredited rarely, if ever, survive in the current, competitive environment (HLC website, 2018). Small, private institutions are vulnerable in today's context due to declining enrollments, lower volume endowments, and lack of reputational power (Hunter, 2012; Muehlenbeck & Pineda, 2019). Hunter (2012) states, "It is very difficult for these small, private colleges to maintain their niche in their competitive markets" (p. 6). Institutions with low visibility and open admissions processes do not have a student body that is able to fund higher education without some form of federal financial aid (Hunter, 2012). Accreditation brings with it the benefit of financial aid for students and continuous institutional improvement. While institutions benefit from accreditation, there is also a cost involved. Accreditation can often be a costly endeavor in terms of institutional resources. At a time when institutions are struggling financially, questioning the cost of accreditation is reasonable.

Accreditation costs institutions in multiple ways, directly and indirectly. There are costs associated with membership, reporting, data collection systems, personnel time, and

training. Each institution absorbs these costs, regardless of its size. Every institution accredited by a certain accrediting body is required to meet the same set of criteria (HLC website, 2018). Institutions are able to determine how they are going to meet the criteria, in accordance with their missions (HLC website, 2018). While the costs of accreditation can be managed and absorbed in different ways, institutions face various challenges based on size, context, and sector.

For small, private institutions, the costs can become difficult to absorb due to fewer personnel and financial resources ("The Cost of Federal Regulatory Compliance," 2015). Small, private institutions have limited resources that can be allocated to accreditation. Oftentimes, personnel at small, private institutions take on accreditation-related tasks, rather than creating new positions to handle them. The internal re-alignment of resources presents a challenge for small, private institutions.

The Research Question

This study uses agency theory as a theoretical basis to analyze the funding mechanisms of accreditation (Kivisto, 2008). Agency theory allows the researcher to examine the contractual connection between the institution (agent) and the accrediting body (principal). Since a contract exists between the principal and the agency, there are associated costs in managing the contract. The institution is required to pay for accreditation in order to receive federal funds issued to students. In order to determine the cost of the contract, institutional data on the direct and indirect cost of accreditation were collected, as well as interview-based data on the perceived impact of the systems, processes, and costs of accreditation.

The contractual relationship that exists between institutions and accrediting bodies exists throughout all higher education sectors. The contract is established in such a way that small institutions and large institutions respond to the same accrediting criteria with each institution responsible for its own costs of accreditation. For institutions that are different in size, the costs are absorbed differently. With limited resources, small, private institutions are challenged with how to absorb the contractual obligations of accreditation. The specific research question guiding this study is: "*How should the full costs of accreditation of higher education institutions be computed, and how do accreditation systems, processes and costs affect small, private colleges*?"

This question is important to the sustainability of small, private institutions. In order to remain financially solvent, small, private institutions are looking for ways to cut and absorb costs. Accreditation is not a cost that can be cut, so it is critical to determine how to absorb the cost of accreditation effectively. Determining how institutions fund accreditation leads to greater understanding of goal alignment and the contractual relationship between institutions and the accrediting body.

Overview of the Study

To answer the two-part research question, this study employs accounting-based methodology and interviews with informed participants. A cost template provides self-reported institutional data on the direct and indirect costs of accreditation. An interview with the lead self-study writer at each institution provides data on the perceived impact of the system, processes, and costs of accreditation. The quantitative and qualitative data

allow analysis of the full costs of accreditation and the effects on small, private institutions.

The following chapters provide the methodology, data, and results to answer the research question. In the second chapter, a literature review presents the history of accreditation and the results of other cost studies. The third chapter presents the methodology of creating and implementing a cost template and interviews to calculate the full costs of accreditation. The fourth chapter provides the findings related to the full costs of accreditation for two small, private institutions, as well as the interview results for how the system, processes, and costs of accreditation affect these two small, private institutions. Finally, the fifth chapter provides conclusions, implications, and directions for future research.

CHAPTER 2

REVIEW OF THE LITERATURE

Chapter two provides an overview of the literature pertaining to federal regulations, accreditation, small, private institutions, and agency theory. This review of regulatory literature will examine first the history of federal regulations. Secondly, it will summarize the impact of regulatory compliance. Lastly, the review will examine how federal regulations impact small, private colleges.

The literature demonstrates that federal regulations have a long history in monitoring the outcomes of higher education, and this literature review will survey the changes in federal requirements over time. For institutional leaders, it is important to understand the ways in which federal regulations were formed for higher education, how they have shaped higher education systems, and how they continue to shape higher education processes. Throughout this literature review, the cost of compliance for higher education is examined.

Defining Federal Regulations

At the highest level, federal regulations are an important function of higher education. The regulations are sometimes viewed as authoritarian, but Dill and Beerkens (2013) describe them as "actions designed to influence social behavior valued by the public" (p. 343). Federal regulations seek to protect academic freedom, individuals' privacy, access to education, and the safety of all members within an institution (Parker, 2006). Without a ministry of education, the United States relies on accrediting bodies to

oversee institutional compliance (Ewell, 2012; Eaton, 2012). The list of federal regulations that impact higher education has grown to over 200 federal laws (Parker, 2006). Federal regulations cover some of the following regulations: employer laws (ADA, I-9, HIPAA, nondiscrimination regulations, affirmative action), environmental laws, copyright rules, research-related laws (human subject research, animal regulations, foreign export rules, classified research, federal contracts, patent law), financials laws, tax laws, and education-related laws (immigration regulations, comprehensive financial aid and student data reporting rules under the Integrated Postsecondary Education Data System (IPEDS), Campus Security Act, Drug Free Schools Acts, Family Educational Rights and Privacy Act (FERPA), Title IX, Sexual Assault Victim Bill of Rights, and the Equity in Athletics Act) (Parker, 2006).

Federal regulations can be divided into three categories: research, higher education, and all-sector. These sub-divisions were first suggested by a study conducted by Vanderbilt University and the Boston Consulting group ("The Cost of Federal Regulatory Compliance," 2015). The Vanderbilt study provides a framework around regulations to guide this literature review. The categories of federal regulations can be defined as follows:

> Research: regulatory areas specific to research, including federal grants and contracts management, human subject research compliance, environmental health and safety compliance related to research, animal research compliance, export controls compliance, conflict of interest, technology transfer requirements, and research misconduct requirements;

> Higher Education: regulatory areas specific to the higher-education sector but not pertaining to research, including accreditation, financial aid, FERPA, sexual misconduct (Title IX), Clery Act, drug and alcohol prevention, IPEDS reporting requirements, Title IX athletics administration, gainful employment, state authorization, and equity in athletics data analysis (EADA); and
>
> All-sector: regulatory areas not specific to the higher-education sector including finance, immigration, disability, anti-discrimination, other human resources related requirements, environmental health and safety regulations outside of those related to research, and FISMA ("The Cost of Federal Regulatory Compliance," 2015, p. 4).

The three sub-divisions of regulations require collective monitoring, data collecting, and institutional reporting.

Accreditation plays a role in monitoring higher education institutions to ensure that they remain compliant with federal regulations. Accreditation acts as a gatekeeper for the federal government. A recognized accrediting body must approve institutions in order for institutions to receive federal funding in the form of student-designated, financial aid (Eaton, 2012; Brittingham, 2012; Woolston, 2012). The process of accreditation utilizes a network of peers to review institutional self-studies to determine whether or not institutions meet a minimum level of educational quality (Eaton, 2012; Woolston, 2012). In order to ensure that accrediting agencies are qualified to meet the needs of the federal government and serve higher educational institutions, the Council for Higher Education Accreditation (CHEA) reviews the effectiveness of accreditation agencies and addresses issues of academic quality and institutional improvement

(Woolston, 2012). Institutions choose to participate in accreditation processes to remain compliant with the federal government in order to receive Title IV funding. It is through this layered process that institutions, the federal government, and accreditation agencies coexist and remain accountable to one another.

Defining State Regulations

There are regulations that are monitored by the federal government and regional accrediting bodies, but there is a secondary tier of regulations that take place at the state level. Institutions are affected by state regulations that are monitored by state agencies and departments, licensing bodies, and local governments (Parker, 2006). These agencies add to the current federal regulations by monitoring program quality, institutional viability, human resources, and institutional success (Zack-Decker, 2012). The largest number of compliance regulations, at the state level, is associated with the Department of Education, the Department of Health, and the Department of Taxation and Finance (Zack-Decker, 2012). Typically, state regulations have a separate set of standards and compliance requirements that require ongoing reporting efforts (Zack-Decker, 2012). Some of the data are shared between state and federal regulations, but often institutions collect and report on the same data in a variety of ways to ensure the requirements of state and federal regulations are being met. Depending on the agency, institutions monitor research, higher education, and all-sector regulations at the state level, as well as the federal level.

History of Federal Regulations and Accreditation

The United States does not have a single authority or ministry to monitor the creation and operation of higher education institutions (Eaton, 2011). Across institutional sectors, higher education in the United States was originally established in such a way that the government would have limited control of public education (Eckel & King, 2007; "Purposes, Policies, Performance," 2003). The constitution does not account for education as a federal responsibility, unlike many European countries that have a ministry of education (Eckel, & King, 2007; Warren, 1974; "Organization for Economic," 2015). Due to its lack of inclusion in the constitution, the development of the educational system was left to individual states (Brittingham, 2009).

States were given individual governing power over colleges and universities. The decentralization of higher education to individual states led to a diverse system of institutions in which there was no uniform system of expectations or standards (Eckel & King, 2007; Cheit, 1977, Brittingham, 2009; Woolston, 2012). The earliest institutions in the United States, founded in 1636 and after, were private and nonprofit (Eaton, 2011). The earliest institution in the United States, Harvard, was founded in 1636, and shortly thereafter, the College of William and Mary was founded in 1693. Before the American Revolution in 1765, the United States had ten private and public universities with a diverse set of purposes (Eaton, 2011; Ewell, 2012). As the higher education system continued to diversify, new institutions were formed across geographic regions.

In 2015, 379 years after the first institution was formed, there were 7,896 accredited public and private nonprofit and for-profit institutions (Council for Higher Education Accreditation, 2015). Higher education institutions have a broad range of

purposes and structures. Four-year undergraduate colleges, research universities, two-year community colleges, technical programs, advanced degree programs, and online programs, together serve over 23 million students (Eaton, 2011; Council for Higher Education Accreditation, 2015). Along with the vast array of institutional types, colleges and universities have varying relationships with the federal, state, and local governments, depending on the governing bodies that oversee their operations (Eaton, 2011).

Without centralized control, the federal government did not have a means to regulate institutions. There was no uniform set of expectations around the minimum requirements for a college (Brittingham, 2009). Without a clear set of guidelines, accreditation was developed to fill the void of regulation (Eaton, 2011). As Brittingham (2009) states, "accreditation has developed through evolution, not design" (p.14). The accreditation movement developed in part due to a lack of government oversight when enough established colleges and universities had formed that institutional leaders began to gather to determine the qualifications to legitimize higher-education institutions (Brittingham, 2009). Accreditation was established as a peer-review process in which members of academe made decisions about institutional quality. Accreditation began in the mid-19th century and has continued to evolve into the processes that institutions follow today (Brittingham, 2009; Eaton, 2011).

Historical Phases of Accreditation

Ewell (2008) outlines four periods of accreditation formation. The first phase of accreditation, which consisted of the emergence of accreditation, began in 1850 and lasted until 1920 (Ewell, 2008; Woolston, 2012). The second phase of accreditation was from 1920 to 1950, when regional accreditation evolved into an operation. In phase three,

which lasted from 1950 to 1985, federal regulation began to play an increasing role in accreditation processes (Ewell, 2008; Woolston, 2012). Lastly, phase four continues into present-day higher education procedures in which accreditation has become important for institutional operation and public perception (Ewell, 2008; Woolston, 2012). These phases outline the development and impact of federal regulations on higher educational institutions.

With a lack of central governance, diversity among higher educational institutions was the norm (Brittingham, 2009; Woolston, 2012; Ewell, 2012). Accreditation began as a collection of universities taking interest in monitoring and reviewing programs (Woolston, 2012). This process started as an unorganized collection of universities that initiated external reviews among one another (Davenport, 2000). In 1784, the New York Board of Regents was established using guidelines similar to those of a European Ministry to define what is a college (Woolston, 2012). In 1888, Harvard University took the initiative to start the Committee of Ten in which universities gathered to make decisions about issues important to higher education (Woolston, 2012; Davis, 1945). Ewell (2012) considers this period of time the "Golden Age" of accreditation in which institutions operated without government control (Bloland, 2001).

By the early 1900s there was a need for the standardization of education that would define the function and operations of a college (Woolston, 2012). Colleges were developing rapidly and with such diversification that there was a need to define quality of instruction. Regional accrediting agencies were establishing themselves as a way to evaluate institutions within a geographic region (Woolston, 2012; Eaton, 2012). Originally, after an institution had been granted membership with an accrediting body,

their programs were not re-accredited (Brittingham, 2009; Ewell, 2008). At this time, institutions voluntarily agreed to participate in the peer review membership process (Woolston, 2012; Ewell, 2008). During this time period, the Department of Education became concerned about the standards associated with defining and measuring college success. In order to minimize the role of federal regulations, accreditation took on the role of defining college standards (Woolston, 2012; Warren, 1994).

Since higher education developed regionally within the United States, accrediting bodies were formed to monitor institutions within a particular geographic region. From 1885 to 1924, six regional accrediting agencies were developed and remain today:

- 1885: New England Association of Schools and College (NEASC)
- 1887: Middle States Association of Colleges and Secondary Schools (MSCHE deals with collegiate education)
- 1895: North Central Association of Colleges and Schools, now the Higher Learning Commission (HLC)
- 1895: Southern Association of Colleges and Schools (SACS)
- 1917: Northwest Commission on Colleges and Universities (NWCCU)
- 1924: Western Association of Schools and Colleges (WASC) (Woolston, 2012, p. 17; Council for Higher Education Accreditation, 2015).

By 1909, the North Central Association (NCA) had published its first college standards and began to accredit institutions within the region (Woolston, 2012). The origination of standards and the resulting list of accredited institutions marked the end of the first phase of the development of accreditation.

During the second phase of accreditation, organizations began to better define what constitutes a college and allowed technical and community colleges to be part of the accreditation process (Woolston, 2012; Ewell, 2008). As accrediting bodies began to establish themselves, they were able to create a role for themselves by defining acceptable institutions as "accredited" institutions (Woolston, 2012; Middle States Commission on Higher Education, 2009). Accrediting agencies created qualitative standards and mission-oriented approaches to define institutional minimums of success that allowed for institutional diversity to remain intact (Woolston, 2012; Brittingham, 2009). Although reaccreditation visits did not exist, some schools were revisited if they displayed signs of instability or difficulty in meeting their mission (Woolston, 2012).

In 1938, the Langer Case helped to legitimize the accreditation process. Accreditation was working to professionalize the higher education landscape (Fuller & Lugg, 2012). *North Dakota v. North Central Association of Colleges and Secondary Schools* was one of the first legal cases that defined the authority and responsibility of accrediting agencies (Fuller & Lugg, 2012). The NCA had revoked the University of North Dakota's accreditation status due to the university's dismissal of seven faculty members without the opportunity to appeal (Fuller & Lugg, 2012). The State of North Dakota brought an appeal before the courts to have the matter resolved. The courts determined that the NCA was lawfully acting in accordance with their standards and processes and had the right to remove the institution's accreditation status (Fuller & Lugg, 2012). This case set a precedent for accreditation that these bodies are voluntary, private organizations that act with credibility, and they have the right to set the qualifications for membership (Fuller & Lugg, 2012; Woolston, 2012; Ewell, 2008;

Davis, 1945). During this phase, accreditation attained credibility, which launched these bodies towards standardization.

During the third phase of accreditation, accrediting bodies began to formalize their operating procedures. In 1949, the National Committee of Regional Accrediting Agencies (NCRAA) was formed (Woolston, 2012). The goal of the NCRAA was to create a membership of accreditors for the six primary, regional accrediting agencies and thus limit the possibility of government intrusion (Woolston, 2012). At the time, the NCRAA co-existed alongside the National Committee on Accreditation (NCA). In 1975, after several name changes and organizational restructuring, in 1975, the two agencies merged to form the Council on Postsecondary Accreditation (COPA) (Ewell, 2008; Woolston, 2012). The purpose of COPA was to coordinate accreditation at a national level. Accreditation was formalized at national and regional levels to provide consistent educational quality among higher education institutions.

During this time period, people began attending post-secondary institutions at a higher rate. With the formalization of accreditation, the government began to rely on accreditors to determine institutional quality (Woolston, 2012). As part of the Veterans Readjustment Act of 1952, the federal government required that the Commission of Education, the formal title of the federal Office of Education, publish a list of credible accrediting agencies that were able to validate the quality of individual institutions (Harcleroad, 1990; Woolston, 2012; Finkin, 1973). The federal government was beginning to fund higher education through student financial aid and was concerned about the lack of accountability among higher education institutions (Woolston, 2012; Ewell, 2008; National Advisory Committee on Institutional Quality and Integrity, 2012).

In 1963, in order to assure the quality of their investment, the federal government executed the Higher Education Facilities Act requiring institutions to be accredited in order to receive federal funding through the use of student financial aid (Ewell, 2008). This new involvement from the federal government, through financial funding, changed the original design of accreditation.

The federal government saw an opportunity to use a pre-existing system to monitor institutional quality. It allowed them to limit their costs and involvement, while still participating in the accountability movement. During this third phase of the evolution of accreditation, the self-study, on-site visits, and cyclical reviews became a hallmark of the accreditation process (Ewell, 2008; Woolston, 2012).

In the fourth phase of accreditation, the primary focus became accountability (Woolston, 2012). With an increasing number of students attending college, higher education began to face increased scrutiny over loan default rates, the cost of education, and a lack of reliable student learning outcomes (Bardo, 2009; Brittingham, 2009; Woolston, 2012). The government entered into the accreditation process by creating the National Advisory Committee on Institutional Quality and Integrity (NACIQI) to provide leadership around the effectiveness of accreditation and quality assurance processes (Woolston, 2012). Through the dissolution of COPA the Higher Education Accreditation (CHEA) was formed. CHEA serves to recognize accrediting bodies and govern their standards (Woolston, 2012; Bloland, 2001). In order to prevent the federal government from taking over accreditation, the six regional accrediting agencies moved from a standards-based approach to a student-learning, outcomes-based approach (Bardo, 2009;

Brittingham, 2009; Ewell, 2008; Woolston, 2012). To the present day, accreditation continues to increase its measures in search for greater accountability.

Impact of Federal Regulations

During the third phase of accreditation evolution, the federal government formalized its relationship with accrediting bodies. As students began to attend college at a greater rate than before, the federal government became involved by funding students' education through access to federal loans. The federal government needed a way to fund students, while validating their investment. The federal government saw an opportunity to utilize the system of accreditation to determine institutional eligibility to receive federal funds (Brittingham, 2009; National Advisory Committee on Institutional Quality and Integrity, 2012; Woolston, 2012).

In 1965, when the Higher Education Act was signed, federal involvement began to accelerate (Greenberg, 2008; Finkin, 1994; "Assuring Academic Quality," 2012; Heller, 2013). The Higher Education Act created funding strategies for public and private higher education by providing grant and loan programs for low-income and moderate-income students (Eckel & King, 2007; "Assuring Academic Quality," 2012). Instead of providing direct funding to institutions, the federal government provided financial aid to students, which allowed the sense of constitutional autonomy to remain intact for institutions (Brittingham, 2009; "Assuring Academic Quality," 2012; Heller, 2013). This strategy, now commonly known as Title IV funding, provided an opening for accreditation to bridge the gap between the institution and the federal government in regulating federal dollars.

Since the federal government did not provide direct support to higher education, accreditation began to serve as a means of quality control and quality improvement to ensure that institutions were worthy of receiving federal financial aid funds for students (Brittingham, 2009; Ewell, 2008). In order for institutions to receive student federal financial aid, they must comply with federal reporting requirements as laid out by the regional accrediting body (Eckel & King, 2007; Cheit, 1977). The use of federal financial aid created an opening for government involvement in higher education, which was different from its earlier directives.

Accreditation became the bridge between the government and higher education. Regional and state accrediting bodies began to serve as mediators for quality assurance ("Degrees Conferred," 2015; Warren, 1994, Pfinster, 1971; "Assuring Academic Quality," 2012). Accreditation organizations were established as member organizations in which volunteers were used to monitor institutional quality (Brittingham, 2009; "Assuring Academic Quality," 2012). The process of regulation was intentionally established as a peer-review process to maintain the independence and mission-driven focus of each institution (Brittingham, 2009). With various types of institutions operating in the twentieth century, regional accreditation provided assurance that the institutions met a basic level of academic quality while still allowing institutions to maintain their autonomy and serve their different purposes (Woolston, 2012; Pfinster, 1971; Wergin, 2005).

The federal government looked to accrediting bodies to determine which institutions were able to receive student payment in the form of financial aid dollars. In the 1980s, Cook (1986) described the relationship between the federal government and

accrediting bodies as “benignly quiescent” (p. 166). By 1992, the relationship between the two bodies was changing. In 1992, the Higher Education Act was reauthorized and Congress contemplated discontinuing its ties with accrediting bodies (Brittingham, 2009). With the high student loan default rates and lack of initiative on the part of accreditors, the federal government was concerned about its investment into higher education (Woolston, 2012). In order to review accrediting bodies, the federal government created the National Advisory Committee on Institutional Quality and Integrity (NACIQI) (Woolston, 2012; Bardo, 2009). According to the NACIQI (2012) “It was to play a role in system review, monitoring, dialogue and exchange, and policy analysis and recommendations to advise the Secretary” and attested to having “the opportunity to provide greater leadership and perspective on the design and effectiveness of the accreditation and quality assurance process” (p. 8). Regional accreditors began to feel pressure from the federal government, which caused them to create a series of regulations for institutions that revolved around curriculum, faculty, and student achievement (Brittingham, 2009; Woolston, 2012; Ewell, 2008). These measures were taken to ensure the quality of accreditors, which in turn, would ensure the quality of higher education institutions. The federal government’s skepticism about higher education institutions’ products led to increases in regulation requirements (Batkins, Miller & Gitis, 2014).

