The Honorable Lamar Alexander
Chairman
U.S. Senate HELP Committee
428 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Patty Murray
Ranking Member
U.S. Senate HELP Committee
428 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Alexander and Ranking Member Murray:

Thank you for the opportunity to provide comments on the reauthorization of the Higher Education Act (HEA). Higher Learning Advocates is a non-profit advocacy organization working to shift federal policy from higher education to higher learning—education and training beyond high school that leads to a degree, credential, or employment. We are working toward federal policies that create transparent pathways to success, incentivize innovation, protect students and taxpayers, and improve outcomes. Our three areas of policy focus are improving quality and outcomes; updating policies to reflect the needs of today's students; and encouraging a system of higher learning that is affordable and responsive to external changes.

No longer do today's postsecondary students meet the mold envisioned by the authors of the Higher Education Act. Today's students are more likely to be returning students, parents, and working adults. They attend postsecondary education online and in the classroom, study throughout the calendar year, and weave together a patchwork of educational skills and credentials. And, they are looking for outcomes - including employment and pathways to further education, from their education.

Historically, federal interest in higher education, predominantly through the Higher Education Act, has focused on expanding opportunity by increasing access to higher education, especially for low-income students. While that work is not finished and should continue to be upheld in a renewed Higher Education Act, the return on investment that students, employers and taxpayers receive from federal support for higher education must also be a critical focus as Congress looks at the reauthorization of this law and other federal policies. In an era where the federal government spends $120 billion annually on higher education, it is incumbent on policymakers to ensure that institutions eligible to participate in the federal student aid programs have a meaningful stake in producing high-quality student outcomes.

Federal policy needs to catch up with the needs of today's students and shift to a new, inclusive, outcomes-focused way of thinking about higher learning. The next reauthorization of the Higher Education Act can realize this shift through a focus on today's students; quality and student outcomes; and affordability and responsiveness.

Disclose Key Information to Students

To make informed decisions and choose the educational pathway that is best for them, students and their families need more complete and accurate information about the return on investment for specific colleges and programs. This can be improved by providing clear, relevant information to students prior to and throughout their educational experiences.

Cohort Default Rate (CDR)

While Congress has previously established accountability through post-completion student outcome metrics like the cohort default rate (CDR), Higher Learning Advocates believes these metrics do not have enough impact on institutional quality. The small number of impacted institutions, combined with the binary 'in-or-out' structure of CDR, renders this an ineffective tool for truly holding institutions accountable. However, the public reporting of CDRs for institutions should not be eliminated entirely and should be maintained as a disclosure requirement. While student loan default is an imperfect measure of assessing student success, it is at least a bare minimum standard for whether an institution of higher education is delivering any acceptable level of quality and value to students. CDR can provide a useful snapshot of the repayment behavior of recent graduates and other students on an institution-by-institution basis.

Program-Level Cohort Repayment Rates (CRR)

In addition to CDR, institutions should disclose program-level CRRs (described in more detail below) for three, seven, and ten years post-completion or drop-out. Program-level CRRs should be disaggregated for disclosure purposes by major racial and ethnic groups, income, and Pell status, to the extent possible.

Debt-to-Earnings

To make informed choices, students need critical pieces of information about postsecondary programs. In addition to the default and repayment rates noted above, students should be able to assess how likely they will be able to earn a wage sufficient to repay their debts. Data collected and reported for gainful employment purposes is a vast improvement over other reported earnings data and should be used as an example for how graduates' earnings can be securely and accurately reported to inform prospective students, policymakers, institutions, and taxpayers about the return on investment for programs at institutions. As proposed by ED in the latest round of negotiated rulemaking on Gainful Employment, we believe that this information can and should be released for all programs and should be disaggregated for disclosure purposes by major racial and ethnic groups, income, and Pell status, to the extent possible.

Better Data for Students and Consumers

Assessing quality absolutely must start with a more sophisticated approach to using data on student outcomes to increase transparency. There is no more direct form of quality assurance than a prospective student learning about the outcomes they can expect from a program and wisely opting for another that better suits their career goals and financial circumstances.

