



Higher Education Act

Recommendations for Reauthorization

March 2016

According to Georgetown University's Center for Education and the Workforce, by the year 2020, 65 percent of all jobs in the U.S labor market will require some form of postsecondary education and training beyond a high school diploma, including a substantial portion – roughly 30 percent of all U.S. jobs – that will require sub-baccalaureate credentials.¹

The increased labor market demand for postsecondary credentials is contributing to significant changes in the characteristics of the “typical” college student, particularly as working adults return to the classroom to enhance their career opportunities. More than half of all individuals enrolled in postsecondary institutions in the 2011-2012 school year were considered financially independent.² Forty-three percent were attending school on a part-time basis. More than a quarter of all students worked full time in addition to attending classes.

¹ https://cew.georgetown.edu/wp-content/uploads/2014/11/Recovery2020.ES_Web_.pdf

² <http://nces.ed.gov/pubs2015/2015167.pdf>

At the same time, employers – including small and medium sized businesses – are increasingly looking to the nation's higher education system to help them address skill gaps and keep pace in a competitive global economy. Across the country, community colleges and other institutions of higher education are partnering with local employers to develop and implement high-quality instruction for current and new workers, but find it difficult to sustain and expand such programming with diminished federal and state support for job-driven training.

Congress has already taken important steps towards modernization of the nation's workforce investment system through the 2014 passage of the Workforce Innovation and Opportunity Act (WIOA), which called for strengthening alignment across multiple federal workforce and education programs to support better outcomes for jobseekers and businesses. The pending reauthorization of the Higher Education Act (HEA) offers an important opportunity for Congress to build on WIOA's reforms and ensure that federal postsecondary policy meets the skill demands of the

21st century economy. In particular, HEA reauthorization offers an opportunity for Congress to address growing concerns about student debt and college affordability by ensuring that students have access to programs and credentials that can lead to meaningful post-graduation employment opportunities with family-supporting wages; and establishing financial aid and supportive services policies that enable working adults and other nontraditional students to succeed in postsecondary education and training.

Expanding Equitable Access through Financial Aid Reform

The federal government provides substantial resources to support student access to postsecondary education under Title IV of HEA, including nearly \$30 billion per year for Pell Grants targeting low-income students and approximately \$140 billion in federal loans. However, the rules about who may access financial aid, and for what purposes, are not aligned with the needs of today's working learners.

Policymakers in Washington already have drawn needed attention to the increasing levels of student debt for traditional students attending four-year public and private schools. But recent research suggests that the problem is not necessarily with the amount of debt – in fact, individuals with less than \$5000 in student loan debt are twice as likely to be in default than individuals with more than \$100,000 in debt.³ While there are a range of factors that contribute to this result, what is clear is that low-income students seeking occupational credentials need better postsecondary options and greater support to avoid potentially crippling indebtedness.

Congress should take the following steps as part of HEA reauthorization to ensure that working learners are able to take advantage of postsecondary education and training opportunities.

Expand Access to Financial Aid for Short-Term Credentials.

Short-term certificates represent an increasing share of the postsecondary award landscape, increasing from just 6 percent of undergraduate awards in 1980 to approximately 25 percent in 2012. Employers increasingly rely on short-term programs to help new and incumbent workers acquire necessary skills. However, these credentials are often ineligible for Pell Grants or federal student loans because the programs do not meet arbitrary “seat-time” requirements, and even those that are eligible receive a disproportionately small amount of assistance – only about 4 percent of Pell expenditures during the 2013-2014 school year went to support students in short-term and non-degree programs.

Congress should expand access to Pell Grants and other federal financial assistance to support short-term occupational certificates, and include requirements that qualifying programs align with the skill needs of local and regional employers, lead to recognized credentials along well-defined career pathways, and demonstrate meaningful labor market outcomes over time.

Reinstate Year-Round Pell. The 2008 Higher Education Opportunity Act authorized the award of a second Pell Grant (commonly referred to as “year-round” or “summer” Pell) to students who enrolled in more than one school year's worth of credits in a single calendar year. This provision was intended to support working adults and other nontraditional students who seek to advance quickly to degree or credential completion by enrolling in additional courses during the summer or winter terms. Although more than 1 million students took advantage of the year-round Pell option – clearly demonstrating the demand for such a provision – it was discontinued after only one year as a cost-cutting measure.

While we recognize the need for continued fiscal responsibility with Pell and other financial aid programs, we also need to ensure that today's students are not locked into outdated and artificial attendance patterns that can reduce persistence and delay credential attainment. Congress should restore

³ <http://www.brookings.edu/research/papers/2016/01/07-student-loans-low-earnings-dynarski>

year-round Pell and ensure that qualifying students are able to access these funds without duplicative application processes.

Preserve Pell eligibility for less-than-half-time (LTHT) students. Nearly 600,000 LTHT students received Pell awards in the 2013-14 school year, of whom more than three-quarters were working adults and other independent students.⁴ There have been periodic proposals to eliminate eligibility for LTHT students as a cost-saving measure, but Congress should reject any such efforts as this would substantially limit postsecondary access for hard-working students, while generating only limited cost savings.⁵ Preserving eligibility for this population is particularly important because LTHT students are generally not eligible for federal student loans, and would have few alternative options to cover the costs of attendance.