In 2006, a second wave of regulations redefined accreditation. Secretary of Education Margaret Spellings issued a report in which her commission questioned institutions regarding their assessment of student learning (Brittingham, 2009; “Assuring Academic Quality,” 2012). The Spellings Report affirmed the need for higher education, but the costs of higher education caused the federal government to question the value of

college. Institutions were asked to provide evidence regarding outcomes assessment that could be used to compare institutions to one another (Brittingham, 2009; Eaton, 2012). This action caused an increase in regulations that institutions had to absorb in order to remain accredited. As gatekeepers for the federal government, accrediting bodies' involvement with federal regulations became more complex and tied to the demands of the federal government (Eaton, 2012; Ewell, 2012). Since 2006, accrediting bodies have had to meet the demands of the federal government, which has limited institutional differentiation, a cornerstone of accreditation and its origins of self-regulation. The demands of the federal government have led to expanded accreditation requirements, which institutions have absorbed to maintain their accreditation status and access to federal funding.

Accreditation has maintained its self-regulation view, while increasing the number of standards that institutions must validate to meet federal guidelines. The core decision-making processes of the institution remain free from governmental input, and yet the increases in accreditation processes are somewhat limiting to institutional autonomy (Foxx, 2011). The partnership between the federal government and accrediting bodies has created an expansive accountability program that continues to reach beyond Title IV funding purposes (Warren, 1974; Foxx, 2011). Over the last 50 years, this situation has led to new layers of compliance rules and regulation requirements. The increase in the federal government's involvement in the United States higher education system has led to increased pressure to prove institutional quality (Leslie & Rhoades, 1995; Berry, Brower, & Flowers, 2000).

Accreditation continues to change to mediate the goals of institutions with the agenda of the federal government. Institutions, regardless of institutional type, have been able to maintain their autonomy, while still receiving federal financial aid in the form of student payments. This system has maintained separation between institutions and the government, but it has increased the stringency and necessity of accreditation. As the public's perception of higher education continues to change, the federal government continues to change its demands on accrediting bodies to prove institutional effectiveness (Alexander, 2000). Accreditation remains the buffer between institutional traditions and governmental regulations.

The Cost Impact of Federal Regulations

When accreditation began, it was used as a measure for faculty to monitor institutions and their goals (Finkin, 1994; "Assuring Academic Quality," 2012). As the federal government partnered with accrediting agencies the lines of authority blurred between institutional regulation and governmental regulation (Baum et al., 2013). The federal government invests approximately $90 billion dollars annually in higher education (Brittingham, 2009). With such a large investment, the federal government assumes the right and the responsibility to ensure that higher education institutions are meeting the needs of the public (Woolston, 2012; Ewell, 2008). Due to the nature of accreditation, the federal government seized the opportunity to be involved in academic decision-making due to its investment (Eaton, 2012). The involvement of the federal government led to compliance regulations, which were used to assure quality within the institution. The quality assurance mandates were given to consumers to prove that the investment in higher education was valuable.

External pressures to education have added to the changes in regulations. The federal government has made a larger financial investment over the last 60 years as more students are attending college and requiring financial aid (Eaton, 2012). Tuition prices have continued to climb, outpacing family incomes (Boehner & McKeon, n.d.; Denhart, 2010), and requiring more consumer resources (Longanecker, 2011). With the recession from 2007 through 2009, consumer concerns about the value of higher education began to intensify. The public concerns led to a public accountability movement to prove institutional quality (Eaton, 2012; Alexander, 2000; Batkins, Miller, & Gitis, 2014). The public and the federal government are pushing accreditation agencies for greater accountability among institutions to evidence student achievement and institutional performance with greater transparency (Eaton, 2012; Alexander, 2000; Longanecker, 2011). Due to the accountability demands of the last decade, there has been an increase of more than double the amount of regulations required for compliance (Batkins, Miller & Gitis, 2014). The consumer interest in higher education has eclipsed the idea of learning for learning's sake. In today's economic and cultural context, Eaton (2012) writes, "degrees are valued mainly to the extent to which they result in good paying jobs . . . if colleges and universities fail to graduate students or assist with the achievement of other educational goals, then they are viewed as inadequate" (p. 10). Accreditation agencies ensure that consumer interests are of primary importance by using compliance regulations to ensure quality among institutions ("Assuring Academic Quality," 2012; Longanecker, 2011).

Accreditation conditioned institutions to focus on continuous improvement and verify quality to meet the government requirements to receive student funding. With so

many institutions operating in the United States, a common set of standards that would accurately measure the quality of each institution was impossible to create retroactively (Woolston, 2012; Ewell, 2008). This trifecta of institutions, accrediting bodies, and the federal government ensures order, quality control, and continued participation in order for institutions to continue to benefit from federal financial aid programs (Finkin, 1994; Alexander, 2000).

Impact of Federal Regulations on Small, Private Institutions

Higher education originated as a separate function from the federal government. With the implementation of federal funding, the government was able to increase its ties to higher education through regional accrediting bodies (Baum et al., 2013; Eaton, 2012). The federal government partnered with accrediting agencies to carry out the legal mandates to monitor higher education and its use of federal funds (Eaton, 2012). Accrediting agencies, which monitor compliance regulations, collect data for consumer interests, and provide quality control among institutions, now oversee federal regulations through the accreditation process (Finkin, 1994). The accrediting agencies act as a secondary tier to the Department of Education to ensure that the disbursement of Title IV funding is justified among institutions (Finkin, 1994).

Private, higher-education institutions were created with autonomy from state and federal regulations (Eaton, 2012). In 1819, the rights of private organizations were officially established when the United States Supreme Courts voted for Dartmouth College in the *Dartmouth v. William H. Woodward* case (Brittingham, 2009). In this case, the state of New Hampshire was prevented from taking over the governing responsibilities of Dartmouth College, a private institution (Brittingham, 2009). During

this time period, Congress failed to establish a national university, which led to the ensured autonomy of states and churches to establish institutions with their own governing bodies (Snyder, 1993). This decision firmly removed the government from regulating private higher education.

Given the separation between the government and the private sector, the effects of federal and state regulations are different. The federal and state regulations are brokered through state and federal funding. While the government stays clear of governance issues, it remains involved in the distribution and oversight of federal and state funds. As a result of funding, the private sector must ascribe to the accreditation requirements mandated by the regional accrediting bodies. Accreditation adds to the institutional costs in terms of the amount of time and effort that is required to complete the self-study (Longanecker, 2011). Private institutions have also willingly subscribed to specialized accreditation; Council for the Accreditation of Educator Preparation (CAEP), Commission on Collegiate Nursing Education (CCNE), and the Accreditation Board for Engineering and Technology (ABET), to increase their visibility and brand strength. While institutions are looking to increase their accountability and create better outcomes, their efforts are constrained by the funding and compliance relationship (Berry, Brower, & Flowers, 2000). These actions have voluntarily increased the compliance requirements and subsequent cost for private institutions.

Over the last decade, compliance regulations have increased to include over 465 education related federal forms (Batkins, Miller, & Gitis, 2014). An additive process takes place in which new regulations get layered on top of old ones, adding regulatory costs to the institution (Heller, 2013). This process has likely led to an increase in

administrative staff and institutional costs across institutional sectors (Batkins, Miller & Gitis, 2014; Denhart, 2010). For small, private institutions that have smaller budgetary margins, existing faculty and staff absorb the increases in compliance regulations. Kells and Kirkwood (1979) found that institutions between 5,000 and 15,000 students have limits in the number of participants in the accreditation process. In order to use faculty and staff time effectively and to accomplish compliance related activities, the number of people participating needs to be selective (Kells & Kirkwood, 1979). For larger institutions, the time and resources required for compliance are more easily absorbed. Small, private institutions involve a greater percentage of faculty, staff and administration on compliance-related activities that causes additional financial impacts. Compliance activities are a challenge for these institutions as they seek to balance the need to meet increasing compliance regulations by absorbing tasks or hiring additional administrative staff.

Accreditation in small, private institutions is critical for their sustainability; and yet it is increasing the costs of higher education and placing the burden on family units (Merrill, 1994). As institutions seek to meet the demands of the increased costs related to compliance, the cost of higher education continues to rise. Institutions are concerned about the number of regulations, the overlapping nature of reporting, and data collection and management ("Colleges and Universities," 1976). For small, private institutions, the increases to compliance add complicated procedures to already efficient processes and strained budgets. Accreditation has an effect on the overall viability of small, private institutions.

Identifying Small, Private Institutions.

Federal regulations are created to protect students, faculty, and staff; monitor how research is conducted; and manage internal and external processes ("The Cost of Federal Regulatory Compliance," 2015). The monitoring and managing of federal regulations impact institutions across higher education sectors. With the federal government investing billions of dollars into higher education, there is a need for regulatory checks and balances.

While compliance impacts all institutions, this research focuses on the impact of historical trends within the context of small, private institutions. This focus is important as there are elements concerning compliance that differ among higher education sectors. For small, private institutions, increased understanding around regulatory compliance and costs is necessary for survival.

Within the higher education landscape, small, private institutions are particularly vulnerable to the increases in federal regulations. Small, private colleges and universities, according to Astin (1972), are "invisible colleges." These invisible colleges are private, often church-affiliated institutions with relatively open admissions policies and enrollments under 2,500 (Eckley, 1987). Further segmentation within this sector reveals two categories: the medallion schools and the non-medallion schools (Hammond, 1984; Lapovsky, 2005). Medallion schools are the larger institutions within the segment that often have stronger brand strength. The non-medallion schools are the smaller institutions, which typically have very little brand strength in the public, higher education space (Lapovsky, 2005).

The purpose of this research is to study the non-medallion schools—institutions that are moderately selective, increasingly invisible, and largely tuition dependent—and the impact that governmental regulations have on their viability (Lapovsky, 2005). Since these institutions tend to lack the size, personnel, and research basis to keep up with the increase in federal regulations, federal regulations tend to have a different impact than on larger schools.

One means of defining this segment of higher education is to narrow the scope of institutions to the Council for Christian Colleges and Universities (CCCU). Within the United States, there are over 4,700 regional and national faith-related accredited institutions, according to the U.S. Department of Education (CCCU Website, 2018; Council for Higher Education Accreditation, 2015). The majority of institutions are private, with approximately 3,100 private institutions across the United States (CCCU Website, 2018). Additionally, there are another subset of 1,000 private institutions that are religiously affiliated and, of the 1,000 institutions, 140 of those colleges and universities belong to the CCCU based on their mission. These institutions tend to be smaller as they struggle to recruit students with the same mission mindset (CCCU Executive Summary, 2010). Due to their size and lack of visibility, the CCCU institutions provide a means of capturing the effects of federal regulations on small, private institutions.

The small, private institution was created to respond to the unique needs and beliefs of students outside of mainstream education (Townsley, 2002). The CCCU was founded over 40 years ago to establish a member organization that would support Christian higher education within the overall higher education space (CCCU Website,

2018). As these institutions seek to carry out their mission, they are struggling to survive in the midst of the economic downfall. The rising public mistrust in higher education continues to call into question institutions' affordability, accountability, and accessibility ("U.S. Department," 2006). In turn, federal regulations have increased its compliance policies to provide more information around the affordability, accountability, and accessibility of higher education institutions (Alexander, 2000). While the resulting policies provide increased accountability, they are unfunded, and add to the internal financial crisis that institutions are facing ("The Cost of Federal Regulatory Compliance," 2015). The importance of this trend in federal regulations lies in accountability versus cost. Currently, the cycle exists in which public mistrust leads to increased federal regulations, which in turn, leads to increased tuition. As institutions seek to provide transparency, they are struggling to balance any additional expenses without deferring the costs to the students through tuition increases.

Agency Theory and Cost Accounting

The increase in compliance regulations has created a tenuous relationship between institutions and accrediting bodies. One way to describe the interaction between the two organizations is through the use of agency theory. Agency theory is an organizational theory that captures the relationship dynamics between higher education institutions and accreditation. Economists Stephen Ross and Barry Mitnick developed agency theory in the early 1970s (Mitnick, 1975). It was developed within the risk-sharing literature to explore the idea of the agency problem, which is when two organizations have differing goals and informational asymmetries (Eisenhardt, 1989; Kivisto, 2008; Hill & Jones,

1992). Eisenhardt (1989) describes the agency problem as, “the problem that arises when the desires or goals of the principal and agent conflict, and it is difficult or expensive for the principal to verify what the agent is actually doing” (p. 58). Since both organizations are bound by a contractual relationship, the purpose of agency theory is to determine the most efficient contract to manage the existing goal conflicts and informational asymmetries (Eisenhardt, 1989).

Agency theory captures the relationship between two parties, in which one party acts as the principal and the other party is designated as the agent (Kivisto, 2008; Eisenhardt, 1989). The principal is the organizational body that engages the agency organization to perform a task for the purposes of the principal (Kivisto, 2008). Since the accrediting body is engaging institutions to perform the task of accreditation, the accrediting body is assigned the role of principal and higher education institutions assume the role of agent. The principal delegates authority to the agent in order to complete the assigned task, but with the disbursement of authority comes issues of control (Kivisto, 2008; Eisenhardt, 1989). Agency theory describes the ways in which the principal tries to monitor the actions of the agent and lessen issues of control (Kivisto, 2008; Hill & Jones, 1992).

Between accreditation and higher education, the goals and risks of the two organizations are different. Accrediting bodies see the role of higher education as preparing an educated society verified through the measurement of student outcomes. Institutions, however, view their role as preparing an educated society through a mission-oriented perspective. The differing opinions about how to educate the student body cause goal conflicts, which lead to informational asymmetries. Informational asymmetries

occur when one organization has greater knowledge regarding its internal processes than the other organization (Eisenhardt, 1989; Kivisto, 2008; Hill & Jones, 1992; Bosse & Phillips, 2016; Shapiro, 2005). In higher education, an institution has intimate knowledge of its operations, and it has the ability to choose how to meet the minimum requirements of the accrediting body. Institutions are operating out of their internal, mission-focused mindset, while trying to meet the external, non-mission focused demands of the accrediting body. This mindset leads to an unsatisfactory relationship.

Higher education institutions and accrediting bodies are searching for efficiency within the contract. The search for efficiency is a challenge, as it requires compromise from both parties. When a compromise cannot be found, the agency problem is perpetuated (Hill & Jones, 1992; Bendickson et al., 2016; Kivisto, 2008). With higher education institutions and accreditation bodies each pursuing their own self-interest goals, the need for stricter contractual obligations ensue. Accrediting bodies continue to increase the number of regulations to lessen the informational asymmetries caused by institutions' lack of transparency (Kivisto, 2008; Eisenhardt, 1989). These increases lead to increased costs resulting from agent opportunism, a phenomenon that occurs when an agent (the institution) acts in his or her own interest (Bendickson et al., 2016; Eisenhardt, 1989). The challenge for the organizations engaged in the contract is how to lower the costs; either that means becoming more efficient (the institution) or reducing the governing regulations (accreditation criteria) (Kivisto, 2008). Agency theory is useful as a lens by which the cost of accreditation can be explored as a product of the contract that exists between higher education institutions and accrediting bodies.

CHAPTER 3

METHODOLOGY

This chapter provides an overview of the conceptual underpinnings and methodology that are used to examine the full costs of accreditation and institutions' experiences with the system, processes, and cost of accreditation. This study uses agency theory as a conceptual basis to describe the relationship between institutions and accrediting bodies. The research question driving this study is: "*How should the full costs of accreditation of higher education institutions be computed, and how do accreditation systems, processes and costs affect small, private colleges?"* The question addresses the importance of examining the full scope of accreditation in order for small, private institutions to remain viable in the future.

Data were collected through a cost survey, cost template, and structured interviews. The cost survey and cost template were created specifically for this study and were used to determine the direct and indirect costs of accreditation. Through a series of structured interview questions, the lead authors of the institutional accreditation report for two institutions were asked about the effects of the system, processes, and costs of accreditation on their small, private institution.

Conceptual Underpinnings

To begin the analysis of how accreditation affects small, private institutions, the system, processes, and costs of accreditation are examined here. The first section examines a theoretical basis for the system of accreditation. The second section

conceptualizes the process of accreditation. Lastly, the third section profiles the costs of accreditation at small, private institutions. Each of these sections provides a literature-based rationale to support the analysis of the impact of accreditation on small, private institutions.

Accreditation System

Higher education institutions and accrediting agencies have been interconnected since 1850 when accreditation was formally introduced in the United States (Ewell, 2008; Woolston, 2012). While many institutions engage in the accreditation process, the cost of accreditation impacts institutional types differently. For most small, private institutions, accreditation is necessary for them to remain viable (HLC website, 2018). Students need access to federal funds in order to pay the expenses of a private education. The partnership that exists between accrediting bodies and institutions is one of mutual dependence (Kivisto, 2008; Hill & Jones, 1992).

Agency theory provides a theoretical framework to explore the relationship between accrediting bodies and institutions while also examining how small, private institutions absorb costs (Kivisto, 2008; Hill & Jones, 1992; Bosse & Phillips, 2016; Puyvelde et al., 2012). Agency theory describes the relationship between two or more parties with informational asymmetries and goal conflict (Kivisto, 2008; Bosse & Phillips, 2016; Shapiro, 2005). The first party in the relationship is the *agent*, who is assigned to complete a task for the second party, the *principal* (Kivisto, 2008; Hill & Jones, 1992). In the case of higher-education institutions and accrediting bodies, institutions act as the agent completing the task of accreditation for, in this case, the Higher Learning Commission (HLC), the principal. Both parties receive benefits from the

other, which prevents either one from leaving the relationship (Hill & Jones, 1992; Bosse & Phillips, 2016; Shapiro, 2005).

Agency theory describes the challenges of the relationship between institutions and the HLC. Kivisto (2008) writes, "Once principals delegate authority to agents, they often have problems controlling them because agents' goals often differ from their own and because agents often have better information about their capacity and activities than do principals" (p. 339). The HLC, the principal, is looking to institutions to produce a public good in the form of an educated citizenship. An institution has academic freedom, in terms of teaching and research, but the government, by allowing institutions to participate in federal financial aid programs, is able to regulate certain tasks. Through accreditation, the government is able to grant resources to institutions after an institution has verified that it is meeting its outcome-based tasks (Kivisto, 2008).

Since institutions and accediting bodies often have different goals and outcomes in mind, the relationship between the two parties can become strained (Hill & Jones, 1992; Bosse & Phillips, 2016). Agency theory explains two key components about the strained relationship between the agent and the principal: there are informational asymmetries and goal conflicts (Kivisto, 2008; Hill & Jones, 1992; Bosse & Phillips, 2016; Shapiro, 2005). Informational asymmetries can be explained as the information that the agent has that the principal does not possess (Kivisto, 2008; Bosse & Phillips, 2016; Shapiro, 2005). Institutions have a working knowledge of their internal efficiencies, goals, mission, and expertise that keep the organization running. Accrediting bodies know only what they read and observe through the accreditation process. They do

not have a day-to-day knowledge of the operations of the institution (Shapiro, 2005; Puyvelde, 2012). This difference in knowledge leads to informational asymmetries.

The second assumption made by agency theory is goal conflict. Goal conflict refers to the different interests and outcomes that agents and principals pursue (Kivisto, 2008; Hill & Jones, 1992; Shapiro, 2005). Institutions operate with their mission in mind to accomplish internally-relevant and socially-related goals. Accrediting bodies want institutions to produce a qualified labor force that contributes to society's economic growth (Kivisto, 2008; Bleiklie, 1998). The challenge between the two parties is to compromise on a set of goals that serves the needs of the institution and the outcomes of the accrediting body. Since compromise can often be an idealistic versus realistic goal, the agency problem is perpetuated (Hill & Jones, 1992; Bendickson et al., 2016). Kivisto (2008) writes, "The agency problem may arise in situations in which the principal cannot directly observe the agent's actions and when the self-interested agent pursues his private goals at the expense of the principal's goals" (p. 342). Institutions may pursue their own goals, but then write to the goals of the accrediting bodies during the self-study process (Hill & Jones, 1992; Bosse & Phillips, 2016; Bendickson et al., 2016). Such actions, along with the public's mistrust of higher education, can cause accrediting bodies to increase their regulations to monitor better the functions of the institution. In the pursuit to lessen informational asymmetries and goal conflict, the increase in regulation puts pressure on institutions and produces the opposite effect (Kivisto, 2008). Some institutions feel challenged by accreditation and are looking for ways to lessen the impact of accreditation while still remaining compliant in order to participate in federal financial aid programs.

Informational asymmetries and goal conflict tend to raise costs. Both the agent and the principal experience the impact of agency costs. Agency costs are the costs that the principal incurs due to governing the agent plus the additional costs created when, and if, the agent deviates from the normal boundaries of the relationship (Kivisto, 2008; Puyvelde et al., 2012). These costs have two parts: 1.) costs involved with the contract, which includes membership dues, on-site visits, and trainings, and, 2.) costs resulting from agent opportunism. Kivisto (2008) defines agent opportunism costs as those that affect the principal because of an agent's acting in his or her own interest (Bendickson et al., 2016; Eisenhardt, 1989; Puyvelde et al., 2012). Agent opportunism costs do not affect the agent, only the principal (Panda & Leepsa, 2017). In this study, agent opportunism costs affect only the HLC and will not be included in the calculated costs of accreditation.