But despite the paramount importance of using empirical student outcomes as the yardstick of institutional success, our quality assurance system still operates in a data-deprived environment. Existing databases and reports are incomplete, reporting methods antiquated and consumer tools inadequate—that needs to change.

Knowledge is power. Done well, stronger data systems—like a student-level data network—can equip students and citizens with a powerful quality check of their own: when the public has higher-quality information on the return on investment each college or program has to offer, they can make smarter choices about where to invest limited resources. Likewise, when important student outcomes are measured, institutions are in-turn properly motivated to improve and adapt programming to better serve students.

Set a Floor for Program-Level Accountability

Accountability in postsecondary education can be used to ensure the worst performing institutions are not eligible for federal student aid and can be used to protect students from ending up with undesirable outcomes. While institution-level accountability frameworks are necessary, several existing metrics now allows for federal policy to also consider setting eligibility floors for poorly performing programs.

Program-Level Cohort Repayment Rate (CRR)

Higher Learning Advocates believes Congress should transition the accountability focus in the Higher Education Act away from default to cohort repayment rates (CRR) as a more accurate form of post-completion student success. Program-level cohort repayment rates should be used as an accountability metric to determine a program's eligibility to participate in Title IV federal student aid. A cohort repayment rate (CRR) should be defined as the percentage of borrowers in a three-year cohort who are not in default and who have reduced the principal balance on their loan by at least one dollar. A CRR should include completers, non-completers, and those in income-driven repayment (IDR) programs. A program must have a CRR at or above a certain percent—to be determined—in order to be eligible for federal student aid. If a program's CRR falls below such percent for a number of years, the program would lose eligibility.

Higher Learning Advocates acknowledges some challenges and unanswered questions may arise from using program-level repayment rates, specifically how to treat the 30 percent of students who switch programs at least once, and how to categorize undecided majors, including those who drop out. To help solve for these concerns, policymakers should consider attributing students to a specific program of study after they have completed two semesters, or the equivalent, in such program. As for students who drop out after being "undecided" in their major, federal policymakers must standardize a way to correctly categorize such students for the purposes of this metric.

Gainful Employment

The recent proposal by the U.S. Department of Education's (ED) proposal to eliminate the Title IV sanctions under Gainful Employment would remove a vital mechanism for holding institutions of higher education responsible when they do not produce strong outcomes. Students should not be able to continue to use federal financial aid at programs that saddle graduates with debt and don't provide them the ability to earn a sufficient salary to pay it off. While perhaps not the perfect measure, the current Gainful Employment rule provides a much-needed backstop to ensure certain low-performing programs cannot continue to participate in the federal student aid program if they continuously produce poor-quality outcomes for their students. We urge the committee to consider retaining an appropriate measure of gainful employment.

Use Accountability for Continuous Improvement

Risk-sharing can be a useful tool for helping institutions improve, outside of the existing binary 'in-or-out' structure that federal policy currently perpetuates. Institutions that aren't the lowest-performing, but could still benefit from improvement under a risk-sharing system.

Use an Institution-Wide Cohort Repayment Rate to Create a New Risk-Sharing Structure

Higher Learning Advocates supports the creation of a risk-sharing system based on loan repayment rates as a component of improved accountability under the Higher Education Act. This would be an important step toward better accountability that doesn't exacerbate a binary 'in-or-out' structure, like CDR currently facilitates. We recommend Congress create a well-designed risk-sharing system that utilizes institution-wide cohort repayment rates (CRR), while being purposeful to not create disincentives for institutions to continue to enroll at-risk students. We believe risk-sharing should be used not to kick out the worst-performing institutions but to help institutions with moderate outcomes to improve.

As a part of such a risk-sharing approach, an institutional CRR should be defined as the percentage of borrowers in a three-year cohort who are not in default and who have reduced the principal balance on their loan by at least one dollar. The CRR should include repayment data from completers, non-completers, and those in income-driven repayment (IDR) programs.

