

Why Congress Needs to Get the Next Higher Education Act Right

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A lot has changed over the last ten years, and I don't just mean the invention of the Keurig coffee machine that's allowed us all to add "in-home barista" to our resumes. Our economy has changed, the demographics of the average college-going student has changed, the cost of college has changed, and yet our higher education system has largely stayed the same.¹ In fact, 2008 marks the last time the *Higher Education Act* (HEA) was reauthorized—even though earning a degree beyond high school has become more necessary than ever for economic success.²

By the year 2020, more than 65% of all jobs in the U.S. economy will require employees to have postsecondary education of some kind. This fall, more than 17 million students will enroll in some sort of college or postsecondary degree program.³ Each year, taxpayers invest \$130 billion to help students attend colleges and universities.⁴ Yet, despite this massive investment, the data shows we have a completion crisis when it comes to higher ed—where less than half of students who enter college actually finish, and

those who don't are then three times as likely to default on their loans.⁵

There's no question that such middling outcomes necessitate a comprehensive reauthorization of HEA soon. However, given a bill of this magnitude and with millions of students' futures at stake, Congress shouldn't rush through a half-baked or piecemeal bill that will do little more than scratch the surface for the kind of outcomes-focused overhaul we need. Instead, both parties must work together on a comprehensive bill that thoughtfully lays out a plan to address the current lack of quality in the system so that more students who start college graduate with the degrees and skills they need to find success in our modern economy.⁶

So what are the keys for HEA success?

1. Any bill must improve transparency.

Did you know that today's federal graduation rate doesn't count all students? And post-enrollment earnings data actually omits one-third of the college-going population? Absurd, right?⁷ If we wouldn't accept partial information in other aspects of our lives, then we certainly shouldn't accept it when it comes to making sure students pick a college worthy of their time and money.

We've seen a marked shift in the demographics of degree-seeking students over the last decade, where 38% are over the age of 25, 26% are parents, and 42% fall at or below the federal poverty line.⁸ Yet we know little about the differences in how well institutions are serving these students. Only accounting for graduation outcomes on *some* students limits consumer understanding when it comes to learning how well an institution may help *all* of its students complete their degrees. Luckily there's a solution—and it happens to have bipartisan support!

The *College Transparency Act* introduced by Senators Hatch (R-UT), Warren (D-MA), Cassidy (R-LA), Whitehouse (D-RI), and Ernst (R-IA) would lift the federal ban on student-level

data (which was imposed through an amendment in the 2008 HEA), and provide more complete data and real transparency to students and their families when making one of the biggest decisions of their lives—where to pursue a higher education.⁹ More than 130 organizations (Third Way included!) support this bill that will help guide students to schools best suited to provide them with a quality experience and their desired outcomes.¹⁰

2. Any bill must protect students and taxpayers from the worst institutions *and* hold institutions accountable for poor student outcomes.

Today, fewer than six in ten students who begin a degree program at a 4-year institution actually graduate.¹¹ That's an abysmal stat, leaving many students worse off than if they never attended at all. And yet, there are currently few federal guardrails in place to protect students from the worst-performing institutions and programs, there are no incentives for institutions to improve student outcomes, and we don't even have minimum thresholds that prevent institutions with graduation rates under *ten percent* from accessing federal financial aid.¹²

And currently, students and taxpayers bear all of the financial responsibility when a student borrows to attend college but cannot repay their loans, while institutions bear none. Luckily, there are conversations happening in Congress to address this imbalance and ensure institutions have some skin-in-the-game for the outcomes of the students they enroll. This idea, sometimes referred to as “risk-sharing,” could mean institutions demonstrating the worst outcomes would end up on the hook for paying back a percentage of the loans they received to the government, if their students don't get the skills to get a good-paying job.¹³ Risk-sharing is just one of many options on the table for holding schools accountable for student outcomes, in addition to other

important conversations like improving accreditation or putting in minimum thresholds for quality.

3. Any bill must strengthen consumer protections and avoid opening new loopholes for bad actors to gain access to federal financial aid.

The HEA is Congress's main tool for holding institutions accountable, ensuring taxpayers receive a return on their investment, and making sure more students complete their degrees and are able to find well-paying jobs to sustain a middle-class life.

As the demographics of today's higher ed students and the workforce continue to shift, so too must our higher ed system become more responsive. With attention continuing to grow towards innovative models, like competency-based education and short-term programs designed to close the skills gap, the federal government must be vigilant about not creating new loopholes to attract poor quality programs—and instead, be sure to direct any funds to programs with proven track records of success.¹⁴

In 2016, 1.1 million students attended institutions covered by the Gainful Employment rule—a requirement in HEA that any program at a for-profit institution or certificate program at a public or private non-profit school “prepare students for gainful employment in a recognized occupation.” Of those students who graduated from GE-covered programs, only 10% graduated from programs that failed the gainful employment test.¹⁵

If the current administration continues to roll back critical consumer protections like the gainful employment rule, Congress must also put in place a suitable replacement so that students don't attend programs that will make them worse off than if they had never gone in the first place.

Conclusion

There's a lot at stake and Congress needs to get the next reauthorization of HEA right. While the last decade has seen many advancements (e.g., a majority of Americans now have smart phones in their pockets), our higher ed system and the federal policy that governs it has largely remained stagnant.¹⁶ We have a completion crisis in higher ed and student success over the next decade depends heavily on the decisions policymakers will make on this bill the next time around.

It's time for Congress to show students and taxpayers that their investment in higher ed is worth it by passing a reauthorization of HEA that puts student outcomes first.

TOPICS

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END NOTES

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