This research uses agency costs to determine the costs of accreditation. Costs to agents are the contractual costs, plus the costs necessary to meet the demands of the principal (Panda & Leepsa, 2017). These costs include the direct and indirect costs necessary to meet the regulations established by the accrediting body. Kivisto (2008) writes,

> "Determining the agency costs can include interesting speculation as to whether the costs of governance could, in some cases, exceed the costs of actual opportunism. If the costs resulting from opportunism remain lower than the governing costs, the best solution for the government [HLC] could be to reduce its governing costs" (p. 345).

This perspective suggests that governing costs are exceeding the costs of agents acting in their own insterest. As suggested by Kivisto, one measure to minimize the costs could be

to reduce the governing costs. This study examines the costs of accreditation and how institutions can meet the goals of the accrediting body, while minimizing associated costs.

The cost of accreditation has a greater impact on small, private institutions than on larger institutions. Agency theory implies that a relationship exists between institutions and accrediting bodies, and that this relationship impacts the costs of accreditation. The costs that institutions absorb result from the contractual relationship (Bendickson et al., 2016; Panda & Leepsa, 2017). Agency theory suggests a contractual relationship that is the same across institutional types. According to agency theory, the associated costs are absorbed in similar ways across institutions (Kivisto, 2008). All institutions, regardless of size or public standing, must meet the same criteria to maintain accreditation (HLC website, 2018).

The standardization of accreditation criteria across institutional type and accreditation's indifference to size have direct impacts on the cost of accreditation for small, private institutions. While the direct costs of accreditation are proportional across institutional size and type, small, private institutions absorb indirect accreditation costs at a different rate than larger institutions (Kells & Kirkwood, 1979; "The Cost of Federal Regulatory," 2015; Woolston, 2012). According to Vanderbilt University's study on the costs of accreditation, institutions with lower operating budgets tend to experience the burden of compliance to a greater extent due to their inability to absorb the indirect costs ("The Cost of Federal Regulatory," 2015). Kells and Kirkwood (1979) indicate that, at smaller institutions, a higher proportion of faculty participate in the self-study, which suggests proportionally greater indirect costs in the form of personnel time. Institutional

size matters when it comes to managing the number of federal regulations and their associated costs.

The mission and purpose of small, private institutions can lead to goal conflicts, which add costs (Caers et al., 2009). Institutions strive to meet the criteria established by the accrediting body in a mission-driven way. With the increase in accreditation criteria, small, private institutions are losing efficiency as they look to meet the requirements of accreditation while still maintaining their mission-based focus (Kivisto, 2008; Caers et al., 2009). There is a lack of uniformity on how to meet the accreditation criteria, and, with the federal government fighting for increased control, institutions are concerned about how to meet the requirements while staying true to their missions. Kivisto (2008) writes,

> "It is believed that stronger accountability to the government weakens the autonomy of the institutions. In addition to the sincere fears of losing academic freedom and institutional autonomy, covert goals may also play a part in the general university and faculty dislike for the government's accountability demands" (p. 341).

The need to meet institution-based goals and accreditation-related criteria can decrease institutional efficiency and add costs to the accreditation process.

The costs of accreditation can differ depending on an institution's type and size, according to Kells & Kirkwood and Vandberbilt University (Kells & Kirkwood, 1979; "The Cost of Federal Regulatory," 2015). The research in this study goes one step further by looking at how the full costs of accreditation affect a specific set of institutions, the small, private institutions. If small, private institutions are going to survive in today's

higher-education landscape, they need to be able to manage the increased costs of accreditation. Not participating in accreditation is not a viable option since nummerous institutions without accreditation status have closed (HLC website, 2018). Participation in accreditation processes is a necessity for continued sustainability (Dill, 1998; Leef & Burris, 2002), but more analysis is needed on the costs of accreditation in order to lessen its impact and secure a viable future for small, private institutions.

Accreditation Process

Small, private institutions are obligated to go through accreditation. As each institution undertakes the accreditation process, they develop their own processes and procedures. The accrediting body provides a set of criteria that institutions have to meet, but each institution has the flexibility to implement these processes within the context of their institution (Brittingham, 2009). While the flexibility is beneficial, a small, private institution must still work to meet the same criteria as a larger, more complex institution. Within a small, private institution, this process results in greater work loads for members who absorb the increasing demands of accreditation without being able to divide the workload among a greater number of people ("The Cost of Federal Regulatory," 2015).

There are three parts to the accreditation process: the implementation and maintenance of standards, the self-study, and the on-site review (HLC website, 2018). Institutions are required to address a series of sub-criteria that meet five broader criteria.

The five broad criteria, as identified by the HLC, are as follows:

1. Mission

   Criterion 1: Mission relates to the amount of time that the institution spends on planning and articulating its institutional mission (HLC website, 2018).

2. Integrity: Ethical and Responsible Conduct

   Criterion 2: Integrity pertains to the way in which an institution acts with integrity and behaves ethically (HLC website, 2018).

3. Teaching and Learning: Quality, Resources, and Support

   Criterion 3: Teaching and Learning can be described as the ways in which an institution provides excellent academic programs (HLC website, 2018).

4. Teaching and Learning: Evaluation and Improvement

   Criterion 4: Teaching and Learning refers to the assessment and evaluation of the institution's academic programs for continuous improvement (HLC website, 2018).

5. Resources, Planning, and Institutional Effectiveness

   Criterion 5: Resources, Planning, and Institutional Effectiveness focuses on an institution's internal structures that allow it to plan for the future (HLC website, 2018).

These criteria affect many aspects of the institution's functions, outcomes, and assessment. Ongoing attention to the criteria affects the institution. While there are instances of new positions being created for accreditation work, oftentimes at small,

private institutions employees absorb the requirements of accreditation as part of their current job responsibilities (Kells & Kirkwood, 1979; Woolston, 2012; Kennedy, Moore, & Thibadoux, 1985). The process of acceditation is cyclical and, in some years, employees have more responsibilities than in other years.

The accreditation process has a ten-year cycle. Institutions review the accreditation criteria during the self-study and on-site review (HLC website, 2018). During the ten-year cycle of accreditation, institutions undergo a series of reporting procedures.

Institutions on the *standard* pathway follow this ten-year cycle:

- Years 1-3: Prepare assurance filing
- Year 4: Comprehensive evaluation (with on-site visit)
- Years 5-9: Prepare assurance filing
- Year 10: Comprehensive evaluation for reaffirmation (with on-site visit) (HLC website, 2018)

Institutions on the *open* pathway follow a similar ten-year cycle, as listed below:

- Years 1-3: Prepare assurance filing
- Year 4: Assurance Review (no on-site visit)
- Years 5-7: Quality initiative proposal
- Years 7-9: Submit quality initiative report and prepare for the assurance filing and comprehensive evaluation
- Year 10: Comprehensive evaluation for reaffirmation (with on-site visit) (HLC website, 2018)

Many institutions in good standing with healthy financial ratios select the open pathway process. The open pathway process allows institutions to limit the on-site visit to once every ten years and allows institutions to complete a self-selected Quality Initiative Project (QIP). The Quality Initiative Project is a major improvement project chosen by the institution and approved by the HLC to move the institution in a specific, goal-oriented direction. The HLC describes the Quality Initiative Project as, "Intended to allow institutions to take risks, aim high, and learn from only partial success or even failure" (HLC website, 2018). During Years 5-10, institutions work on their QIP, which is then pulled into their comprehensive evaluation as additional materials in Year 10.

In general, institutions undergo certain planning efforts to prepare for the comprehensive evaluation and on-site visit in Year 10. Typically, institutions begin to prepare the materials for their comprehensive evaluation beginning two to three years before the visit ("Higher Learning Commission Timeline Guidelines," 2018). The comprehensive evaluation consists of institutional materials demonstrating compliance with the five HLC Criteria for Accreditation (the Assurance Review), the Federal Compliance Review, Student Opinion Survey, and, if applicable, embedded change requests and embedded monitoring (HLC website, 2018). These documents are compiled into an online database and become the evidence for the peer-review, on-site visit.

To prepare for the Assurance Review, institutions may designate a steering committee to guide the overall processes and progress of the Assurance Review and on-site visit. Within the steering committee, one member is typically selected as the lead author to complete final edits and to ensure that the Assurance Review has a consistent voice before submitting the final report. Underneath the steering committee, institutions

typically create criterion committees to gather data and provide evidence for each of the five criteria and their sub-criteria (see Table 1).

Usually, institutions designate five criterion chairs who head the criterion committees, which incorporate across-institution representation. Sometimes, criterion committees will designate an additional member as the criterion lead author, if that role is not already assigned to the criterion chair.

Three years before the visit, the steering committee and criteria chairs meet to discuss the core components of the Assurance Review and to establish their committee members. During this year, committees brainstorm to determine what evidence is needed for the final report. Criterion committees begin to compile initial data. Furthermore, if institutional members are new to the reporting process, the institution may choose to send representatives to the HLC conferences and subsequent trainings to prepare for the comprehensive evaluation.

Two years prior to the on-site review, criterion committees often complete a second data request, and an initial draft of the Assurance Review is completed (Willis, 1994; Kennedy, Moore, & Thibadoux, 1985). While entire criterion committees may still meet, it is likely that the steering committee, criteria chairs or criteria lead authors have more duties than do the committee members. At this point, the data and supporting documents have been identified, and it is up to the criteria chairs or criteria lead authors to write their sections of the report. Some institutions may begin to implement special, institutional trainings to prepare the institution, as a whole, for the on-site review.

Table 1: Institutional Committee Structure

Steering Committee

Members

Lead Author

Criterion 1: Mission Committee

Chair

Members

Lead Author

Criterion 2: Integrity – Ethical and Responsible Conduct Committee

Chair

Members

Lead Author

Criterion 3: Teaching and Learning – Quality, Resources, and Support Committee

Chair

Members

Lead Author

Criterion 4: Teaching and Learning – Evaluation and Improvement Committee

Chair

Members

Lead Author

Criterion 5: Resources, Planning, and Institutional Effectiveness Committee

Chair

Members

Lead Author

Finally, when the institution is within one year of their Assurance Review and on-site visit, the HLC recommends that the final draft of the Assurance Review be complete (HLC website, 2018). Most institutions select or hire a lead author and editor to ensure that there is a common voice throughout the report. At this point, most criterion committees are not meeting, but the general steering committee is working to finalize the report and prepare for the on-site visit. The institution uploads the Assurance Review to the HLC portal, and all supporting documents are linked to the sub-criteria within the portal.

Six months before the visit, the institution receives information regarding the on-site visit team, including the members' professional backgrounds (HLC website, 2018). The HLC portal is closed and the HLC reviewers get a chance to read the Assurance Review and prepare for the on-site visit. Though the documents have been submitted, the institution is still engaged in accreditation-related activities. In the months leading up to the visit, institutions share the final draft of the Assurance Review with their constituents and engage in campus-wide activities to prepare for the on-site visit. Faculty, staff, administrators, and students are engaged in the accreditation process in order to be informed participants when the reviewers are on campus. Shibley and Volkwein (2002) and Willis (1994) note that the indirect costs, in terms of amount of time that personnel spend on accreditation, is usually greater than the direct costs, due to the preparation that goes into the on-site review.

The final component of the comprehensive evaluation is the on-site review. The on-site visit typically lasts one-and-a-half to two days (HLC website, 2018). During these two days, the steering committee is often in charge of the visit. The committee members

serve as primary interview candidates, but other members of the institution are also required to participate. The HLC review team's chair and the institution's steering committee set the agenda for the on-site visit (HLC website, 2018). Meetings include the institution's faculty, staff, administration, and students to ensure that the criteria for accreditation are embedded in and met by the institution's curriculum (HLC website, 2018). Upon meeting with the larger, institutional community, the review team presents its initial findings to the steering committee and criterion committee chairs; with the official results presented several weeks after the on-site visit.

The on-site visit is a cost to the institution in terms of time and resources during the two days and the three years leading up to the visit. The Higher Learning Commission website (2018) clearly articulates these costs in the following manner: "Institutions are responsible for expenses related to the peer review team visit. These expenses typically include travel, honoraria and facility expenses for the team members." The on-site visits incur significant direct and indirect costs for four years out of the ten-year cycle. For small, private institutions that are financially deficient from year to year, long-term budgeting for accreditation expenses becomes increasingly challenging. The reporting cycle is ongoing and requires that institutions budget for the "displaced dollar costs" occurring due to accreditation (Woolston, 2012; Parks, 1982; Willis, 1994; Andersen, 1987).

The on-site visit can add increased expenses to the accreditation process that institutions do not always view as justifiable (Woolston, 2012; Shibley & Volkwein, 2002; Andersen, 1987). Woolston (2012) found that on-site visits were one of the primary reasons for concern regarding the accreditation process. Dill (1998) found that

the frequency of visits was too high for institutions, which created additional cost burdens for these institutions. After interviewing several institutional leaders about their perspectives on the accreditation process, Woolston (2012) indicated that one respondent said,

> "We provided whatever amenities and arrangements the chair of the visiting committee wanted (he was pretty specific about it) and also consulted with peers about what they provided. There is definitely a competitive element of 'keeping up with the Jones' in putting on the on-site visit. No one wants to appear to be cheap in making the reviewers feel comfortable." (p. 137-138)

For institutions, bearing the costs of the on-site visits adds additonal stress to already strained budgets.

The process of accreditation, including the comprehensive evaluation and on-site review, requires institutional commitment and participation. The process is extensive and requires that faculty, staff, and administrators across the institution are informed participants. Without consistent leadership, this process is overwhelming. Many institutions involve the greater community as a means of preparing the institution for interviews and follow-up questions related to the reliability of the report. The comprehensive evaluation requires knowledge of the institution, depth of understanding of federal regulations, and years of pre-planning to ensure that the institution is providing a quality education for its students and to ensure that it can continue its operations in the future.

The process of accreditation allows institutions the flexibility to embed the accreditation criteria into its institutional norms, but even with this flexibility there are

significant costs to the accreditation process that cannot be avoided. Often institutions do not track the indirect or direct costs of accreditaton because they are unavoidable (Woolston, 2012). Regardless of the cost, institutions must pay to be a part of the accreditation process if they want to remain accessible to students (Dill, 1998; Leef & Burris, 2002).

Accreditation Costs

The costs of accreditation are intertwined with the systems and processes of accreditation. Cost is rarely calculated because these costs are embedded into an institution's yearly processes. An initial analysis of the breakdown of costs is essential to determining the greater impact of accreditation on the institution. This section outlines the direct and indirect costs that are related to accreditation.

Several studies conducted in the last 40 years have examined the costs associated with accreditation and the self-study. Kennedy, Moore, and Thibadoux (1985) found that faculty and administrative time accounted for 94 percent of the cost of the accreditation review. Doerr (1983) attempted to estimate the specific costs related to preparing the self-study and on-site visit at the University of West Florida, a small state school that enrolled 5,500 students, and found that the cost of accreditation for the Southern Association of Schools and College was $50,031. Kells and Kirkwood (1979) looked at the direct costs of the self-study and found that most institutions in the Middle States region spent less than $5,000 on this aspect of accreditation. Willis (1994) explored the multiple direct and indirect costs to determine that the indirect costs significantly outweighed the direct costs due to personnel time. Regardless of the varying costs, all of these studies indicate that

institutions are spending a significant amount of money on the accreditation cycle and preparation of the self-study.

Previous studies done by Shibley and Volkwein (2002), Woolston (2012), and Kells and Kirkwood (1979) examined the perceptions of cost, but few studies have been able to identify the specific costs of accreditation. The Council for Higher Education Accreditation (CHEA) publishes an overview of accreditation each year, which estimates the number of volunteers, employees, and operating budgets needed for accreditation, but the publication does not focus on the specific direct and indirect costs (Woolston, 2012). Lee and Crow (1998), Warner (1977), and Pigge (1979) all conducted studies on the costs of accreditation, but chose to focus on perceived costs and benefits of the self-study. These studies indicate that the cost of accreditation is acknowledged as a burden to the institution, but that the benefits of accreditation continue to outweigh the costs (Woolston, 2012). Previous research has not broken down the full costs of accreditation or determined how those costs impact institutions.

There are two categories of costs that need to be examined to understand the overall cost of accreditation and how it impacts institutional viability. These two categories of costs are the direct and indirect costs. Direct costs are costs that institutions have to pay each year, or during a reporting cycle, and it is not likely that they could be minimized (Woolston, 2012). Indirect costs are associated primarily with the time spent on accreditation by faculty, staff, and administrators, estimated using yearly pay (Woolston, 2012). These costs are more difficult to determine because they are embedded into the normal processes and routines of institutions (Woolston, 2012; Reidlinger &

Prager, 1993). Once identified, the direct and indirect costs account for the estimated full cost of accreditation for small, private institutions.

For this study, both direct and indirect costs need to be defined. The direct costs are often line items that can be directly identified within the institution's budget. Most of the direct costs associated with accreditation are non-labor costs. Previous studies on the costs of accrediation have identified possible direct costs (Willis, 1994; Shibley & Volkwein, 2002; Kells & Kirkwood, 1979). Willis (1994) identified the direct costs of acreditation as including accreditor fees, operating expenses, direct payments to employees (above and beyond salaries), self-study costs, travel costs, and site-visit costs. Shibley and Volkwein (2002) identified the following direct costs: stipends to faculty or staff (in addition to normal salaries), consultant fees, office supplies, postage, meals, printing expenses, agency fees, travel, advertising, and evalution-team honoraria (p. 6). For this study, the direct costs selected do not include potential sunk costs, such as office supplies, printing, and postage. The direct costs for this study have been modeled on the costs in previous studies, that is, costs that can be directly associated with accreditation. The direct costs are limited to HLC conferences, trainer fees (hired trainers to help with the accreditation process), professional fees (academy and seminar fees), accreditation texts or resources, HLC on-site visits, pathway fees (part of membership dues), and eligibility process fees (membership dues by institutional size). Each of these costs is identifiable within the budgets of institutions within the HLC accrediting body.

There are also significant costs in the form of indirect costs. Indirect costs are often associated with time spent on accreditation activities by faculty, staff, and administraion (Woolston, 2012). It is difficult to disentangle time spent on accreditation

from time spent on standard work procedures. Reidlinger and Prager (1993) write, "There is a methodological difficulty of relating accreditation's perceived benefits to real dollar costs . . . Everyone is counting by different rules" (p. 39). It is difficult to account for indirect costs because they are not easily identifiable in an institution's budget. When it comes to faculty, staff and administrative time, accreditation is a task that is often absorbed into employees' other responsibilities. Willis (1994) writes, "[Indirect costs] are probably many times greater than the direct costs due mainly to the personnel time required at the institution" (p. 40). Indirect costs should not be underestimated. The cost of time on accreditation means that certain job responsibilities are either not getting done or are being completed by someone else, in which case; both options involve costs to the institution (Woolston, 2012; Willis, 1994; Andersen 1987). The cost of personnel time spent on accreditation needs to be calculated in order to examine the full costs of accreditation.

The direct and indirect costs of accreditation form the basis of the overall cost of the accreditation process. Small, private institutions are in need of this information because they have tight budgets already. Smaller institutions have less flexibility with their budgets, so it becomes increasingly necessary to plan to have the funds to cover the costs of accreditation. It is possible that, since institutions are not accounting for the indirect costs of accreditation, they are over-spending on accreditation functions. Since accreditation is necessary for survival, institutions are in need of a greater understanding to minimize the impact of the cost of accreditation.

Methods

The research question is, "*How should the full costs of accreditation of higher education institutions be computed, and how do accreditation systems, processes and costs affect small, private colleges?"* In order to determine how the full costs of accreditation should be computed, a methodology was created to calculate the full costs of accreditation. Structured interviews were also used to examine how the accreditation systems, processes and costs affect small, private colleges.

Past studies provide guidelines on how to calculate the costs of accreditation. Kennedy, Moore, and Thibadoux (1985) created a methodology to determine the cost of accreditation that focused on the indirect costs. They calculated time spent on accreditation from the start of planning the self-study until the completion of the on-site visit (Kennedy, Moore, & Thibadoux, 1985). In order to monetize the time spent on accreditation, they used a median salary applied to hours determined by time logs (Kennedy, Moore, & Thibadoux, 1985). The results of their study indicate that the time faculty and administrative staff spent on accreditation accounts for 94 percent of the costs of an accreditation review (Kennedy, Moore, & Thibadoux, 1985; Woolston, 2012). They found that the primary contributors in the accreditation process were faculty and senior level administrators. Woolston (2012) states, "The cost of accreditation to institutions is significant but is more exacting in terms of time than money" (p. 83). In order to capture the full costs of accreditation, being able to calculate the indirect costs of accreditation is essential to this research.

While indirect costs have to be estimated, direct costs are often easily identified by specific line items in a budget. Direct costs are the second set of costs that need to be collected for the overall cost of accreditation.

The second part of the research question required a series of structured interviews. The interviews focused on the system, processes, and costs of accreditation. Key institutional members were asked for their perspectives on those three aspects of accreditation.

Research Setting

Data for this analysis were collected at two small, private church-affiliated institutions. Small, private institutions are particularly vulnerable to the increases in federal regulations. They serve a unique niche in the higher education landscape as private, church-affiliated institutions that have relatively open admissions policies. Student populations are small, often under 2,500 (Eckley, 1987). Even among small, private institutions there is institutional diversity. Institutions that are more recognizable, with greater brand strength and larger student bodies, are considered “medallion” schools (Hammond, 1984; Lapovsky, 2005). “Invisible” colleges are labeled as “non-medallion” schools (Lapovsky, 2005). "It's a combination of size, market location, market recognition and a brand that can either keep you afloat or conspire against you” (Moody, 2019). These small, private institutions often lack the size, recognition, personnel, and research focus to keep up with increases in federal regulations. Lapovsky (2005) writes, "Among the private colleges, those most susceptible to closing are the 800 private colleges with enrollment of (fewer) than 1,000 students. Schools that are small, schools that are almost entirely dependent on student revenues.” This study focuses on non-

medallion schools and the impact that accreditation regulations have on their resources (Lapovsky, 2005). Accreditation poses the greatest threat to institutional financial wellbeing for small, private institutions and these institutions are at the greatest risk of non-accreditation.