It's critical that a well-designed risk-sharing system be accompanied by stronger accountability reforms, including accreditation and regulatory reform. Additionally, risk-sharing should be accompanied by reforms that provide for better and more frequent information to students on their loan balances and increase access to financial literacy information and resources. This should include financial literacy programs or courses, a more frequent and standardized loan guidance letter, a requirement for face-to-face counseling, and a standardized financial aid award letter. Finally, it is essential that any new risk-sharing system take steps to ensure that institutions are not disincentivized from enrolling low-income, first-generation, and students of color, whose completion rates have historically been lower than their peers.

Improve Accreditation

Accrediting agencies play an important quality assurance function as part of the Triad in higher education. Reforms to accreditation could both improve existing quality at institutions and ensure new providers and programs are being held to quality standards.

Reform Accreditation to Focus on Outcomes Instead of Inputs and Compliance

The modern accrediting agencies are an outgrowth of academic peer review consortia first organized in the late 19th century, but never originally envisioned to play the role of "gatekeepers" to billions in federal funds they do today. Compounding the problem, federal policies ask quality assurers to focus excessively on monotonous check-lists and compliance and examine issues outside of their expertise, such as complicated financial transactions. Instead, the Higher Education Act should enable accreditors to focus on their core mission: meaningfully assessing the quality and pace of student learning and outcomes.

Accreditation's intersection with Title IV eligibility instead should be based on learning and centered on students and outcomes. While accreditors do examine these issues as a core part of their reviews, they also discuss the results and make accreditation decisions behind closed doors, without full transparency for students and other stakeholders. More troubling, the federal government's interest in accreditation has gradually become almost completely conflated with compliance, meaning any findings around outcomes and student improvement are in competition with issues outside of accreditors' core expertise. Higher Learning Advocates believes accreditors should be only required to examine four specific student outcomes: student learning, annual loan default rates, loan repayment rates, and graduation rates.

Create a Quality-Assurance Pathway to Recognition for Innovators

Technological and methodological changes have dramatically altered the world of learning and work, but our system of quality assurance has struggled to keep pace. Despite the maturing use of online and competency-based learning and growing acceptance of the variety of non-degree credentials that serve more than one in four Americans, the current quality assurance system fails to offer even the most successful innovators a pathway to the same funding and recognition that well-established providers can access.

Quality assurance needs to reflect the changing student population and how they experience higher learning by embracing the flexible and responsive approaches providers are using to serve today's students. As the universe of new postsecondary education models—some of which have shown to be more responsive to the needs of today's students—continues to expand, quality assurance reform needs to allow for these new actors and innovative assessment models to prove themselves on an equal playing field to traditional counterparts.

Experimentation in this area is beginning through the Department of Education's Educational Quality through Innovation Partnerships (EQUIP) program and voluntary standards created by employer and industry groups and new players like QA Commons and Entangled Solutions. It's crucial that these third-party quality assurance checks are firmly grounded in student outcomes and nimble enough to work with all types of providers.

This reauthorization provides an opportunity for the federal government to experiment with allowing new models of quality assurance to play the same "gatekeeping" and validation of student learning role of traditional accreditors, especially for innovative educational delivery models.

Reform Student Aid Programs with Today's Students in Mind

Today's students are different than the students of the 1960's and '70's, when Congress first created the Higher Education Act and other key policies. They are parents, working adults, part-time students, and veterans. They are more racially and economically diverse and attend part-time and online. Americans need a system that works for all of today's students—a system that connects educational providers and employers, offers flexible programs focused on student success, and counts all high-quality learning wherever it happens. Further, federal financial aid should be redesigned with a focus on the needs of today's students, especially those who are financially-independent and may need to attend class outside of a traditional schedule.

The next reauthorization should consider issues many of today's students, especially adult and returning students, face, such as childcare and other out-of-pocket expenses, year-round attendance, and prior student aid history. Specifically, we believe that a reformed work-study program and simplification of the FAFSA could increase completion for many of today's students.