In particular, the focus for this study is on institutions in the Council for Christian Colleges and Universities (CCCU). Within the United States, there are approximately 4,300 college and universities (Moody, 2019). Of the 4,300 institutions, 1,687 are private, non-profit institutions (Moody, 2019). Within the private sector, over 600 institutions are Christian-affiliated (Noble & Blackhurst, 2015; CCCU Website, 2018; Council for Higher Education Accreditation, 2015). Of the 600 Christian-affiliated institutions, 140 of those colleges and universities belong to the CCCU based on their mission. These institutions tend to be smaller, since they struggle to recruit students with particular faith orientations (CCCU Executive Summary, 2010). Due to their size and lack of visibility, the CCCU institutions provide an appropriate setting for examining the effects of federal regulations on small, private institutions.

Cost Data

The methods used to collect cost data require looking at the data sources, the data instrument, data collection tools, and data analysis. The following sections review how institutions and data sources are identified, how the data instrument is implement to collect cost data information, and how the cost data is analyzed to estimate the full costs of accreditation.

Cost Data Sources.

For this study, small, private institutions were selected from within the membership body of CCCU institutions. The institutions also needed to belong to the HLC accrediting body. For purposes of comparison and standardization of accreditation criteria, all institutions had to have membership to the same accrediting body. The estimation of time spent on accreditation is dependent on the five criteria of the HLC. In order to keep the cost estimations as similar as possible, it was necessary for institutions to have completed their on-site visit within the last two years. Overall, the criteria for selection include CCCU membership, HLC membership, and an onsite visit between 2017 and 2019.

Within the institutions selected, certain personnel need to participate in the data collection process in order to collect the indirect costs from personnel time. When preparing for an accreditation review, institutions will follow the HLC recommendations for selecting people to participate in the process and timeline of preparing for the accreditation review and on-site visit. Table 1 identifies the general hierachy and levels of participation for an accreditation visit. Most institutions identify a steering committee, which includes key representatives, primarily within administrative ranks, who can speak to the organizational structure of an institution. Within the steering committee, a lead author is identified who edits the final Assurance Review before submitting it to the HLC prior to the on-site visit. Secondly, a group of five individuals are typically identified as criteria chairs. The criteria chairs report to the steering committee, but each chair heads his or her own committee to represent each of the five HLC criterion. Under each criteria

chair is a criterion committee that consists of faculty, staff, and administrative members with across-institution represenation.

For the purposes of collecting the full costs of accreditation, all members who participated on the accreditation team, at the various levels, need to be included as data sources. Additionally, each institution should include its president as an additional data source. While presidents do not often sit on the steering committee or criterion committees, they are responsible for the submission of the final report and, typically, review the report before it is submitted to the HLC review team. In order to collect the data, each institution needs to identify a primary member of the accreditation team, often the lead author or a steering committee member, to estimate the indirect costs for each of the members of the overall accreditation team at the various levels.

Cost Instruments.

In order to calculate the full costs of accreditation, a cost template (see Appendix A) was developed to collect and organize the indirect costs and a cost survey (see Appendix B) was created to categorize the direct costs. These two instruments are discussed in this section.

The cost template (see Appendix A) provides a framework for estimating indirect accreditation costs at each institution. Within the template, the five core HLC criteria and sub-criteria are identified. The template allows for data to be collected on each criterion member who worked on the accreditation task force. It categorizes time-related information by the five core criteria for each accreditation team member.

The cost template asks each criterion member for demographic information: their role at the institution, the average number of hours they work per week, and salary data

for the year of the on-site visit and the three years prior. Each criterion member is also asked to designate which sub-criteria he or she worked on when preparing for the on-site review. All of the sub-criteria are listed next to corresponding checkboxes, under each of the five core criteria. The sub-criteria are provided to help accreditation team members understand what constitutes as an accreditation-related activity. At the end of each of the five checklists, criterion members are asked to indicate the number of hours they worked per week on each of the five core-accreditation criteria during the three years leading up to the on-site visit, during the summer before the on-site visit, and during the academic year of the on-site visit. These data form the basis for the indirect costs.

While the cost template allows for systematic estimations of costs by personnel and accreditation criteria, the costs are still estimates. The cost template provides specific guidelines for how to estimate the costs, but the estimates of the time spent on accreditation are reported for the entire accreditation team by one, steering-committee team member. The indirect costs of accreditation are difficult to identify due to the ways in which they are tied to personnel time. The cost template provides a framework for identifying the costs of accreditation, while recognizing the inherent variability due to estimation.

The second instrument used to collect the direct costs of accreditation is the cost survey (see Appendix B). The cost survey provides parameters for the direct costs examined in this study. The direct costs analyzed in this study include HLC Conferences, trainer fees, professional fees, texts and resources, HLC site visit fees, Pathway fees, and eligibility process fees. For each direct cost, institutions are asked to indicate how much they spent during the three years preparing for the on-sight visit, during the summer

before the on-site visit, and during the year of the on-site visit. Direct costs of accreditation are often identifiable within institutional budgets as line items. These items are specific to accreditation and often occur on a yearly basis, but increase during the preparation of the Assurance Review and on-site visit. The compilation of costs create the basis for the direct costs of accreditation.

Cost Data Collection.

In order to collect cost data, a proposal was submitted to the IRB indicating the type of research that would take place in this study. A plan to proceed with the data collection was outlined and approved by the IRB at the University of Minnesota (see Appendix C).

Once institutions were identified as belonging to the CCCU, HLC, and having recently completed their on-site accreditation visit, the Vice President of Academic Affairs was contacted, with a follow-up letter sent to the institution's president. At most institutions, the Vice President of Academic Affairs is a key leader on the accreditation team. The Vice President of Academic Affairs was selected as an initial point of contact because the Assurance Review is often considered an academic report and housed in the academic division, even though it involves the operations of the entire institution. Once an initial contact was reached at the institution, a meeting was requested with the lead author of the accreditation report at each participating institution.

The purpose of the initial meeting was to outline the scope of the research and explain the cost-template and method for estimating the time spent on each of the accreditation criteria. At the intitial meeting, it was necessary to generate a list of all members of the accreditation team, at the various levels (see Table 1). Once a list of

participating members on the accreditation team was established, the cost-template was personalized for each of the members of the acceditation team, based on their role within the institution. The personalized cost-templates were given to a member of the steering committee to complete for each accreditation team member.

The members of the steering committee were asked to provide salary information and time estimates for each of the accreditation team members at their institution plus the president. The lead authors were also asked to verify which sub-criteria each criteria member worked on during the accreditation process. The data from the costs templates form the indirect costs of accreditation.

The members of the steering committee were also given the cost survey for the direct costs of accreditation and asked to complete the survey or verify, from the institution's budget, the spending in each of the survey's categories of direct costs during the year of the on-site review and the three years leading up to the visit. These costs were summed to create a direct-cost total for each institution. The collection of data from the cost template and cost survey represent the full costs of accreditation.

Cost Data Analysis.

The data from the costs template have to be tranformed to determine the indirect costs of accreditation. Indirect costs are measured as individuals' hourly pay rates multiplied by their time spent on accreditation. Once the data are converted into hourly pay rates, the data from the cost template and cost survey can be summed to create composite costs for each of the five HLC criteria, the overall indirect costs, and the overall direct costs.

After identifying the overall costs of accreditation via the direct and indirect costs, the data can be used to compare the costs to other institutional data to determine the ways in which they impact small, private institutions. The costs can be analyzed as a measure of cost per criterion and used to compare with their impact on the institutional budget. Descriptive statistics can be used to determine the average amount of spending on each criteria as it relates to institutional roles and budgets. The cost template and cost survey are used to profile small, private institutions and how accreditation impacts these institutions.

Interview Data

To determine the how the system, process, and costs of accreditation impact an institution, interviews were conducted with each of the participating institutions. The following sections describe the structure of the interview questions and the analysis that took place at the conclusion of the interviews.

Interview Data Sources.

As with the indirect data collection, the same institutions are used for the interview portion of the study. Often there are members of the accreditation team still working at the institutions since the institutions went through the accreditation process within the last two years. For the indirect costs, a list of all members of the accreditation team was collected. Using that list, it was determined who should be interviewed. It was suggested that the steering committee lead author be interviewed since that institutional representative would have worked directly with the systems, processes, and costs of accreditation (see Table 1).

Interview Data Instrument.

The purpose of interviewing the lead authors is to understand how accreditation is perceived to impact small, private institutions. Institutions have always absorbed the costs of accreditation, but since this process happens over time, rarely does an institution grasp the long-term effects of accreditation. Each interview provides an opportunity to examine the ways in which accreditation is systematized, operationalized, and absorbed within different institutional structures. The interviews follow a structure protocol that is outlined below (see Appendix D).

Question 1 is:

As you know, the Higher Learning Commission accredits colleges in Minnesota. That is, there is a partnership among the federal government, institutions like yours, and the Higher Learning Commission. The role of the accrediting body is to assure quality in colleges. This system works in a similar way across accrediting bodies in the United States. Overall, how does the ***national system of accreditation*** *affect your institution?*

In posing this question, the researcher explains that the system of accreditation refers to the effect that the accrediting body has on institutional operations and costs. The system of accreditation affects the alignment of criteria and goals within the institution. Follow-up questions include the following:

- *What words describe your perception of the system involving the federal government, colleges, and the Higher Learning Commission?*
- *What have been some of the benefits of the accreditation system to your institution?*

- *What challenges, if any, did your institution experience with the system?*
- *What are the hardest aspects of the accreditation system for your institution?*

These questions allow for a discussion of perceptions of the national system of accreditation in relationship to an institution's participation in accreditation.

Question 2 is:

In order to stay accredited by the Higher Learning Commission, every ten years each institution completes a self-study and an on-site review. The preparation for the self-study begins three years before a review team from the Higher Learning Commission comes on campus. How has the ***process of accreditation*** *(that is, the self-study and the on-site review) affected your institution?*

The researcher explained that the process of accreditation is the effect that accreditation has on institutional workload and costs, and that this question is directly related to the indirect and direct costs of accreditation. The process of accreditation involves the implementation and maintenance of the HLC criteria, which affects institutional workloads, and the direct costs of accreditation, as associated with the on-site review. Follow-up questions include the following:

- *What was the impact of the self-study on your institution?*
- *What was the impact of the on-site review to your institution?*
- *What were some of the benefits to your institution from the self-study and the on-site review?*
- *What challenges, if any, did your institution experience with the self-study and the on-site review?*
- *What were the hardest aspects of the self-study and the on-site review?*

- *How did the process of writing the self-study report and hosting a review team affect faculty or staff workloads?*

The second set of questions allows institutional members to discuss the direct and indirect costs of accreditation and how they impacted the institutional members' workloads.

Question 3 is:

My last question is about the cost of accreditation. Each year, your institution pays the Higher Learning Commission membership dues and spends personnel time on accreditation. How do the ***costs of accreditation*** *affect your institution?*

This question allows institutional members to describe in more details the perceived impact of the costs of accreditation on the institution. The purpose of this question is to understand how costs are embedded within the institution and the ways in which they are planned for. Follow-up questions included the following:

- *How does your college manage the additional costs of the self-study and on-site review?*
- *How does your institution plan for the costs of accreditation?*
- *What are the benefits, if any, that come with being a member of the Higher Learning Commission?*
- *What are the challenges, if any, that your institution faces from participating in accreditation?*
- *Is there anything else that you would like to mention that relates to the costs of accreditation?*

These questions highlight the institution's current planning practices around accreditation.

Interview Data Collection

In order to collect data on the indirect costs, the accreditation teams were identified by each institution participating in the study. Once the cost templates are complete, a follow-up meeting with the lead authors was requested. The first objective of the follow-up meeting was to clarify any questions that may have come up during the data collection process. The second objective was to interview the lead authors about the system, processes, and costs of accreditation. Upon agreeing to an interview, the lead authors were asked for permission to audio record the interviews for purposes of transcription and more-accurate analysis. The interviews followed the protocol outlined in the interview-data instrument section (see Appendix D). Questions from the interviews were used to solicit examples and stories related to the institution's systems, processes, and costs of accreditation. The interviews were recorded for each lead author's responses for further review.

Interview Analysis.

Interviews were used to ask the lead writer at each institution three questions regarding the systems, processes, and costs of accreditation. The interview responses were transcribed to form a profile of the perceived impacts of accreditation on institutions. The interviews were compared between institutions to gain a qualitative perspective on the impacts of accreditation on the system, processes, and costs at small, private institutions. The two interviews were reviewed to determine if there were related patterns between the perception of accreditaton and its impact on the institution.

CHAPTER 4

RESULTS

Accreditation is one of many federal mandates that institutions have to manage in order to operate. The process of accreditation was first developed as a measure of quality assurance to provide accountability for a small group of institutions (Brittingham, 2009; Ewell, 2008). As higher education expanded and the number of students increased, the United States Department of Education partnered with accrediting bodies to create a system for accountability to determine whether or not institutions should be the recipients of students' federal financial aid (Brittingham, 2009; Woolston, 2012). From this partnership emerged the process of accreditation, which involves a cyclical review process, self-study, and on-site visit (HLC website, 2018). Due to increased pressures around accountability, the federal government has increased the number of accreditation criteria. The expansion of criteria and the continuous review process put a strain on small, private institutions.

Accreditation can be costly in institutional resources. Membership, reporting, data collection systems, personnel time, and training all require institutional funding. This study quantifies the costs of accreditation by measuring both direct and indirect costs. The specific research question guiding this study is: "*How should the full costs of accreditation of higher education institutions be computed, and how do accreditation systems, processes and costs affect small, private colleges*?"

This chapter presents the findings of the study. The chapter profiles the two institutions at which direct and indirect accreditation cost data were collected. It then

reviews the survey instrument used for determining the costs of accreditation and presents the results. The chapter concludes with an analysis of interviews that were conducted with the two lead accreditation report writers on their perception of how the systems, processes, and costs of accreditation affect small, private colleges.

Study Participants

Two institutions agreed to participate in this research. The criteria to participate were institutional membership with the Higher Learning Commission and with the Council for Christian Colleges and Universities, and having had an accreditation visit within the previous two years (between 2017 and 2019). At the start of the study, three colleges were identified as potential institutions for participation based on the qualifying requirements. The three institutions were contacted via the Vice President of Academic Affairs, with a follow-up letter sent to each institution's president. Responses were received from two of the three institutions. After several attempts at contacting the third institution, it was determined that the study would continue with the two institutions that responded.

Study Participants for Institution A

Institution A is a small, private institution whose mission is to provide a Christ-centered education, which allows students to be challenged intellectually and spiritually to be able to serve in their professions. Institution A is accredited by the Higher Learning Commission (HLC) and is a part of the Council for Christian Colleges and Universities (CCCU).

Table 2: Institution A and B Committee Profiles

	Institution A	Institution B*
Steering Committee		
Members	5	(2)
Lead Author	1	1
Criterion 1: Mission Committee		
Chair		(1)
Members	5	(6)
Lead Author	1	
Criterion 2: Integrity – Ethical and Responsible Conduct Committee		
Chair		(1)
Members	8	(4)
Lead Author	1	
Criterion 3: Teaching and Learning – Quality, Resources, and Support Committee		
Chair		(1)
Members	11	(5)
Lead Author	1	
Criterion 4: Teaching and Learning – Evaluation and Improvement Committee		
Chair		(1)
Members	7	(4)
Lead Author	1	
Criterion 5: Resources, Planning, and Institutional Effectiveness Committee		
Chair		(1)
Members	6	(6)
Lead Author	1	

**Parentheses indicate that, after the first year, people in these positions and on those committees were no longer working on the accreditation process.*

Institution A completed its most recent accreditation visit in the fall of 2018 and followed the recommended timeline in preparing for the self-study and on-site visit.

Institution A began the comprehensive evaluation three years before the HLC review team came on its campus. In the three years before the on-site visit, the institution's leadership appointed a steering committee and criterion committees to represent each of the five core criteria. Within the institution, 48 employees served on either the steering committee or a criterion committee. Administrative leaders at Institution A organized the process by identifying an overarching steering committee, criterion committees, and criterion authors (see Table 2). The criterion committees reported to the steering committee, which organized processes, finalized the report, and planned for the on-site visit. By involving more people across the institution, Institution A's accreditation team was able to identify gaps within the institution's processes for meeting the criteria and address those gaps in the self-study before the review team arrived on campus. The formation of the steering committee and criterion committees provided an organized way to manage the self-study and to prepare for the on-site visit.

Though the process began in an organized manner, there was a lack of understanding of the accreditation process across campus that had to be addressed. Several key participants had never gone through an accreditation review, and so Institution A invested time and resources in sending several people to the HLC conferences in Chicago. The conferences provided training and general education to guide Institution A's completion of the self-study. Though the conferences were beneficial, they caused some internal confusion about the meaning and intent of the HLC criteria. The accreditation team received information from HLC reviewers and other

institutions that caused them to question their interpretation of the criteria. The multi-perspective interpretations forced them to go back to the HLC language to ensure that they were following the intent of the HLC criteria. This process added additional time to the completion of the Assurance Review.

Institution A started the accreditation process early and met consistently to allow time for interpretation and learning challenges. During the three-year process of writing the self-study, Institution A chose to involve the greater institutional community. By involving more people, the review covered the larger operations of the institution from a multi-role perspective. Additionally, when the review team conducted their on-site visit, the overall community was able to articulate clearly the institutional response to the HLC criteria. The institution demonstrated the importance of preparing for the HLC on-site visit ahead of time. The community understood the importance of the accreditation review process and was able to articulate their understanding of the criteria to the review team.

Involving the community in writing the report and preparing for the on-site visit was an essential step for Institution A. According to the lead author on Institution A's steering committee, the process was inefficient, due to the number of people involved; however, by having greater involvement, the overall community was educated and prepared for the on-site visit. Institution A established collective knowledge about institutional operations that allowed for more informed participants across the institution. The overall process resulted in an informed community, but it also produced inefficiencies in time spent collecting data, rewriting the report, and deciding on a direction.

Study Participants for Institution B

Institution B is similar to Institution A. Institution B is a Christ-centered university that is committed to academic excellence to prepare students for leadership and ministry positions. The institution is a small, private university that is accredited by the Higher Learning Commission (HLC) and is a member institution of the Council for Christian Colleges and Universities (CCCU). Institution B completed its most recent accreditation visit in the spring of 2018 and followed the recommended three-year timeline by the HLC to prepare for the self-study and on-site visit.

Institution B began to prepare for the comprehensive evaluation three years before the on-site visit. For the self-study, Institution B completed a Quality Initiative Project (QIP) and reported the results as part of the open-pathway process. The Quality Initiative Project is a major improvement project chosen by the institution and approved by the HLC to move the institution in a specific, goal-oriented direction. The HLC describes the Quality Initiative Project as, "intended to allow institutions to take risks, aim high, and learn from only partial success or even failure" (HLC website, 2018). The Assurance Review involved some overlap between the self-study and the Quality Initiative Project, which increased efficiencies, but it also required increased engagement between the HLC and Institution B.

Even though the process started three years before the on-site visit, significant personnel changes occurred during the report-writing stage that caused disruptions to the process. The personnel changes resulted in leadership changes and internal shifting of positions. At the beginning of the process, the Dean of Arts and Sciences oversaw assessment and a part of the accreditation process. The Dean of Arts and Sciences shared

the responsibility for accreditation with the Director of Institutional Research. Five criteria teams of faculty, staff, and senior leadership were created (see Table 2). In total, 31 people were recruited to participate on the criteria teams. One person on each team was designated the chair of the criteria team and the rest of the participating faculty, staff, and administration were assigned committee-member status (see Table 2). The criteria teams were tasked with gathering information and organizing supporting documentation for each of the sub-criteria for their specified criterion. The committees reported to a committee chair, who in turn reported to the Dean of Arts and Sciences and the Director of Institutional Research (the steering committee).

After the first year of the comprehensive evaluation process, both the Dean of Arts and Sciences and the Director of Institutional Research left Institution B. A staff member was appointed to a modified role as the Director of Institutional Research and Effectiveness. This person's primary responsibility was to complete the comprehensive evaluation and self-study for the upcoming accreditation visit. The new director reported to the Provost, who had some accreditation experience and who partnered with the director to complete the tasks for accreditation. The Director for Institutional Research and Effectiveness was the lead author and data collector for the self-study report. The provost assisted in the process, as he had previously served as a peer-reviewer for the HLC and understood the process, but, ultimately, the Director for Institutional Research and Effectiveness completed the self-study the year before the on-site visit.

Unlike Institution A, which involved the larger community, Institution B took a singular approach. Institution B's process resulted in inefficiencies due to personnel changes in the middle of the writing process. The lead writer from Institution B took on

the majority of the work to complete the Assurance Review and absorbed the impact of the accreditation process. The overall work was significant, but it was not significant for all participants across the institution.

Determining Direct Costs of Accreditation

Accreditation is an institution-wide project that involves faculty, staff, and administration. When accounting for the costs of accreditation, both direct and indirect costs need to be taken into consideration. A systematic process is needed to analyze those costs. One of the outcomes of this study is a systematic process, detailed in this section, for collecting data on direct costs associated with accreditation reviews and estimating the actual direct costs.

Direct costs are often budgeted and accounted for in a manner that makes it easy for institutions to identify them. Due to the ongoing nature of accreditation, institutions often designate certain portions of their annual budget for accreditation costs. Each year institutions are required to pay membership dues and processing fees. Institutions may also set aside additional, discretionary funds for conference attendance, trainer fees, or other site-visit related costs in the years before the self-study and on-site visit. The following steps describe how to identify the direct costs.

Step 1: Create a List of Direct Costs

In order to establish parameters for the direct costs, I devised a list of the direct costs for accreditation included in this study (see Table 3). Each item on the list is described to indicate the scope of the various direct costs.

HLC Conference costs are any costs related to sending members of the institution to the HLC Conferences including: transportation, meals, hotels, and conference-attendance fees. Trainer fees are included in order to account for any costs due to trainings held at the institution to prepare members to write the Assurance Review and Federal Compliance report or to prepare for the on-site visit. Professional fees relate to hiring external editors, writers, personnel stipends, or other accreditation business. The fees for texts and resources are included as a way to account for costs related to material fees. In preparing for the on-site visit, institutions often purchase texts and resources that aid in the preparation of the Comprehensive Evaluation. The HLC estimates that $500 should be set aside for texts and resources (HLC website, 2018). The Pathway Fees and the Eligibility Process Fee are embedded in annual institutional budgets. These fees refer to the specific membership dues that an institution pays, depending on the pathway that it has selected and the size of the institution. Lastly, in preparation for the on-site visit, institutions may allocate additional funds toward hotels, meals, meeting preparation, and transportation. These costs are included in the table as the HLC Site Visit fees (see Table 3). The HLC has estimated that an on-site visit costs approximately $10,000 (“Cost Estimator Worksheet,” 2016). These costs guide the data-collection process for the overall direct costs.

Table 3: List of Potential Direct Costs

Categories of Direct Costs

Higher Learning Commission Conferences
Any costs associated with attending annual HLC conferences and workshops.

Trainer Fees
Any costs associated with hiring additional personnel to help with the accreditation process, including training around the Assurance Review or Federal Compliance Report.

Professional Fees
Any costs associated with hiring external editors, writers, and trainers; personnel stipends or other fees related to accreditation-related business.

Texts and Resources
Any costs associated with the purchase of additional resources related to accreditation.

Pathway Fees
Any costs associated with an institution's selected pathway and membership dues.

Eligibility Process Fees
Any costs associated with membership dues based on institutional size.

Higher Learning Commission Site Visit Fees
Any costs associated with the on-site visit including: meals, vouchers, hotels, honorariums, and transportation.

Step 2: Estimate Direct Costs

I gave the lead author at each institution a Direct Costs Survey (see Appendix B), based off of Table 3, to guide the data-collection process. On the survey, institutions were asked for data on direct costs for the three years leading up to the on-site visit, for the summer before the on-site visit, and during the academic year of the on-site visit. I met with a member of the steering committee from each institution to go over the Direct Costs Survey, including the cost labels and where the costs may be listed. It was up left up to each steering committee member to determine how he or she would present the direct costs. Since each direct cost is listed on a specific, institutional-budget line, each institution's steering committee member had to determine the best way to collect the data. The Direct Costs Survey was provided to each institution as a guideline in order to collect comparable data across both institutions.

Direct Costs Results

Institution A provided a list of direct costs generated from a report from their accounting office. Institution B provided a list of direct costs using the Direct Cost Survey (see Appendix B). Though the formats were different, both institutions were able to compile complete lists of the direct costs of accreditation based on institutional spending.

Institution A provided the direct costs by generating an institutional report with specific budget numbers. The direct costs were not specifically labeled by the categories listed in Table 3; rather, they were labeled according to Institution A's accounting processes. Direct costs for Institution A were given for four years (FY 2016-2019) and included the following line items: professional service fees, office supplies, general

supplies, advertising, food and catering, printing, professional memberships, conferences and registration fees, travel, lodging, client entertainment, employees' meals, and parking and mileage. The direct costs for Institution A resulted in a total direct cost of $51,685.

Institution B used the Survey of Direct Costs (see Appendix B) and the HLC recommendations for an on-site visit, to calculate their costs ("Cost Estimator Worksheet," 2016). The direct costs were calculated for the year of the on-site visit (2017-2018), the summer before the on-site visit (2017), and the three years prior to the on-site visit (2014-2017). Costs were presented in the specific categories from Table 3 on the Survey of Direct Costs. The direct costs for Institution B resulted in a total direct cost of $86,750.

In both cases, the direct costs were derived with very little effort from the institution. Staff at both institutions indicated that they had planned and prepared for the costs associated with the self-study and on-site visit, so they were not surprised by their spending records for accreditation.

Some differences in the direct costs reported by Institution A and Institution B may be related to how the costs were estimated. Institution A generated the report of costs from their accounting budgets. These costs did not follow the list that I provided but were specific to the institution's cost designations and budget lines. In this case, certain direct costs may or may not have been included in the report that I was given, but most of the costs could be mapped onto the Direct Cost Survey (see Appendix B). The costs were similar enough to the costs in the survey that they were comparable to the costs presented by Institution B. Institution B used the Direct Cost Survey (see Appendix B) and estimated their costs based on institutional records and the HLC recommendations. In

some instances, when Institution B was unable to locate a specific line item, the HLC recommendations were used to estimate direct costs ("Cost Estimator Worksheet," 2016). This method of cost reporting may have overestimated some of the institution's specific direct costs. Both institutions, however, provided reasonably accurate estimates of their direct costs of accreditation.

Determining Indirect Costs of Accreditation

Indirect costs of accreditation are more difficult to determine. Indirect costs are embedded within personnel time and workloads. Often the tasks of accreditation in preparation for an on-site visit are added to the workloads of personnel across the institution. It is difficult to parse out what work is required in a person's usual responsibilities and what work is due to the accreditation process. The lead writer from Institution A stated, "I don't know the full cost, and I don't know that we ever will. I think that it's hard to measure the cost of things." This section details a systematic process for collecting data on indirect costs and estimating them at a small institution.

The task of calculating indirect costs is rarely attempted. Many small, private institutions have increased efficiencies by trimming personnel, but, in the process, they rarely take time to measure the impact of costs of accreditation regulations. In order to estimate the indirect costs of accreditation, those costs need to be systematically calculated. The following steps show how to estimate the indirect costs of accreditation.

Step 1: Define the Accreditation Criteria and Sub-Criteria

A cost template (see Appendix A) is necessary to capture the indirect costs of accreditation. In developing a cost template, it was important to estimate each

individual's time spent on accreditation and to determine how that time was spent. For the HLC self-study, there are five core criteria, with several sub-criteria. The cost template groups time spent on accreditation by the five core criteria. Each person who fills out a cost template is asked to identify how much time he or she spent on accreditation for each of the five core criteria. The cost template uses the sub-criteria as guidelines for institutional members to think through how much time they spent on the five criteria. Each person who fills out the cost template indicates whether or not he or she worked on the sub-criteria. The survey instrument assists individuals in indicating how much time was spent and how their time was spent on accreditation according to the five criteria.

Step 2: Define Periods of Time

The cost template (see Appendix A) identifies three time periods over four years. The first time period is preparation for the self-study, i.e., the three academic years before the on-site visit. The second time period is the summer before the on-site visit. The final time period is during the academic year of the on-site visit, which includes preparation leading up to the visit and the visit itself. These three time periods were used to estimate the time spent on accreditation and calculate the costs for each of the five HLC criteria.

Step 3: Adjust Cost Template to Individualized Roles

After defining the criteria, sub-criteria, and time periods, I specified a cost template for each individual who served on the accreditation committee. The templates were constructed based on the list of accreditation team members that I received from each participating institution. Each institution was able to provide a list of accreditation team members, by criterion committees and a steering committee (if applicable). Each

institution also included its president in the list of accreditation team members, as requested for this study. After receiving the list of accreditation team members, I created a separate cost template for each employee with his or her name and role at the top of the template.

On each cost template there are two questions specific to each accreditation member. Each accreditation team member was asked to estimate the average number of hours that he or she worked per week. Each accreditation team member was also asked for his or her salary amounts during the year of the on-site visit and for the three years prior to the on-site visit.

Following the two questions, the cost template is organized by the five core criteria. For each criterion, the sub-criteria are listed with a corresponding checkbox. Each accreditation team member was asked to check the boxes for each of the sub-criteria on which he or she worked. Prior to distributing the cost templates, I bolded certain sub-criteria for each cost template, based on the team member's title and role at the institution. The sub-criteria guided the data collection process in estimating the amount of time that each person on the accreditation team spent on accreditation-related tasks. After selecting the sub-criteria, the accreditation team members were asked to list the hours per week that they spent on tasks related to each of the five core criteria. The hours spent on accreditation were divided into the three time-periods: time spent during the three years of the self-study, time spent during the summer before the on-site visit, and time spent during the academic year of the on-site visit. An indirect cost estimate was computed from the reported hours worked, salary information provided, and time spent on the five core criteria.

Step 4: Collect Data on the Indirect Costs

At Institution A, I conducted an initial meeting with three members of the steering committee. The purpose of the meeting was to explain the cost template and present the overall purpose of the research. This initial meeting was essential in describing the research and explaining how to estimate the cost of accreditation in an accurate manner. It was important for members of Institution A to understand that estimations of time spent on accreditation could be standardized. For instance, committee meetings, conferences, and accreditation meetings could be standardized across participants, based on how many meetings were held and conferences attended. This conversation provided members of Institution A with information on how to fill in the cost template and collect the data.

Following the initial meeting, members of the steering committee at Institution A created a list of all committee members, including the steering committee, criterion committee members, and the president. In total, the steering committee at Institution A identified 48 primary participants in the accreditation process. I used this list to create an individualized cost template for each committee member at Institution A. The cost template was configured for the years leading up to the 2018-2019 on-site visit and individualized for each committee member. At the top of each cost template, the person's name and role were listed, along with the appropriate academic years.

For each person's role within the institution, the cost template was individualized one step further. Under each of the five core criteria in the cost template, the sub-criteria were listed in abbreviated form. The sub-criteria were bolded in accordance with their alignment to the role held by the institutional representative. I suggested the alignments as a guideline to help individuals completing the cost template to recognize where they

may or may not have contributed to the accreditation process in order to categorize their time.

Once the individualized templates were appropriately configured for Institution A's accreditation team members, the documents were sent to their Accreditation Liaison Officer (ALO). The ALO completed the cost estimates for each of the 48 members who worked on the accreditation process from 2015-2019 at Institution A. The completed cost templates estimated time spent on accreditation, in hours per week, for each of the five core criteria for the 48-committee members. The cost templates also designated which sub-criteria each accreditation team member worked on (see Appendix E for results).

For most of the criterion committee members, the estimates were easy to complete. For those individuals who were criterion committee members, and not lead authors or chairs, their time commitment was minor. They were primarily involved in activities related to committee meetings, data collection processes, occasional conferences, and limited meetings during the on-site visit. The time estimates for these committee members often fell within one criterion, the criterion that their committee represented. For members on the steering committee, time estimates were more complex. Often steering committee members were lead authors for a specific criterion, but they also had additional meetings, more extensive criterion committee work, more frequent conference representation, and additional responsibilities during the on-site visit. For each of the 48 representatives, a completed cost template estimating the overall time spent on accreditation that went beyond regularly assigned duties was returned.

Though the completed cost templates were returned to me, they were missing salary information. Institution A was unable to release individual salary data due to

institutional privacy policies. In order to estimate the cost of accreditation, I used the College and University Professional Association (CUPA) salary data to impute the missing salary data. Within the CUPA data set, median salaries are reported for all CCCU institutions. I was able to estimate individuals' salary data using the titles provided for each accreditation team member at Institution A matched with the median salary for that position from the CUPA data set. These indirect cost data are close approximations, as the salaries are specific to the subset of institutions being studied in this research.

At Institution B, a similar process followed. After contacting the institution's key administrators, I set up a meeting with the Director of Institutional Research. While the Director of Institutional Research was not on the accreditation team, as she was new to her role, she did have the committee records and meeting times. The cost template and purpose of the research were explained as was the overall goal of receiving close approximations of time spent on the accreditation process.

Following the initial meeting, I requested a list of committee members from the Director of Institutional Research. Using the list of committee members that I received, I constructed a cost template that was specific to Institution B. The list of committee members included 31 members from the institution from faculty, staff, and administrative ranks. Individuals were broken down by criterion committee assignments, but there was no overarching steering committee to guide the process. Additionally, the president was included in the list, as requested for this study.

The cost templates were configured for the correct years leading up to the 2017-2018 on-site visit and individualized for each of the 31 committee members. As with Institution A, each of the sub-criteria was bolded in accordance with its alignment to the

role held by that committee member. I suggested the alignments as a guideline to help individuals completing the cost template to identify where they may or may not have contributed to the accreditation process.

The complete cost template was sent back to the Director of Institutional Research at Institution B. She completed the cost templates for each of the 31 members that worked on the accreditation process from 2014-2018. At Institution B, the time spent on the criteria was estimated in a slightly different way than at Institution A. In the case of Institution B, the Director of Institutional Research indicated the total time that was spent on each criterion, instead of estimating the time per week. Time was standardized for committee meetings and conferences, so each committee member received an hour per committee meeting and eight hours per conference day. Additionally, she filled in the latest salary information, to the nearest thousand, for 2017-2018, the year of the on-site visit. The cost templates also indicated which sub-criteria each accreditation team member worked on (see Appendix E for results).

For Institution B, time spent on accreditation was grouped by criteria team participation. Before the on-site visit, each criteria team met a limited amount of times. The committee members were each given an hour per meeting during the three years of preparation for the on-site visit. Additionally, those same committee members were given between one and five hours during the academic year of the on-site visit for accreditation-related meetings. At Institution B, the Director of Institutional Research and Effectiveness was the primary person tasked with writing the accreditation report. For the year before the on-site visit, he was tasked with gathering data, writing the report, and preparing for the on-site visit. The bulk of the time spent on the self-study at Institution B

was estimated within his cost template. His salary went primarily towards accreditation and his main job responsibilities were placed on hold or assigned to other people within the institution. A cost template was returned for each of the 31 individuals who participated in accreditation at Institution B.

Step 5: Calculate the Indirect Costs

In order to capture the indirect costs of accreditation, I needed to calculate the indirect cost of accreditation, based on accreditation team members' time spent on the five core criteria for each of the four years preparing for and including the on-site visit (see Table 4).

For each person on the accreditation team, an hourly-pay rate was computed based on an individual's salary for each of the four years and the average number of hours they work per week. At each Institution, the number of hours worked per week was usually left blank. In order to determine the hourly-pay rate, I standardized time based on individuals' roles. Based on a person's title, listed on the cost template, I assigned each accreditation member a role of faculty, staff, or administration. I assumed the roles based their titles and administrative norms. Based on the assigned role, each accreditation team member was assigned a standardized hours-worked-per-week designation.

- Administrators and faculty were assigned a professional work week of 50 hours per week for 34 weeks a year.
- Staff were assigned an hourly work week of 40 hours per week for 50 weeks a year.

Table 4: Indirect Cots Formulas

Cost_{ijk} = cost of all work by person i in year j on criterion k at institution I

$$= \frac{\text{person i's weekly salary in year j}}{\text{number of hours person i worked in year j}}$$

x number of hours person i worked on criterion k

Cost_{jk} = cost of all work in year j on criteria k at Institution I

$$= \sum_{i=1}^{N_I} \text{Cost}_{ijk}$$

where N_I is the number of people working on accreditation at Institution I

Cost_{k} = cost of all work on criterion k at Institution I

$$= \sum_{j=1}^{4} \text{Cost}_{jk}$$

Cost = cost of all work at Institution I

$$= \sum_{k=1}^{5} \text{Cost}_{k}$$

- Individuals who worked part time were still considered staff, but their yearly hours were computed based on their hours worked per week, as reported, for 50 weeks a year. There were two designations that were used: 25 hours per week and 35 hour per week.

This information was used with the salary information to calculate an hourly pay rate.

Salary information had to be adjusted in order to use it to calculate the indirect costs of accreditation and hourly-pay rates. For each committee member, four salaries were used to calculate the indirect costs of accreditation, based on the three years of preparing the accreditation report and the year of the on-site visit. Institution B provided salary information, but only for the year of the on-site visit and not the three years spent preparing the self-study. Institution A was unable to provide salary data, but I was able to estimate the most recent salary information from CUPA data. Based on individuals' most recent salary data, I used a standardized formula to calculate the other three years of salary information. For each of the three years that institutions spent preparing the self-study, I reduced the most recent salary data provided by three percent each year and rounded to the nearest thousandth. Three percent is a typical cost of living increase per year, so in this case, I used it as a method to adjust the salaries downward for the previous three years.

Using the standardized salary and number of hours worked, I was able to calculate an hourly pay rate, which was then multiplied by the amount of time spent on accreditation over the four years. These calculations were used to configure each committee member's cost of accreditation per criterion, which were summed to create the indirect costs for each criterion, and, ultimately, the overall indirect costs of accreditation.

Institutional Differences in Calculating Indirect Costs.

Institution A and Institution B reported their data in somewhat different ways. Institution A reported the hours worked on accreditation by each person in terms of hours per week. The hours worked on accreditation per week were transformed into hours worked on accreditation for the year, based on the person's role within the institution and the standardization of hours worked per year. In order to calculate the costs for each criterion, an hourly-pay rate was constructed using College and University Professional Association salary data and the standardized estimates of hours worked per year. For each criterion member, the hourly-pay rate was multiplied by the number of hours worked on the different accreditation criteria for each of the four years. Due to the large number of people attending conferences, participating in the accreditation processes, and working on the criterion committees or steering committee, the overall costs for Institution A were significantly higher. For Institution A, the accreditation process involved the community and led to greater expenditures, as reported in the results section.

Institution B reported the hours worked for each person in terms of total hours spent on accreditation. The Institutional Director of Research calculated an hour for each committee meeting and eight hours for each conference day attended. The hours were standardized and most of the hours spent on accreditation were assigned to their lead writer, who had the task of collecting data, putting together the report, and submitting the self-study. Since the times were already configured as the total time on accreditation, the times were directly multiplied by each accreditation team members' standardized hourly-pay rate. Institution B's reported costs were presented in a standardized manner with fewer individual variances in time spent on the accreditation process. Most of the time

spent on accreditation was credited to the lead writer, which allowed for increased efficiencies. For Institution B, the change in personnel caused one person to take over the accreditation process and allowed for greater efficiencies, as demonstrated in the results section.

Direct and Indirect Cost Results

This section presents the results of the calculation of costs of accreditation for the two institutions involved in the study.

Total Costs of Accreditation

The total costs of accreditation for Institutions A and B are presented in Table 5 and Table 6, respectively. The cost for accreditation for Institution A was $409,037 over the course of four years. Institution A spent on average $102,259 each year for four years. The cost of accreditation for Institution B was $162,662 over the course of four years. Institution B spent on average $40,665 each year for four years.

Table 5: The Direct, Indirect, and Total Accreditation Costs for Institution A

Total Direct Costs		**$51,685**
Indirect Costs		
Criterion 1.	Mission	$61,440
Criterion 2.	Integrity: Ethical and Responsible Conduct	$65,193
Criterion 3.	Teaching and Learning: Quality, Resources, and Support	$73,124
Criterion 4.	Teaching and Learning: Evaluation and Improvement	$73,704
Criterion 5.	Resources, Planning, and Institutional Effectiveness	$83,889
Total Indirect Costs		**$357,352**
Total Accreditation Costs		**$409,037**

Table 6: The Direct, Indirect, and Total Accreditation Costs for Institution B

Total Direct Costs		**$86,750**
Indirect Costs		
Criterion 1.	Mission	$14,800
Criterion 2.	Integrity: Ethical and Responsible Conduct	$14,459
Criterion 3.	Teaching and Learning: Quality, Resources, and Support	$19,114
Criterion 4.	Teaching and Learning: Evaluation and Improvement	$14,694
Criterion 5.	Resources, Planning, and Institutional Effectiveness	$12,844
Total Indirect Costs		**$75,912**
Total Accreditation Costs		**$162,662**

When looking at the breakdown of institutional costs across both institutions, it should be noted that across the five core criteria, Institution A spent a similar amount of money on each of the core criteria. Institution B spent less than Institution A, in general, but the spending patterns were similar across each of the five core criteria. The equal spread of costs across the five core criteria can be accounted to the fact that most criterion committees are made up of similar numbers of faculty, staff, and administration, so there is a similar amount of time being invested into each criterion. While Institution A is over three times the size of Institution B, which allows for a greater number of employees to participate and institutional resources to be accessed, a primary difference in cost was the way in which the accreditation process was conducted and committees were structured.

Institution A took on a community approach and encouraged many people to be involved in the accreditation process. Forty-eight people participated on committees, went to conferences, and were involved in the writing process at various levels. Each of the 48 committee members participated in the process for the three years of preparing for the Assurance Review and during the year of the on-site visit. The involvement of so many people can be costly, but it can also bring about positive community interaction, spread of knowledge, and campus engagement. Finding a balance between costly participation and campus buy-in becomes essential for institutions.

Institution B took a different approach. Though Institution B started the process with committees, after a year of committee work, several personnel changes took place. Two key members of the accreditation committee left, which caused the criteria teams to disassemble. A faculty member was promoted to the position of Director of Institutional Research and Effectiveness and was tasked with writing the self-study for the upcoming

on-site visit. The lead writer completed the self-study with a few additional people providing data or institutional information. The process resulted in one person working on accreditation, with limited involvement from the greater community. This process may have been more efficient, but it cost the institution an administrative position for two years and any other work associated with that position had to be completed by other institutional personnel.

The total costs of accreditation can also be examined in relation to each Institution's budget, size of accreditation committee, and size of student body (see Table 7). The information is presented as a comparison of costs for Institution A and Institution B (see Table 7).