Reform Federal Work Study

Federal Work Study is a mainstay of our federal student aid system. Unfortunately, too often federal work study doesn't allow a student to gain experience in their future career. Federal work study should be maintained but needs reform to better target funds and better connect students' work study experiences with their program of study. First, the formula that allocates federal work study funds should be reevaluated to ensure that funds are provided to institutions which have the most in need students or the ability to provide high quality work study opportunities. Second, Job Location Development Programs should be expanded so federal work study is better connected to the student's course-of-study as well as employment options post-graduation. Last, federal work study has too many restrictions on off campus work, especially at businesses. The program should be reformed to ensure that greater opportunities exist for off-campus work tied to students' actual area of study.

Simplify the Student Aid Application Process

The Free Application for Federal Student Aid (FAFSA) is simply too complicated. Research shows us that far too many students don't start or finish the FAFSA, leaving millions of federal student aid dollars on the table. Additionally, student-facing materials and information and the application process itself can further confuse and frustrate students' ability to best access critical grant and loan funding for higher education. Policymakers should simplify the FAFSA, ensure financial aid information is presented to students in an easy-to-understand format—such as a standardized award letter—and use technological advances to be sure that verification processes do not present a barrier. These steps would ensure our students aren't faced with barriers to FAFSA completion and that they have the information to make important decisions about where to attend college.

Recognize and Support the Evolving Postsecondary Landscape

Just as the demographics of today's students are changing, learning and credentials are evolving. One in four Americans has a non-degree credential, such as a certificate or occupational licensure. We need a system of higher learning that recognizes and supports all high-quality learning wherever it happens. Ensuring students are set up on successful pathways, counting and connecting all high-quality learning, and supporting providers of postsecondary education to respond to the needs of their students will result in less costly degrees and credentials with better outcomes for students.

Widen the Tent: Allow for New Approaches and Providers

Today's students are accessing postsecondary learning in many formats, including those not pegged to the credit hour. Congress should ensure that institutions of higher education can experiment with approaches we know now, such as competency-based education and prior learning assessments, as well as provide space for future models. This reauthorization provides an opportunity to modify rules inhibiting growth of high-quality non-credit hour approaches to postsecondary education (such as competency-based education), including those around direct assessment, satisfactory academic progress, the credit hour, and paying for assessments of prior learning.

Further, new providers of postsecondary education, such as work-and-learn models, provide equally promising approaches to meeting the educational and skills needs of many of today's students. While this space is growing and evolving, an experimental approach to allowing high-quality non-institutional providers and partnerships to be eligible to participate in the student aid programs would allow for federal policy to test the appropriate oversight, financial, and quality assurance mechanisms necessary to ensure new approaches best meet the needs of today's students.

Put Quality First

Today's students are increasingly in work and life circumstances that require new providers and non-traditional ways of learning and earning credentials. As these models continue to expand and serve more of today's students, it is also vital that we continue to hold quality at the center of those conversations**.** As such, we recommend the Committee take steps to safeguard student and taxpayer interests as proven and promising new models begin to participate in federal financial aid programs. It's critical that all programs provide students with portable and high-quality credentials that translate to employment and have value toward further education. This is particularly important when considering new models and non-degree credentials.

Further, we must continue to require non-degree programs lead to industry-recognized credentials and hold other value in the economic and education marketplaces. This will enable businesses to help judge and assess program quality and outcomes—ensuring that students use aid in fields where jobs exist and that programs provide sufficient skill and knowledge to allow completers to acquire employment.

Conclusion

Thank you for your continued attention to a range of critical issues related to postsecondary learning and the Higher Education Act, and for this opportunity to comment. As previously mentioned, today's students represent a much wider swathe of the American populace than the students at the time HEA was first written. Our economy now demands new types of skills and competencies, and employers expect new types of qualifications and experiences from the labor market. We believe there is a critical opportunity to help our system of postsecondary education fill these gaps and reach a wider range of students, and we look forward to working with the Committee and members of Congress as they consider critical policy proposals designed to increase affordability, improve outcomes, upgrade quality, and better serve the needs of today's students.

Sincerely,

Julie Peller, Executive Director
Higher Learning Advocates