For Institution A, the cost of accreditation over a four-year period of time is 0.137% of their overall budget over the same period. For Institution B, this figure is 0.125%. These costs suggest that, for these two small, private institutions, the cost of accreditation was reasonably proportional to their operating budgets.

Table 7: Total Accreditation Cost as a Percentage of Annual Operating Budget, per Committee Member, and per Student per Year

	Institution A	**Institution B**
Cost as a Percentage of Annual Operating Budget	0.137%	0.125%
Cost per Committee Member	$2,121	$1,312
Cost per Student per Year	$29	$35

When the costs of accreditation are calculated per committee member at Institution A, the cost per committee member was $2,121 for accreditation-related activities each year for four years. At Institution B, the cost per committee member was $1,312 dollars for accreditation-related activities each year for four years. For Institution A and B, these costs are different based on the way the accreditation teams chose to structure their committees and approach to preparing for the self-study. For Institution A the accreditation costs per committee member were greater, because the steering committee chose to be more inclusive in its approach to writing the Assurance Review. Institution B's directors chose to limit the community involvement of accreditation, which reduced the cost per committee member within the institution.

The third method of comparing the costs is to examine costs per student per year. Though both institutions are small in the context of higher education overall, they have significantly different student body sizes. Institution A has a student body of roughly 3,500 students, while Institution B has a student body of roughly 1,150 students. The cost of accreditation per student per year at Institution A is $29 for four years and at Institution B the cost per student per year is $35 for four years.

Cost Results by Participants' Role

This section presents cost results by the accreditation team members' roles. The results in this section are displayed by the institutional roles of faculty, staff, and administration for Institutions A and B in Table 8 and Table 9, respectively.

Table 8: Indirect Costs of Accreditation by Personnel Role for Institution A. The costs are related to the number of people who participated in the accreditation process in each role over the course of four years.

		Faculty	**Staff**	**Administration**
Criterion 1:	Mission	11,890	8,376	41,175
Criterion 2:	Integrity, Ethical and Responsible Conduct	11,890	11,632	41,671
Criterion 3:	Teaching and Learning: Quality, Resources, and Support	12,925	$16,952	43,248
Criterion 4:	Teaching and Learning: Evaluation and Improvement	11,890	16,959	44,855
Criterion 5:	Institutional Effectiveness, Resources, and Planning	11,890	18,058	53,942
Total		60,485	71,976	224,891

Table 9: Indirect Costs of Accreditation by Personnel Role for Institution B. The costs are related to the number of people who participated in the accreditation process in each role over the course of four years.

		Faculty	**Staff**	**Administration**
Criterion 1:	Mission	3,306	1,493	10,002
Criterion 2:	Integrity, Ethical and Responsible Conduct	6,637	2,014	5,808
Criterion 3:	Teaching and Learning: Quality, Resources, and Support	3,1423	2,153	13,819
Criterion 4:	Teaching and Learning: Evaluation and Improvement	3,1423	935	10,616
Criterion 5:	Institutional Effectiveness, Resources, and Planning	2,615	2,728	7,501
Total		18,844	9,322	47,746

For both institutions, administrative costs are higher than faculty and staff costs. Administrators tend to have higher salaries and greater knowledge of the overall workings of the institution, so, while they are necessary to the report-writing process, their participation is more expensive in terms of time and money to the accreditation process. The criterion costs at Institution A and B are similar across the five core criteria. These results are to be expected, because at both institutions the criteria teams were created with a similar number of faculty, staff, and administrators. An increase in faculty and administrator costs, as compared to staff costs, can be contributed to higher salaries, but also to the fact that the primary criterion writers were from faculty and administrative ranks.

At Institution A, the lead authors for each criterion comprised three faculty members, one administrative member, and one staff member. Of the five people, four were faculty or administration. The overall lead author was also an administrative member. The lead writer from Institution A commented that, "sometimes accreditation can be viewed as 'Well, that's academics' job' or 'that only affects academics,' where really you know the accreditation standards impact every single area of campus." The job of accreditation often falls to faculty and administration, but the process is one that affects the entire institution as a whole.

At Institution B the committee chairs were all faculty or administration. There were two faculty chairs and three administrative chairs. When the criterion committees disbanded, the primary lead author on the accreditation report was from an administrative position at the institution.

For both institutions, the lead authors and key participants came from faculty and administrative ranks. These positions tend to be higher paid positions, but they are also positions in which job responsibilities can be added to without adjusting pay. Since faculty and administration tend to have greater supervisory duties and understanding of institutional operations, the task of accreditation often becomes part of their purview. In order to meet the requirements of the self-study, it is necessary to understand the scope of data collection and institutional processes to be able to write to the criteria and sub-criteria.

Analysis of Interviews

The research question asks, "*How should the full costs of accreditation of higher education institutions be computed, and how do accreditation systems, processes and costs affect small, private colleges*?" In order to answer this question, interviews were conducted with the lead writers from Institution A and Institution B. The lead writers were asked a series of questions about the systems, processes, and costs of accreditation independently. The interviews were conversational and each lasted approximately 30 minutes. The interviews provided insights into how each institution approached the accreditation visit, managed the costs of the review and the on-site visit, and perceived the relationship between the HLC and their institution.

System of Accreditation

When asked, "*How does the national system of accreditation affect your institution?*" the lead writers responded with positive comments on quality control for the

institution but at the expense of the institution and its operations. The lead writer from Institution A responded,

> "I think that it impacts our institution in ways that you don't always see. Because HLC is the mouthpiece that speaks to us and the unit that we're working with. But behind HLC is the national organization that they're part of, and those rules are coming from the [United States Department of Education] and other places. I do think that it impacts us, but not in ways that the average person on the ground would notice."

The lead writer from institution B responded,

> "[The national system] impacts both larger-picture decisions, strategic planning, as well as day-to-day operations . . . the impacts of HLC and their work significantly impacts what we do in the day to day. There's centralization in terms of processing and doing the work of compliance, as well as continuous improvement, but there is also a breadth, as well, depending on what we are required to do for them. So I think, overall, I appreciate and value accreditation. I value the quality assurance, attesting the quality, and the accountability that we have and other institutions have to make sure that we're providing a high-quality education to students. But it is a significant cost as well."

The lead writer from Institution A addressed accreditation as a control in which the government is able to regulate institutional practices from behind the scenes. The lead writer from Institution B mentioned that the HLC affects the institution as a whole, and while costly, there are advantages when it comes to quality control.

I asked the follow-up question: "*What words describe your perception of the system involving the federal government, colleges, and the Higher Learning Commission?*" Both lead writers have significant experience with the HLC, and their perceptions about the benefits and disadvantages of accreditation guided their reflection on the institution's partnership with the HLC. The lead writer from Institution A responded,

> "Well, I think that it [HLC] can be bureaucratic and political. I describe accreditation as kind of a two-edge sword. I think that it does bring a lot of quality and consistency, but at the expense of a lot of time on institutions. It also can begin to take away what is unique about institutions, as we kind of all try to conform to this common set of rules and common way of doing things."

The lead writer from Institution B responded,

> "Comprehensive. Cumbersome. And I would say inconsistent. I want to elaborate on that one a little bit. Sometimes there seems to be a challenge with internal consistency. That is, one HLC policy document will seem to be at odds with another. Other times, written HLC policy or procedure will be at odds with what we hear from our liaison. So the consistency sometimes is a challenge, both with the document, and then documents versus the liaison, or what we're given in terms of guidance. I think peer review or peer accountability comes to mind as well. I think that it is a good system generally. But it does sometimes lead to varying levels of stringency and strictness and consistency."

The lead writers at both institutions mentioned that the system of accreditation is costly in terms of time and that it affects the institution as a whole. While both lead writers would

say that accreditation is beneficial as a means of quality control, they struggle conforming to a series of regulations that do not fully acknowledge institutional uniqueness, are costly to the institution, and do not provide clear expectations.

Lastly, in regard to the system of accreditation, I asked both lead writers at Institution A and B: "*What are some of the benefits of the accreditation system? What are some of the challenges, if any?*" The lead writer from Institution A responded,

> "Practically, the benefit of being accredited for your students is access to financial aid. Beyond that, it really is a means of assuring quality or continuous improvement. So it does ensure that an institution is producing some sort of standard of quality as defined by the HLC guidelines . . . I would say the other swing, some of the things I mentioned about institutions having to spend a lot of time and resources . . . I think that the impact is disproportionate for smaller institutions. Larger institution, like a large flagship state school or even a midsize state school or a large private school, are going to have more resources and [Full Time Equivalencies or FTE] to put towards compliance. Where [at] smaller school like ours, there's going to be less budget, less FTE to put towards this, so it's just going to be put on top of those of us who are already working here. So it's just one of the many unfunded mandates that we get from the federal government that are just sort of heaped on top of the work that we already have."

The lead writer from Institution B responded,

> "So the prompting and the prodding, even maybe the empowerment, the empowering of continuous improvement I think is very helpful with the quality initiative and then with the ten-year assurance argument. We turned over every

> rock just to see how we are doing. It prompted good action from top to bottom because we helped everyone understand here at the institution how important this was to us – to the institution, to our students – so there was real analysis at every level, and real action, real fruit that came from it . . . I think some of the confusion between written HLC policy and the guidance and answers we received from our liaison . . . There's been a fair amount of confusion in terms of what new programming requires approval, what requires notification. And I mean no policy is perfect – no policy can cover every possibility – but there seems to be some inconsistency even in the application of that."

The two lead writers at the institutions mentioned continuous improvement as a benefit of the accreditation system. Accreditation produces quality within the institution because the whole institution is reviewed and analyzed by the HLC. Institution A's lead writer also mentioned that there is a practical side to accreditation, such that students are allowed to be recipients of federal financial aid. At a time when institutions are struggling financially, they may not survive without their students' having access to federal funding.

On the other hand, there are financial burdens and confusing policies that make accreditation difficult to manage. Smaller institutions have fewer resources and fewer people to absorb the cost of accreditation. Faculty, staff, and administration end up absorbing the task of accreditation into their workloads. These unfunded mandates only increase the financial burdens in struggling schools. Any confusion in the accreditation process adds a cost because it takes additional personnel and time to determine the correct way to proceed. There is a need for greater clarity and communication between the HLC and institutions, particularly when there are limited resources available.

Process of Accreditation

Each institution's lead writers were asked, "*How has the process of accreditation, so the self-study and on-site review, affected your institution?*" Both institution's lead writers responded by describing how their institution went about preparing for the self-study and on-site review and the impact on the institutional community. The lead writer from institution A responded,

> "We really formed what we called our steering committee several years, two-and-a-half, three years out, and really began the process of determining where our gaps were. And we tried to address as many of those gaps as we could before the team got here. And I think it was a successful strategy. Along the way it felt chaotic. Along the way it felt like we didn't necessarily have a lot of direction, but I think, in the end, when we look back, I feel like the process worked – even though it didn't always feel as efficient as we might have wanted it to be. But in the end, I think most of the community was well aware of the accreditation process and how it impacted them. During our visit we had really good participation from the community, from faculty, staff, administrators. So it wasn't that people were just on the outside and not participating. I think people really felt buy-in and understood the importance of this."

The lead writer from institution B responded,

> "The structure at the time was a little interesting. One of our deans of our colleges, the former dean of the college of arts and sciences oversaw assessment and this piece of accreditation, but then we had a director of institutional research who partnered on it as well. The dean essentially organized

> five committees around the five criteria and the task of those committees was to gather information related to each criterion. Each one of those committees had a chair and they would report to him. Either the third year or second year out, both of those individuals left. So I transitioned into the role, a modified role, as the Director of Institutional Effectiveness and Research, and so the accreditation piece fell to me. That was the main project that I inherited. As I got into it, they weren't as far along as I expected. Much of the work had to be done, or redone, in terms of identifying and collecting the information and actually writing it up. So we were a little bit under the gun at the time and I basically did all of that work mostly by myself . . . so it was pretty much the last year it was a one man show – it was me."

Institution B was forced to limit the number of personnel who worked on the self-study in order to focus on completing the task. Both institutions passed their review without revision, but it took different steps towards completion.

The institutions' lead writers were asked, "*What was the impact of the self-study on your institution?*" and "*What was the impact of the on-site review on your institution?*" While the process begins three years prior to the on-site visit, each institution was impacted differently during those three years. The lead writer from Institution A responded, regarding the self-study,

> "I think it really helped educate each of those people, because you can't just answer a question in the self-study from your limited perspective of whatever your role is. Everyone who touched the self-study in some way had to learn more about the entire institution."

The lead writer from Institution A also indicated that the on-site review went well, saying,

> "They all had a lot of positive things to say to our community. So there were encouraging things they would say that were good for our community to hear . . . The visitors would say something positive or encouraging about something they read or saw, and I think that helped lend some credibility to what we are doing here. So when visitors are positive about something in the self-study, or at the institution, that helped our people understand that we're doing a good job here."

The lead writer from Institution B made these comments regarding the self-study,

> "It caused us to take a good look at our academic programming, our auxiliary offices, all of our student development offices, all of our support offices, and attest to quality. In some ways, identify areas that we needed to improve. And I think it raised the level of excellence across the institution."

The lead writer from Institution B also commented on the on-site review,

> "The on-site review was a really positive experience overall . . . [The peer reviewer] commended us on several fronts, and it was good. People came out feeling really good initially. You know I thought we would get hit, dinged on a couple of areas and have to write an interim report, which is pretty common, but we didn't. There was nothing that they required of us, and so that just encouraged the university even more. So all around a positive experience and it encouraged us in the work we're doing here."

The self-study and on-site review were positive experiences for both institutions. It allowed them to analyze their current programs and educate the campuses in institutional processes. Each community was forced to work together for a successful self-study and review. By diligently preparing for the reviews, the on-site visits went well and both institutions received validation from their peer reviewers for their work.

I asked the lead writers from both institutions: "*What were some of the benefits to your institution from the self-study and the on-site review?*" Both lead writers responded similarly that the benefit of accreditation was that it allowed their institutions to address gaps, identify what they were doing well, and refocus on their mission-based purpose. The process helped each institution to maintain or increase its level of excellence. The lead writer from Institution A responded,

> "I think it really showed a lot of things that we're doing well . . . It was kind of drudgery, but it was well worth the time it took to do it."

The lead writer from Institution B also responded,

> "I think some of the benefits are just raising the level of excellence across the university, reminding us of our mission, reminding us of why we're here . . . We're educating students, and for us to execute on our faith-based mission of developing students for kingdom work in all fields, and the importance of the value of that, and then the seriousness of our work day-to-day. So the accountability I think produces excellence but also encouragement as well. The fact that we received such positive feedback and a lot of specific feedback on what we're doing was very affirmative for us."

Both lead writers from institutions A and B confirmed that the process was worth the time, based on the way that they were validated in their work.

The institution's lead writers were asked to respond to the challenges they faced with the process of accreditation. The lead writers were asked, "*What were the hardest aspects of the self-study and the on-site review?*" For this question only the lead writer from Institution A responded, with the following:

> "You know, it was just an arduous process to get that document written, and I would say it's a pretty inefficient process. I don't know how it could've been more efficient. The only way to make it more efficient would be to have fewer people involved, but then you lose the sort of community piece of it, the community education and involvement piece of it. If you just have one person writing the document, that's certainly going to be more efficient, but you're going to lose all that kind of collective knowledge and learning that took place. So I think the frustrations were just the amount of time it took, the circuitous journey that we had, internally, figuring out how we wanted to approach something or answer something, but then, externally, how we wanted to interpret something HLC said . . . There's always kind of anecdotal anarchy that reigns when you know someone goes to a conference and hears, well, this institution is interpreting it this way. Then everyone freaks out and just because one institution is interpreting something a certain way doesn't mean we have to interpret it the same way. We had keep going back to the HLC language and really make sure that we were in line with that and not in line with another institution's interpretation of that language."

The accreditation process is difficult because it involves taking policy and implementing it for a specific institutional context. Each institution has unique characteristics that leave accreditation up for interpretation. Successful navigation of accreditation policies requires campus-wide buy-in, as a community addresses the accreditation measures and aims to prove to reviewers that quality and consistency exist across the institution.

Lastly, both lead writers were asked to address faculty and staff workloads as they pertained to the process of accreditation. The two lead writers were asked, "*How did the process of writing the self-study report and hosting a review team affect faculty or staff workloads?*" The lead writer from Institution A responded,

> "It didn't impact everyone's workload, and the workloads that it did impact were not necessarily impacted equally. So I think there were certain individuals who had responsibilities related to HLC or responsibilities here on campus that meant that they had more work to do . . . So I think there was a lot of work that fell to the steering committee to prep the groups that were going to be meeting with the visitors, and to get all of the room reservations, the catering, all of those things lined up. Once the visit was here, it was 'All hands-on deck.' For the steering committee we just kind of blocked out those two days."

For Institution B, the lead writer commented,

> "I would say when we had the committee structure – maybe about 40 people across the university – some were more engaged and involved than others. Probably [for] the five chairs and then the person who was ultimately chairing all of that, it was probably a somewhat significant impact. For the rest, not really. I think it would be akin to typical committee work – you know faculty-committee

> work. It was another committee. Really a lot of the main impact was with one position, me, who had charge over doing it . . . Certainly when the peer reviewers were here for the on-site visit, we pretty much shut down the campus except for classes and chapel. It was 'All hands-on deck' and everyone had to be reachable, to be prepared. We had all of the meetings, and folks who needed to be in the meetings prepared. I did have pre-meetings with all these individuals and committee members before the actual site visit, so that was something."

Both institutions' lead writers indicated that the workload was not equally dispersed. Most committee members had a minimal workload, with the majority of work falling to a few key individuals. At small, private institutions, the individuals who are tasked with accreditation have significant knowledge of the institution and the institution's operations. These individuals tend to be in administrative roles, which adds to the institutional overhead. During the on-site visit, both institutions indicated that the campus shut down for two days. The on-site visit is a costly endeavor, because it involves the entire campus, including students, for a short time. Overall, the workload of accreditation is uneven in terms of personnel and time spent.

Cost of Accreditation

The third question that the lead writers were asked was related to the cost of accreditation. Though the cost of accreditation was examined quantitatively, this set of questions explored cost from a qualitative perspective.

The first question that the lead writers were asked was, "*How do the costs of accreditation affect your institution?*" Institution A's lead writer responded with the following:

> "I think that it's hard to measure the cost of things. When we went into this, the president and vice president for academic affairs had set aside budget for a few years leading up to this, so that was helpful, that we had kind of a plan. That budget was used for things like getting us to and from conferences. Several of us had never been to HLC when we started. So I went to a couple of HLC conferences in a row and got people trained on certain things. We had budget for those kinds of things. So, in terms of direct costs, I think we were prepared for that. In terms of the indirect costs, which are probably the hardest to measure, it just means that you are taking people off of working on other projects. That can be okay provided that what they're working on for HLC is perhaps the quality improvement issue. If it's just jumping through hoops, or trying to ascertain what HLC means about a particular thing, or running in circles trying to figure that out, I think that's where the frustration can come and where the cost can kind of mount up."

Institution B's lead writer commented,

> "I tell people outside of higher education, whether it's family or friends, when the topic of the rising costs of higher education come up, I say it is a real challenge. It's a real issue that colleges like ours are working on and need to work on. We have a responsibility that Higher Ed. remains affordable and accessible and doesn't return the domain of the wealthy and the privileged, but there are a lot of external factors at play. And I talk about one of those being government regulations and accreditation is one of those that have all of these requirements that we need to adhere to [to] prove that we offer a quality education. They are

> cumbersome. They are time-consuming, and they have a massive impact that flows into the cost of higher education and the cost to the student. You know you need people to be familiar with the regulations, to make sure that we are abiding by the regulations, to gather information, to write the reports, and that's pretty significant. I would say that it does stifle innovation. I would appreciate some additional modification to allow for and to foster greater innovation, greater opportunity to be more nimble."

Institution A's lead writer indicated that there was a significant cost, but that the institution had budgeted for some of the known, direct costs ahead of time. The lead writer also pointed out that there are opportunity costs, because people are being removed from specific projects to focus on accreditation. Those costs remain unmeasured and have an unknown effect on institutional processes. Institution B indicated that the costs of accreditation are budgeted and that the budget is created at a cost to the student. For tuition-dependent institutions, increased funding measures are often covered by increasing tuition. In order to manage accreditation and its associated costs, these institutions are norming their processes and absorbing the costs, which, in turn, stifles innovation to some extent.

The next question that the lead writers were asked was related to how institutions planned for and managed the costs of accreditation. They were asked, "*How does your college manage the additional cost of the self-study and on-site review?*" As briefly mentioned before, Institution A's lead writer responded,

> "Well, I mean, it's a combination of setting aside some budget for it leading up to the visit and absorbing into regular workloads . . . I think there's certain things we

> budget for, like our dues and things like that, and I think we're going to get better at that [planning], especially because it seems like we've gone into kind of eternal accreditation. Instead of a ten-year cycle, there's a four-year, and then you've got your quality initiative, and then you've got your six-year after that. So I think we're going to have to bring that into the [budgeting] process a little more visibly every year."

The lead writer from Institution B commented,

> "You know I think the fees, . . . the additional cost of the actual on-site visit, we obviously budget that in. We knew that was coming . . . some of how we managed the costs were finding additional adjuncts, having already budgeted, and having positions created to handle the work. I don't think there were any costs that were surprising to us. We budgeted for them and prioritized them."

Both institutions' lead writers indicated that they begin budgeting years in advance for the process of accreditation and the on-site visit. As accreditation becomes more complicated, the lead writers indicated that it would require more continuous funding. Instead of setting aside money every few years, accreditation may require annual funding to keep up with the processes and additional reporting requirements. While some institutions can set aside budgetary funds for accreditation on a yearly basis, for other institutions continuing accreditation costs will come at the expense of institutional personnel, in terms of time and number of employees.

The lead writers at Institution A and B were asked about the benefits and challenges of participating in accreditation. Specifically, institutions were asked the following question regarding the benefits of accreditation, "*What are the benefits, if any,*

that come with being a member of the Higher Learning Commission?" The lead writer from Institution A responded with the following thoughts:

> "The practical issue [is], if you're not accredited, your students are not eligible for financial aid, and we're kind of addicted to that business model. So certainly, that's a benefit. The continuous improvement pieces that it brings could be another benefit."

The lead writer from Institution B stated,

> "Well it's not just the accountability. We have to make sure that we are providing a quality education and we're committed to continuous improvement. It's also the badge of credibility to parents, prospective parents, and prospective students. Accreditation is a big deal. Obviously, signals quality to them, it signals legitimacy. The second thing would be simply access to federal financial aid. Obviously, it is a huge deal. Schools, small, private schools would be really challenged to keep our doors open if we didn't have access to the federal financial aid."

Both institutions have previously mentioned the benefit of accreditation as a measure of quality improvement. In this case, both institutions focused on access to federal financial aid. Regardless of the cost of accreditation, institutions must maintain their approved-accreditation status, because, without it, their students would not have access to federal financial aid. As the lead writer of Institution B stated, schools would struggle to survive if their students did not have access to funding. As institutions become more tuition-dependent and as the price of higher education rises, students and institutions cannot afford to operate without federal aid.

Lastly, the lead writers were asked to comment on the challenges around the cost of accreditation. Institutions' lead writers were asked the following question, "*What are the challenges, if any, that your institution faces from participating in accreditation?*" Institution A's lead writer responded,

> "Some of the challenges are the disproportionate weight that the burden of accreditation places on a smaller institution to be compliant with every single area of compliance. I think our federal report was over 1,500 pages this time around, where before it was, I want to say it was, less than ten pages ten years ago. So all of that work has to be absorbed in order to maintain accreditation. And all those things are just adding workload at a time when colleges are being criticized for bloated administration or bloated budgets and high tuition. There is this criticism that comes from the federal government that colleges should cost less, but at the same time we're being handed all of these things that we have to do."

Institution B's lead writer's follow-up response was,

> "The ongoing cost is a big piece, in terms of human resources, financial cost . . . We feel like our hands are tied a little bit, unnecessarily. We feel like some things that maybe require a visit could be achieved with a desk review. Things that require approval could be achieved just with notification. So some of the stringency – it does stifle innovation. I was more sanguine about accreditation and HLC and the process when I first took the role on, but I've gotten progressively less positive in my outlook. I think there just needs to be some loosening of the requirements and the regulations, some greater freedom."

Both institutions' lead writers feel the burden of accreditation. Institution A's and B's lead writers indicated that the regulations are increasing and becoming more burdensome on personnel time and institutional funding. Institutions are losing some of their uniqueness as they conform to the standards of accreditation. Quality is desired, and so the purpose of accreditation is to drive quality within the context of the institution's mission. At a time when innovation is necessary, there is some evidence that accreditation regulations are hindering institutions by adding unfunded mandates, tying up personnel time, and over-regulating quality institutions.

Conclusion

At a time when the public is questioning the cost of higher education, accreditation processes add additional costs. The public does not understand the cost of accreditation or how it expands the scope of administration, systems, and processes within the institution. Students, families, and institutional personnel may have a difficult time understanding how the direct and indirect costs of accreditation impact the institution and its constituents. Though accreditation brings value to the institution, it also adds responsibilities to already overburdened institutional faculty, staff, and administration.

The small, private college system needs to be wise with its resources and to examine the most efficient way to achieve accreditation while holding costs to a minimum. Examining the accreditation system and the impact it has at the local level is the first step in managing the cost.

CHAPTER 5

DISCUSSION

Higher education is experiencing stress through changing demographics, increased competition, and pressure to remain affordable, accessible, and accountable. As the landscape of higher education changes, institutions are considering ways to cut costs and increase efficiencies. One process that continues to affect both institutional costs and efficiencies is accreditation.

Accreditation is an ongoing process that both benefits the institution in terms of accountability measures and draws on the institution's financial resources. Accreditation affects the entire institution as new policies are implemented, protocols are laid out, and data collection is performed. As processes for accreditation change and become more complicated, institutions must budget for an increasingly complex accreditation system. The accreditation system and processes add costs in time and resources to strained institutions.

A second layer of challenges affects small, private institutions in the form of threats of closing due to declining enrollments. Even so, these institutions must maintain their accreditation status for two reasons. First, small private institutions continue to strive for public accountability and continuous improvement. Second, small, private institutions need their students to have access to federal financial aid which is available only after successful accreditation. As the cost of accreditation continues to rise, smaller institutions with fewer students and personnel seek alternative ways to understand and manage the costs of accreditation.

Very few studies have been able to estimate the full costs of accreditation. Previous studies have looked at the direct costs of accreditation ("The Cost of Federal Regulatory Compliance," 2015), the involvement of personnel in accreditation processes (Kells and Kirkwood, 1979), and qualitative perspectives of accreditation (Powell, 2013). Rarely have studies been able to capture the full costs of accreditation, particularly the direct and indirect costs.

This study examined the direct and indirect costs of accreditation in a systemic manner. The specific question guiding this study was: "*How should the full costs of accreditation of higher education institutions be computed, and how do accreditation systems, processes and costs affect small, private colleges*?" This question is important to the sustainability of small, private institutions, because it examines the costs of accreditation to help institutions better understand and manage those costs. Since institutions cannot afford to eliminate accreditation, it is critical that they manage the associated costs of accreditation effectively.

Using a direct-cost survey and an indirect-cost template, this study estimated the direct and indirect costs of accreditation at two institutions. Following the collection of cost data, interviews were conducted with the lead writers of the self-study for both of the participating institutions. The interviews were used to explore the ways the accreditation system, processes, and costs affect each institution. This research provides a systematic way for small, private institutions to estimate the costs of accreditation and the ways in which their processes detract from or aid in institutional efficiencies.

Discussion

There are four components to the research question: the collection of direct and indirect costs, the effects of the system of accreditation, the effects of the process of accreditation, and the effects of the costs of accreditation. Four conclusions are drawn from the research in alignment with the research question.

Direct and Indirect Costs of Accreditation

The first conclusion drawn in this analysis is that it is possible to estimate the direct and indirect costs of accreditation systematically. While direct costs are much easier to access, rarely has a study been able to estimate, the indirect costs of accreditation. In this research, a cost template was developed that allowed for the indirect costs to be collected systematically across institutions, personnel, and hours of work on the self-study. The cost template quantified an individual team members' time spent on accreditation by aligning time spent on the self-study with the Higher Learning Commission's core accreditation criteria. The use of the cost template was restricted to the members of the accreditation team to keep participation consistent across institutions. The cost template limited the time spent on accreditation to the three years of preparation of the self-study and the year of the on-site visit. Using the cost template allowed estimation of time spent on accreditation in a procedurally accurate manner, which resulted in the systematic calculations of the indirect costs of accreditation for both institutions.

Previous literature has focused on studying the costs of accreditation in one of two ways: calculating the direct costs, or interviewing key personnel for their perceptions of accreditation. For example, in 2015, Vanderbilt University conducted a study to

quantify the cost of federal regulatory compliance in higher education ("The Cost of Federal Regulatory Compliance," 2015). The study collected labor costs and indirect costs, but the ways in which the costs were estimated were not reported. Additionally, the labor costs went beyond the self-study and the on-site review and included any costs related to interpreting regulations, implementing regulatory changes, compliance issues, and day-to-day activities impacted by regulations ("The Cost of Federal Regulatory Compliance," 2015). These costs were reported as an overall cost of accreditation and not disaggregated by direct and indirect costs.

Woolston (2012) examined perceived direct and indirect costs of accreditation by interviewing key participants about the effects of accreditation. Though a qualitative response is helpful in determining the impact of the costs, it does not provide a systematic understanding of how to examine the costs or to understand better those costs to minimize the impact of accreditation. Most institutions do not spend the time to examine the costs of accreditation, because the work has to be completed regardless of the costs (Woolston, 2012).

This research extends previous research by creating a method to examine the indirect costs systematically. It describes the direct and indirect costs, that when combined, form the basis for the full costs of accreditation associated with the self-study and on-site review. Additionally, the research focused on estimating these costs for a niche of "invisible institutions" within the higher education landscape (Astin, 1972). Often small, private institutions are grouped with institutions of vastly different sizes and missions. This research was able to identify a particular group within higher education and survey two, like-minded, small, private institutions on their direct and indirect costs

of accreditation. These costs provide internal and external constituents with an indication for how much time and money are spent on the accreditation process during the self-study and on-site review.

The System of Accreditation

Several consistent themes emerged regarding the system of accreditation. Interviews with the lead writers from both institutions, revealed both positive and negative aspects of accreditation. The lead writer from Institution A referred to accreditation as a "two-edge sword." The lead writers agreed that accreditation is a means to quality control and continuous improvement, but said that the process is often burdensome, inconsistent, and stifling to innovation. It is important to acknowledge the benefits and challenges of accreditation in order to understand the impact of the system of accreditation on small, private institutions.

Institutions A and B agreed that accreditation was necessary in order for students to access federal financial aid. Small, private schools are often tuition-dependent, and, in order for these schools to be accessible to students, they need to be able to access federal financial aid. Without accreditation approval and access to federal funding, students are often unable to afford private education. The possibility of these schools closing increases when accreditation approval is lost.

Institutions A and B's lead writers were concerned that accreditation is "burdensome," "inconsistent," and "conforming." Accreditation is becoming an additive process with inconsistent policies that stifles innovation. The partnership between the federal government and accrediting bodies has led to an increase in accreditation processes that are limiting institutional autonomy (Foxx, 2011). Over the last 50 years,

the layers of compliance rules and regulations have increased at the expense of institutional autonomy. The increase in regulations has led to confusion between the accreditation body and institutions. As stated in agency theory, information asymmetries lead to miscommunication between the agent and the principal (Kivisto, 2008). The lack of consistency adds to the cost of accreditation due to the time spent on understanding and clarifying compliance policies.

There are indications that institutions are conforming to the policies in ways that limit innovation. The federal government continues to increase its demands on accrediting bodies to prove institutional effectiveness (Alexander, 2000). With the need to adapt to today's challenges, the increases in accreditation criteria are making it difficult for institutions to alter their processes to be innovative.

As the system of accreditation continues to maintain its goals of continuous improvement and quality assurance, it is becoming burdensome and constricting. At a time when institutions are under pressure, they need to demonstrate quality and adapt to the changing landscape. Accreditation processes have not yet been able to accomplish the goal of ensuring high quality standards while simultaneously allowing for greater innovation and flexibility.

The Process of Accreditation

This study examined the process of accreditation. Clearly, committee structure matters for the preparation of the self-study and the on-site visit. The structure of the committees and the number of people who participate in the accreditation process influence the cost of accreditation. Also, personnel alignment with accreditation criteria is essential.

Kells and Kirkwood (1979) concluded that among 207 institutions in the Middle States Association (MSA), the committee structures were limited to a maximum of about 100 to 125 people working on the self-study. Within their research, they found that smaller institutions typically involve a greater proportion of faculty and staff when putting together the self-study. They discovered that between 41 and 50 percent of faculty are involved in the self-study process and between 21 and 30 percent of administrators (Kells and Kirkwood, 1979). With such a large proportion of people involved in the self-study process, institutions devote a significant portion of their time and budgets to accreditation.

Institutions A and B spent unequal time on the self-study and as a result had varying costs. Institution A spent $355,579 on its indirect costs with a committee of 48 people contributing to the self-study. Institution B spent $75,912 on the indirect costs with 31 people contributing to the self-study. While across-institution participation is helpful to the writing and reporting process, it adds significant costs to the institution. These two institutions went through very different processes, yet, both institutions were re-accredited for next ten years with no stipulations.

These findings indicate that, while community involvement is necessary, it may be possible to limit the number of people who are working on the self-study to reduce costs and still disperse information across the institution. Both institutions had positive review experiences with cross-institution participation, and yet the level of involvement ranged from a highly-involved committee structure to essentially a singular person. For small, private institutions that are budget-conscious, a cost-saving measure would be to limit the committee structure to only those who are essential to completing the self-study.

The second conclusion draws on the research study conducted by Shibley and Volkwin (2002), which considered how to limit the workload and costs associated with re-accreditation by exploring the process of joint accreditation. The study investigated whether joint accreditation led to more effective and efficient overall accreditation processes. Shibley and Volkwein (2002) found that a joint review process reduces the cost of accreditation by increasing efficiencies, as people are able to use their regular work to address multiple accreditation standards across accrediting bodies.

Institutions A and B found that when people are working on accreditation, personnel are either being pulled from other tasks, or they are given extra responsibilities that add to their workloads. In order to minimize the impact of accreditation, it is important to align job responsibilities with the criterion tasks. Job alignment with the criterion structure allows people to apply the work that they are already completing to the accreditation process.

Institutions can mitigate the costs of accreditation by limiting the scope of their committee structure and aligning personnel with the accreditation criteria. At a time when colleges are criticized for expanded administrations, these suggestions would help to limit faculty and administrative participation to reduce the costs of accreditation. If accreditation remains an unfunded mandate, it will be necessary for small, private institutions to absorb these costs more effectively.

The Cost of Accreditation

The cost of accreditation is a concern for many institutions. This research study examined the effect of the cost of accreditation on small, private institutions. From the data and the interview responses, three consistent themes emerged regarding the indirect

costs of accreditation: administrative participation drives the cost of accreditation, the costs are disproportionate for smaller schools and affect student fees, and the costs are viewed by institutional leaders as necessary.

Previous studies indicate that indirect costs have a substantial impact on institutions. Woolston (2012) found that 80 percent of the institutional costs of accreditation are due to the indirect costs of personnel time. An important conclusion in Woolston's research is that senior administrators spent more time on accreditation activities at baccalaureate institutions (3,356.7 hours on average) as compared to senior administrators at doctoral institutions (700.5 hours on average). Woolston's research also noted that indirect costs were highest for baccalaureate institutions (Woolston, 2012). Willis (1994), Freitas (2007), and Shibley and Volkwein (2002) also studied the indirect costs of accreditation and indicated that the indirect costs constitute a larger proportion of an institution's budget.

Woolston's research (2012) indicates that administrators spend more time on accreditation activities at baccalaureate institutions, which drives the indirect costs. The data from Institution A and B support this finding. At Institution A, the indirect costs for administrators were $224,891, over three times as high as the indirect costs for staff and almost four times as high as the indirect costs for faculty. At Institution B, the indirect costs for administrators were $47,746, five times as high as the indirect costs for staff and over two times as high for the indirect costs for faculty. At smaller schools, with fewer personnel, there is a greater need to involve administrators in the accreditation process.

At smaller institutions, administrators tend to manage more people and departments, which gives them a greater overall working knowledge of the institution.

Administrators are assumed to be able to absorb additional work in ways that faculty and staff are unable to do. It is recognized among smaller institutions that administrators will take on additional tasks that are passed down from the government in order to maintain accreditation status. Senior administrators' institutional knowledge makes them essential to writing the self-study, even though they increase the indirect costs of accreditation.

Costs are also significant for smaller institutions. Small, private institutions address similar accreditation criteria as institutions with much larger budgets, staff, and students. The costs of accreditation affected both Institution A's and B's overall operating budgets in similar ways. When the costs of accreditation were divided among the four years of preparing the self-study, the cost of accreditation represented 0.136 percent of Institution A's operating budget and 0.125 percent of Institution B's operating budget.

For small schools, the impact of accreditation is often transferred to students through tuition. Small, private institutions are largely tuition-dependent, and in order to absorb the costs of accreditation, the cost of tuition is adjusted to account for the costs of accreditation. When the cost of accreditation was calculated with reference to the student body, different costs appeared. The cost per student at Institution A is $28.89 and the cost per student at Institution B is $35.21. While seemingly low, these costs suggest that smaller schools with fewer students have a more difficult time absorbing the costs of accreditation. Institutions have narrow margins, and, in order to account for the costs of accreditation, institutions have to adjust their revenue to cover accreditation expenses.

The cost of accreditation is multi-faceted. Administration increases institutional accreditation costs, but it is necessary to involve administration to maintain accuracy in

reporting. The costs of accreditation appear to be more impactful to small, private institutions that have fewer personnel to absorb the costs and fewer students to generate revenue to offset the costs. Small, private institutions attempt to manage the unfunded mandates that are generated by accreditation criteria, but budgetary margins, limited personnel, and restrictive criteria may have an adverse effect on those institutions' sustainability.

In summary, one might ask: Is accreditation costly? The answer is complex. Both of the lead writers at Institutions A and B mentioned that the cost of accreditation is costly. Their statements indicate that for small, private institutions accreditation is perceived to be costly. Nevertheless, the fact remains that the actual dollar costs represent approximately .13% of an institution's budget. For small, private institutions, these costs have a significant impact. At small, private institutions, budgetary margins are very narrow, which makes it difficult to absorb any additional costs. Since accreditation costs do not occur on an annual basis, adding accreditation costs on a semi-regular basis can prove to be a challenge. Institutions need to budget for long-term accreditation costs, but are challenged with balancing annual budgets year-to-year. As institutions try to absorb the costs of accreditation and plan for the future, they are questioning the cost of accreditation in light of opportunity costs. Without accreditation, institutional leaders might have greater opportunity to manage budgets in a way that lends itself towards improvements, innovations, and greater sustainability. While these are areas to consider regarding the costs of accreditation, as it stands, accreditation remains essential to the survival of these small, private institutions. As institutions consider of the cost of

accreditation, it is important to consider these points in discussing the costliness of accreditation.

Implications

Implications for theory, implications for practice, and implications for policy emerge based on this research. These implications are discussed in the sections below.

Implications for Theory

Agency theory was used to describe the relationship between the principal (HLC) and the agent (the Institution) in the context of accreditation in higher education. Agency theory describes the agency problem as a misalignment of goals between two parties, which leads to informational asymmetries (Eisenhardt, 1989; Kivisto, 2008). The agency problem exists between the accrediting body (HLC) and many higher-education institutions because they may have different opinions on what it means to educate students. Institutions prepare students through a mission-focused perspective, but the principal (HLC) may lack a comprehensive understanding of the intended outcomes, while increasing regulations as a means to achieve greater transparency. The agency problem between the HLC and institutions leads to stricter contractual obligations, which benefit neither the principal nor the agent and can lead to an increase in regulations and costs.

This study suggests that accreditation has become a burden for institutions. The lead writers from Institutions A and B indicated that there are inconsistencies between accreditation policies and information passed on by accreditation liaisons. These inconsistencies are indicative of the informational asymmetries that exist between the

principal and the agent. They suggest that greater clarity is needed between the principal and the agent, which will lessen the burden on the agent and produce greater informational sharing and transparency. Currently, the agent institutions indicate that the regulatory processes are confusing and burdensome, though the principal (HLC) says regulatory processes increase quality improvement. The reality is that greater regulation may exacerbate informational asymmetries.

Implications for Practice

Data collection for this study, required understanding structures and processes that different institutions utilize in order to complete their self-study and on-site review. The HLC recommends that institutions begin the process of writing their self-studies three years prior to the on-site review (HLC website, 2018). Some institutions form a steering committee to guide the process and sub-committees for each criterion. These teams meet to collect documents and write the self-study prior to the on-site visit.

This study suggests three implications for practice for small, private institutions in order to increase efficiencies and decrease the costs associated with accreditation. The first recommendation for practice is to align committee members' tasks with their job responsibilities. Many of the HLC criteria are associated with specific job responsibilities. Aligning job responsibilities with participation in accreditation helps to minimize the impact on the time spent on accreditation. If people are completing accreditation-related tasks for the purposes of their job when they are assigned to those criteria, they can use the work that they have already completed to address the criteria. This alignment prevents multiple people from working on the same criteria.

The second implication for practice is that, in order to cut the cost of preparing the self-study, a limited number of people should be placed on the HLC steering committee and criteria teams. Institution A had more people participating in preparing the self-study, which caused the cost at Institution A to exceed that of Institution B by almost five times. Institution A valued the community approach, but the lead writer did reference in his interview that the process was highly inefficient. Institution B took on a limited involvement approach with a primary writer who delegated data collection to different people throughout the process. The process for Institution B was established out of necessity, but the results suggest that limiting committee-member involvement reduces indirect costs.

While the implication for practice is to limit the number of people who are placed on accreditation teams, institutions need to also consider HLC guidelines that encourage broad institutional participation. The indirect costs can be decreased by limiting personnel time, but this strategy can present other challenges in maintaining an informed community and providing evidence of institutional processes that are accurate across the institution. In the case of Institution B, the institution's leaders were forced to rely on one person to complete the accreditation report due to significant personnel changes. Turning the process over to one person was a secondary plan and not ideal for their report-writing process. Institution B was able to pass the accreditation review, but the strategy of limiting participation in criterion teams does not mean limiting teams to one person, as the intent of the accreditation process is to develop across-institution participation.

Lastly, the third implication for practice is to minimize senior-level administrative involvement until the end. While some administrative oversight is necessary to

completing the self-study, most administrators do not need to be part of all of the committee meetings or data collection processes. Typically, there are two primary administrators at small, private institutions who need to be involved with accreditation: the Accreditation Liaison Officer (ALO) and the Vice President for Academic Affairs. Since the majority of the self-study falls within the academic division, these two administrators provide most of the necessary knowledge and experience to complete the self-study. The information can be collected and written up by other staff and faculty members and then dispersed or reviewed by other key administrators.

Senior administrators are paid more than faculty and staff, so, when their time is pulled into accreditation-related activities, the indirect costs increase. When comparing the indirect costs of senior administrators to that of other faculty and staff, the administration costs were between two-and-a-half to five times greater. In order to keep the costs down, the involvement of senior administration could be decreased. Though involvement of senior administrators is necessary to the accreditation process, it should be limited to reduce costs so that administrators can focus on other necessary tasks within the institution.

Implications for Policy

Today's small, private institutions are struggling to meet the changing demands of the political and economic environment. With decreasing student numbers, changing demographics, and increasing regulations, this sector of higher education is struggling. This study suggests an implication for policy that could help some of the small, private institutions.

Small, private institutions struggle to accommodate the current regulatory state of higher education accreditation. The lead writer from Institution A indicated that the challenge for small, private institutions is the disproportional impact that accreditation has on this sector of higher education. Smaller institutions have fewer personnel and resources to designate towards accreditation and so accreditation is added to already full workloads. Institution B also indicated that, as institutions are trying to keep up with the regulations, the accreditation process is stifling innovation. Institutions tend to conform to industry norms to ensure that they are meeting the accreditation criteria. The regulatory process may make it more difficult for institutions to adapt to changing times.

Revision to national accreditation might decrease the cost of accreditation and allow for increased innovation. This implication for policy does not suggest that the quality of higher education would lapse with a loosening of the standards. In fact, as suggested earlier, with fewer informational asymmetries, institutions become more likely to increase in their transparency. In November of 2019, changes to accreditation rules by the Trump administration were an attempt to deregulate the accreditation process. Fain (2019) stated,

> "Requirements for accreditors, which monitor colleges and serve as the gatekeepers to federal financial aid, were revised so the agencies will 'be less prescriptive and provide greater autonomy and flexibility to facilitate agility and responsiveness and promote innovation."

The changes to the accreditation process could lead to greater institutional flexibility and freedom to adapt to the changing needs of today's higher education landscape.

Limitations

Two limitations to this research need to be noted. First, the data for this study were collected from two small, private institutions within the Council for Christian Colleges and Universities (CCCU). These institutions have specialized missions with student bodies less than 5,000. The findings from this research are most applicable to other small, private institutions within the CCCU or other similar groups.

Second, all data on indirect costs were collected after the accreditation visit had been completed. The costs are directionally-accurate estimates, but may not be exact. Additionally, each participant did not estimate his or her own indirect costs. The lead writer at each institution estimated the indirect costs for each criterion member on the accreditation team. The indirect costs were standardized using a set number of hours for committee meetings, conferences, and workweeks. Lastly, costs were limited to the self-study and on-site visit costs and do not take into consideration the cost of accreditation maintained on a yearly or regular basis.

Directions for Further Research

There is an extensive literature base on accreditation and its processes, but very little research has been done to quantify the cost of accreditation in terms of the direct and indirect costs. At a time when higher-education institutions are facing increased financial challenges, it is essential for institutional leaders to know as much as possible about the costs of accreditation and any potential ways to mitigate those costs.

Further research could replicate this study using the survey instrument to estimate the indirect costs. Further research should utilize the survey instrument to estimate the

indirect costs of accreditation throughout the three-year process. These studies should include a greater number of institutions and could include other institutional types to determine the applicability of the cost template to other institutions of various missions and sizes.

Further research is also needed on the impact that committee size has on the effectiveness of the self-study. This research found that committee size impacts the cost of accreditation. When fewer people participate in the accreditation process, there are lower indirect costs. This research did not determine whether or not the size of the committee has an impact on the effectiveness of the self-study. Further research is necessary to determine how much involvement is needed for continuous improvement across the institution.

Finally, further research should be conducted on the impact of deregulation on innovation. This research found that institutions perceive accreditation to be a limiting factor for innovation, but there is no definitive evidence to support these perceptions. Pending changes in regulations at the federal level could be tested to see how such changes impact an institution's ability to be innovative.

Conclusion

Higher education is experiencing stress. Within the scope of higher education, small, private institutions are struggling. Changing demographics, declining enrollments, and increased regulations are resulting in more small, private institutions closing than in recent years. These external pressures have caused institutions to take a look at their internal processes, one of which is accreditation review. Participation in accreditation is

necessary for an institution's sustainability, but the way in which accreditation is completed varies by institution.

Accreditation was first created as a peer-review process among institutions, but it has evolved into the federal government's way to secure and enforce institutional quality and outcomes. Even as the processes for accreditation have changed, the institutional mission has remained a primary component.

While each institution responds to similar accreditation criteria, the ways in which they do so vary from institution to institution. This research established a method for estimating the direct and indirect costs of accreditation. The research also examined ways in which the system, processes, and costs affect small, private colleges. This research provides institutional leaders with new insights for ways to manage, reduce, and absorb the cost of accreditation. The survival of small, private institutions is important for the higher education landscape and therefore good management of the accreditation process is critical to these institutions.

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APPENDIX A

Cost Template

Role at the Institution: _____

Average number of hours you work per week: _____

What was your salary, to the closest thousand, from the following Academic Years:

- ☐ 2018-2019: _____
- ☐ 2017-2018: _____
- ☐ 2016-2017: _____
- ☐ 2015-2016: _____

CRITERION 1: MISSION

Provided below are the sub-criteria of Criterion 1: Mission. The sub-criteria that are aligned with your department are in bold. Please check all of the boxes of the criteria that you worked on during the review.

- ☐ 1A1 Mission is developed through a process
- ☐ 1A2 Enrollment profile aligned with mission
- ☐ 1A3 Budget and priorities align with mission
- ☐ 1B1 Communicates mission to public
- ☐ 1B2 The mission documents explain institutional purpose
- ☐ 1B3 The mission documents identify intended constituents
- ☐ 1C1 Address mission in a diversity society
- ☐ 1C2 Align processes to the mission
- ☐ 1D1 Actions and decisions reflect the mission
- ☐ 1D2 Mission makes precedents over other functions in the institution

- ☐ 1D3 Communicates the mission to constituent

Please estimate the average amount of time that you spent working on the tasks related to Criterion 1: Mission during the time periods specified.

Average number of hours per week spent on tasks related to Criterion 1: Mission

1. during the self-study from 2015-2018: _____

2. during the summer before the on-site visit (2018): _____

3. during the academic year of the on-site visit (2018-2019): _____

CRITERION 2: ETHICAL AND RESPONSIBLE CONDUCT

Provided below are the sub-criteria of Criterion 2: Ethical and Responsible Conduct. The sub-criteria that are aligned with your department are in bold. Please check all of the boxes of the criteria that you worked on during the review.

- ☐ 2A The institution operates with integrity
- ☐ 2B The institution presents itself clearly
- ☐ 2C1 The governing board decisions reflect the institution
- ☐ 2C2 The governing board considers internal and external constituents
- ☐ 2C3 The governing board preserves independence
- ☐ 2C4 The governing board delegates operations to the administration
- ☐ 2D1 The institution is committed to freedom of expression
- ☐ 2E1 The institution provides effective oversight and services to support integrity
- ☐ 2E2 Students are guided in ethical decision making
- ☐ 2E3 The institution enforces on integrity

Please estimate the average amount of time that you spent working on the tasks related to Criterion 2: Ethical and Responsible Conduct during the time periods specified.

Average number of hours per week spent on tasks related to Criterion 2: Ethical and Responsible Conduct

1. during the self-study from 2015-2018: _____

2. during the summer before the on-site visit (2018): _____

3. during the academic year of the on-site visit (2018-2019): _____

CRITERION 3: TEACHING AND LEARNING – QUALITY, RESOURCES, AND SUPPORT

Provided below are the sub-criteria of Criterion 3: Teaching and Learning – Quality, Resources, and Support. The sub-criteria that are aligned with your department are in bold. Please check all of the boxes of the criteria that you worked on during the review.

- ☐ 3A1 Courses and programs are current
- ☐ 3A2 Learning goals are present
- ☐ 3A3 Program quality is consistent across levels
- ☐ 3B1 The general education program is appropriate
- ☐ 3B2 The Institution articulates the learning outcomes
- ☐ 3B3 Degrees are consistent in the concepts and processes of the field
- ☐ 3B4 The degrees offered recognize human diversity
- ☐ 3B5 Faculty and students contribute to scholarship
- ☐ 3C1 The institution has sufficient numbers of faculty
- ☐ 3C2 Instructors are adequately prepared
- ☐ 3C3 Instructors are evaluated regularly
- ☐ 3C4 The faculty are current in their fields
- ☐ 3C5 Faculty are accessible to students
- ☐ 3C6 Staff who provide support services are qualified
- ☐ 3D1 The institution provides support services
- ☐ 3D2 The institution provides learning support for instruction
- ☐ 3D3 The institution provides academic advising

- ☐ 3D4 The institution provides necessary infrastructure
- ☐ 3D5 The institution provides student guidance in research in inquiry
- ☐ 3E1 Co-curricular activities are available
- ☐ 3E2 The institution follows through on its claims about teaching and learning

Please estimate the average amount of time that you spent working on the tasks related to Criterion 3: Teaching and Learning – Quality, Resources, and Support during the time periods specified.

Average number of hours per week spent on tasks related to Criterion 3: Teaching and Learning – Quality, Resources, and Support

1. during the self-study from 2015-2018: _____

2. during the summer before the on-site visit (2018): _____

3. during the academic year of the on-site visit (2018-2019): _____

CRITERION 4: TEACHING AND LEARNING – EVALUATION AND IMPROVEMENT

Provided below are the sub-criteria of Criterion 4: Teaching and Learning – Evaluation and Improvement. The sub-criteria that are aligned with your department are in bold. Please check all of the boxes of the criteria that you worked on during the review.

- ☐ 4A1 The institution conducts program reviews
- ☐ 4A2 The institution evaluates all credits
- ☐ 4A3 The institution has a quality control mechanism around credits
- ☐ 4A4 The institution manages its credits
- ☐ 4A5 The institution maintains specialized accreditation for programs
- ☐ 4A6 The institution evaluates the success of its graduates
- ☐ 4B1 The institution conducts program assessment
- ☐ 4B2 The institution assesses learning outcomes
- ☐ 4B3 The institution uses outcomes assessment to make improvements

- ☐ 4B4 The institution as a process of student assessment
- ☐ 4C1 The institution has goals for retention
- ☐ 4C2 The institution collects and analyzes information on retention
- ☐ 4C3 The institution uses retention data to make improvements
- ☐ 4C4 The institution's retention methods reflect best practice

Please estimate the average amount of time that you spent working on the tasks related to Criterion 4: Teaching and Learning – Evaluation and Improvement during the time periods specified.

Average number of hours per week spent on tasks related to Criterion 4: Teaching and Learning – Evaluation and Improvement

1. during the self-study from 2015-2018: _____

2. during the summer before the on-site visit (2018): _____

3. during the academic year of the on-site visit (2018-2019): _____

CRITERION 5: RESOURCES, PLANNING, AND INSTITUTIONAL EFFECTIVENESS

Provided below are the sub-criteria of Criterion 5: Resources, Planning, and Institutional Effectiveness. The sub-criteria that are aligned with your department are in bold. Please check all of the boxes of the criteria that you worked on during the review.

- ☐ 5A1The institution has the resources necessary to operate
- ☐ 5A2 The resource allocation assures education activity
- ☐ 5A3 The resources match the mission
- ☐ 5A4 Staff are adequately prepared and qualified
- ☐ 5A5 The institution has a process in place for budgeting
- ☐ 5B1 The governing board is knowledgeable about the institution
- ☐ 5B2 The institution policies engage its constituents
- ☐ 5B3 Employees at the intuition are involved in collaborative goal setting

- ☐ 5C1 Resources are aligned to the mission
- ☐ 5C2 The institution links assessment to operations, planning, and budgeting
- ☐ 5C3 The planning process encompasses the institution and individual
- ☐ 5C4 The institution plans based on its capacity
- ☐ 5C5 Planning anticipates environmental concerns
- ☐ 5D1 The institution documents the progress on its operations
- ☐ 5D2 The institution learns from its operational experiences

Please estimate the average amount of time that you spent working on the tasks related to Criterion 5: Resources, Planning, and Institutional Effectiveness during the time periods specified.

Average number of hours per week spent on tasks related to Criterion 5: Resources, Planning, and Institutional Effectiveness

1. during the self-study from 2015-2018: _____

2. during the summer before the on-site visit (2018): _____

3. during the academic year of the on-site visit (2018-2019): _____

APPENDIX B

Direct Cost Survey

HLC Conferences

1. during the self-study from 2014-2017: _____

2. during the summer before the on-site visit (2017): _____

3. during the academic year of the on-site visit (2017-2018): _____

Trainer Fees

1. during the self-study from 2014-2017: _____

2. during the summer before the on-site visit (2017): _____

3. during the academic year of the on-site visit (2017-2018): _____

Professional Fees

1. during the self-study from 2014-2017: _____

2. during the summer before the on-site visit (2017): _____

3. during the academic year of the on-site visit (2017-2018): _____

Texts/Resources

1. during the self-study from 2014-2017: _____

2. during the summer before the on-site visit (2017): _____

3. during the academic year of the on-site visit (2017-2018): _____

HLC Site Visit

1. during the self-study from 2014-2017: _____

2. during the summer before the on-site visit (2017): _____

3. during the academic year of the on-site visit (2017-2018): _____

Pathway Fees

1. during the self-study from 2014-2017: _____

2. during the summer before the on-site visit (2017): _____

3. during the academic year of the on-site visit (2017-2018): _____

Eligibility Process Fees

1. during the self-study from 2014-2017: _____

2. during the summer before the on-site visit (2017): _____

3. during the academic year of the on-site visit (2017-2018): _____

APPENDIX C

University of Minnesota Institutional Review Board Study Confirmation

UNIVERSITY OF MINNESOTA

Twin Cities Campus

Human Research Protection Program
Office of the Vice President for Research

Room 350-2
McNamara Alumni Center
200 Oak Street S.E.
Minneapolis, MN 55455

612-626-5654
irb@umn.edu
https://research.umn.edu/units/irb

April 2, 2019 Melissa Anderson

612-624-5717 mand@umn.edu

Dear Melissa Anderson: On 4/2/2019, the IRB reviewed the following submission:

NOT HUMAN RESEARCH

Type of Review:	Initial Study
Title of Study:	The Cost of Accreditation for Small, Private Institutions
Investigator:	Melissa Anderson
IRB ID:	STUDY00006102
Sponsored Funding:	None
Grant ID:	None
Internal UMN Funding:	None
Fund Management Outside University:	None
IND, IDE, or HDE:	None
Documents Reviewed with this Submission:	Cost Template, Category: Other; IRB Protocol, Category: IRB Protocol; President Letter to Researcher, Category: Other; Follow-Up Email, Category: Recruitment Materials; Consent Form, Category: Consent Form; Interview Protocol, Category: Other; Recruitment Email, Category: Recruitment Materials; President Letter to Institutions, Category: Letters of Support / Approvals (Location);

The IRB determined that the proposed activity is not research involving human subjects as defined by DHHS and FDA regulations. To arrive at this determination, the IRB used "WORKSHEET: Human Research (HRP-310)." If you have any questions about this determination, please review that Worksheet in the HRPP Toolkit Library and contact the IRB office if needed.

Driven to Discover℠

Ongoing IRB review and approval for this activity is not required; however, this determination applies only to the activities described in the IRB submission and does not apply should any changes be made. If changes are made and there are questions about whether IRB review is required, please submit a Modification to the IRB for a determination.

Sincerely, Cynthia McGill CIP

IRB Analyst

APPENDIX D

Interview Protocol

Thank you for taking the time to meet with me today. Since you have completed the cost template, you know that I am looking to understand the costs of accreditation. I am also looking to understand the affect that those costs have on small, private institutions. For today's discussion, may I have your permission to audio-record this interview?

I am going to begin by turning on the recorder.

To start, please confirm that I have your permission to audio-record this interview. Thank you.

I am going to ask you three primary questions related to the affect of accreditation on small, private institutions. For each primary question, I have two follow-up questions to clarify the initial question. If you are ready, we will begin.

Question 1: How does the accreditation system affect your institution?

Follow-up question: How does the partnership between the instituion and the accrediting body affect institutional operations and costs?

Follow-up question: How do the goals of the institution align with the goals of HLC?

Question 2: How does the accreditation process affect your institution?

Follow-up question: How does the implementation and maintenance of HLC criteria affect institutional workloads and costs?

Follow-up question: How does the on-site review impact institutional workloads and costs?

Question 3: How do the accreditation costs affect your institution?

Follow-up question: How are the costs of accreditation captured within the institutional budget?

Follow-up question: How do the indirect and direct costs of accreditation affect the institutional budget?

I have now concluded my questions, but before we end, is there anything else that you would like to add?

Thank you for your time and willingness to meet with me. I appreciate the insight that you were able to offer.

APPENDIX E

Sub-Criteria Summaries

The number of participants for each sub-criterion for the five core criteria are listed under the columns for Institution A and B. The number values represent the number of accreditation team members who worked on each sub-criterion.

Criteria 1: Mission		**Institution A**	**Institution B**
1A1	Mission is Developed Through a Process	19	7
1A2	Enrollment Profile Aligned with Mission	5	7
1A3	Budget and Priorities Align with Mission	6	7
1B1	Communicates Mission	6	7
1B2	The Mission Documents Explain Institutional Purpose	6	7
1B3	The Mission Documents Identify Intended Constituents	6	7
1C1	Address Mission in a Diverse Society	16	7
1C2	Align Processes to the Mission	5	7
1D1	Actions and Decisions Reflect the Mission	18	7
1D2	Mission Makes Precedents Over Other Functions in the Institution	4	7
1D3	Communicates the Mission to Constituents	5	7

Criterion 2:	**Integrity, Ethical and Responsible Conduct**	**Institution A**	**Institution B**
2A	The Institution Operates with Integrity	20	6
2B	The Institution Presents itself Clearly	20	6
2C1	The Governing Board Decisions Reflect the Institution	5	6
2C2	The Governing Board Considers Internal and External Constituents	3	6
2C3	The Governing Board Preserves Independence	4	6
2C4	The Governing Board Delegates Operations to the Administration	4	6

2D	The Institution is Committed to Freedom of Expression	19	6
2E1	The Institution Provides Effective Oversight and Services to Support Integrity	22	6
2E2	Students are guided in Ethical Decision Making	20	6
2E3	The Institution Enforces Integrity	20	6

Criterion 3: Teaching and Learning – Quality, Resources, and Support		**Institution A**	**Institution B**
3A1	Course and Programs are Current	19	8
3A2	Learning Goals are Present	22	8
3A3	Program Quality is Consistent Across Levels	19	8
3B1	The General Education Program is Appropriate	20	8
3B2	The Institution Articulates the Learning Outcomes	22	8
3B3	Degrees are Consistent in the Concepts and Processes of the Field	21	8
3B4	The Degrees Offered Recognize Human Diversity	19	8
3B5	Faculty and Students Contribute to Scholarship	19	8
3C1	The Institution has Sufficient Numbers of Faculty	8	8
3C2	The Instructors are Adequately Prepared	19	8
3C3	Instructors are Evaluated Regularly	19	8
3C4	The Faculty are Current in their Fields	18	8
3C5	Faculty are Accessible to Students	16	8
3C6	Staff who Provide Support Services are Qualified	4	8
3D1	The Institution Provides Support Services	11	8
3D2	The Institution Provides Learning Support for Instruction	20	8
3D3	The Institution Provides Academic Advising	18	8
3D4	The Institution Provides Necessary Infrastructure	8	8
3D5	The Institution Provides Student with Guidance in Research and Inquiry	18	8

3E1	Co-Curricular Activities are Available	5	8
3E2	The Institution Follows through on its Claims about Teaching and Learning	20	8

Criterion 4: Teaching and Learning – Evaluation, and Improvement		**Institution A**	**Institution B**
4A1	The Institution Conducts Program Reviews	20	6
4A2	The Institution Evaluates all Credits	6	6
4A3	The Institution has a Quality Control Mechanism Around Credits	7	6
4A4	The Institution Manages its Credits	6	6
4A5	The Institution Maintains Specialized Accreditation for Programs	6	6
4A6	The Institution Evaluates the Success of its Graduates	18	6
4B1	The Institution Conducts Program Assessment	20	6
4B2	The Institution Assesses Learning Outcomes	20	6
4B3	The Institution uses Outcomes Assessment to make Improvements	20	6
4B4	The Institution has a Process of Student Assessment	21	6
4C1	The Institution has Goals for Retention	5	6
4C2	The Institution Collects and Analyzes Information on Retention	5	6
4C3	The Institution uses Retention Data to make Improvements	5	6
4C4	The Institution's Retention Methods Reflect Best Practice	5	6

Criterion 5: Resources, Planning, and Institutional Effectiveness		**Institution A**	**Institution B**
5A1	The Institution has the Resources Necessary to Operate	10	7
5A2	The Resource Allocation Assures Education Activity	20	7
5A3	The Resources Match the Mission	19	7

5A4	Staff are Adequately Prepared and Qualified	6	7
5A5	The Institution has a Process in Place for Budgeting	8	7
5B1	The Governing Board is Knowledgeable about the Institution	5	7
5B2	The Institution's Policies Engages its Constituents	5	7
5B3	Employees at the Institution are Involved in Collaborative Goal Setting	17	7
5C1	Resources are Aligned to the Mission	5	7
5C2	The Institution Links Assessment to Operations, Planning, and Budgeting	21	7
5C3	The Planning Process Encompasses the Institution and Individual	8	7
5C4	The Institution Plans Based on its Capacity	6	7
5C5	Planning Anticipates Environmental Concerns	5	7
5D1	The Institution Documents the Progress on its Operations	9	7
5D2	The Institution Learns from its Operational Experiences	7	7