Create Greater Flexibility for Competency-Based Programs. One of the most significant innovations in higher education in recent years is the growing recognition of competency-based education (CBE). These programs are premised on the idea that learning should be measured not by how much time an individual spends in a classroom, but rather by how well a student can demonstrate mastery of knowledge and skills. CBE programs can include both mastery-based strategies where students progress through coursework at their own pace upon demonstration of learning; and prior learning assessments (PLA) which give students credit towards a degree or credential for college-level skills obtained through work experience or non-academic instruction.

CBE strategies can shorten the time to credential attainment, and increase student success rates; one study found that students with access to PLA were more than twice as likely to obtain a degree

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as students without such options.⁶ Congress has recognized the growing role of such programs by making CBE programs eligible for Title IV assistance under certain conditions. However, under present law, institutions offering CBE programs cannot offer such programs in combination with traditional credit- or clock-hour instruction and cannot offer financial aid for costs and fees associated with PLA, even when these features could make it easier for students to obtain credentials that will help them succeed in the labor market. Congress should remove these barriers and make it easier for working adults and other students to access CBE programs.

Reducing Penalties for Working Learners.

The calculation of federal aid eligibility is often a cumbersome process for low-income and working adults, and incorporates a range of assumptions about student income and ability to contribute to postsecondary costs that are inconsistent with the realities of today's learners. Congress should consider the following as part of any HEA reauthorization:

- Streamlining the Free Application for Federal Student Aid (FAFSA) to reduce the amount of duplicative information collected from students, particularly for data (such as income) that the federal government already collects through other processes.
- Allowing the use of "prior-prior" year tax data as the basis for determining student income, and providing

⁴ NSC calculations based on data at <http://www2.ed.gov/finaid/prof/resources/data/pell-2013-14/pell-eoy-2013-14.html>

⁵ http://www.cbo.gov/sites/default/files/cbofiles/attachments/44448_PellGrants_9-5-13.pdf.

⁶ http://www.cael.org/pdfs/pla_fueling-the-race

institutions with the authority to make exceptions where there are significant changes in student or family income between the prior-prior year and the year of enrollment. The Obama Administration has taken action to implement prior-prior year for the 2017-18 academic year; Congress should consider making this change permanent.

- Increasing the income protection allowance (IPA) that allows working students to deduct basic costs of living from their expected family contribution (EFC), and allowing for adjustment on the basis of actual costs of attendance.
- Restoring the automatic zero EFC threshold – the income level at which at student or family may be assumed to be unable to make a financial contribution – from the current \$24,000 to at least the \$31,000 threshold authorized for the 2011-2012 school year.

Strengthening Connections to Local and Regional Industries

Postsecondary institutions – particularly community and technical colleges – have long worked with local employers to develop programs that support new and incumbent workers within key industries. In recent years, both Republican and Democratic administrations have sought to build on these efforts through targeted investments in partnerships between institutions of higher education and employers, most recently through the TAA Community College and Career Training (TAACCCT) grant program. Congress has expanded on this partnership model by adopting industry or sector partnerships – which must include institutions of higher education or other training providers – as a required state and local activity under WIOA. Unfortunately, despite bipartisan support for college-business partnerships, funding for TAACCCT will run out after the current round of grants, and there is no dedicated funding under WIOA to support the implementation of sector partnerships moving forward.

Congress should consider establishing a new

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federal grant program under HEA to support partnerships among employers, colleges, and other stakeholders, and provide funding at not less than \$500 million per year, consistent with the recent TAACCCT investments. These partnerships should be aligned with the requirements under WIOA to ensure coordination of resources at the local and regional levels and to expand access to a broader pool of potential students who could benefit from sector-driven investments. Eligible partnerships should be required to support the development of career pathways models as defined under WIOA and should include connections with community-based organizations, unions, and other partners as appropriate to support student success. Industry or sector partnerships can also play a critical role in creating processes for employers to validate postsecondary credentials, thus providing quality assurance in the credentials marketplace.

In addition to funding these partnerships, Congress should also take steps to encourage greater collaboration between postsecondary institutions and businesses in supporting apprenticeship and similar work-based learning strategies. Work-based learning models provide workers and other students with the hands-on experience necessary to succeed in middle-skill jobs, while providing employers with meaningful opportunities to invest in their current and future workforce. In particular, Congress could provide funding for demonstration projects to support innovative and promising strategies, including

intermediary strategies that allow colleges to work with groups of employers to navigate the regulatory and compliance issues related to on-site instruction, and pre-apprenticeship strategies that prepare current workers to transition directly into apprenticeship programs that can support higher earnings.

Improving Data Collection and Reporting

Students, educators, and policymakers want to know which postsecondary programs provide opportunities to join and remain in the middle-class, especially in light of concerns about rising student debt. We currently lack comprehensive data on credential attainment and post-completion employment and earnings. HEA reauthorization should incorporate language that would support better data for decision making in three significant ways:

- Require reporting on employment and earnings outcomes. The College Scorecard published by the U.S. Department of Education now includes metrics on earnings six years and 10 years after college enrollment for all students receiving federal financial aid at public, independent, and for-profit institutions. In addition, an increasing number of states report on both short-term and long-term earnings after students graduate from public colleges. Students consistently say they want this type of data, and counselors say this information is helping to inform conversations about debt, college options, and careers. Labor market outcomes are not the only way to measure post-college success, but it is a crucial piece of information that the federal government should ensure is publically available.
- Promote information that is disaggregated by program and other categories that help improve results for vulnerable student populations. Particularly for employment and earnings outcomes, where research often shows significant variation between programs of study even at the same institution, it's not enough to have results for the entire school. For many working students who are

choosing between programs at their local college, rather than schools across the nation, program-level data is essential. It is also important to have data disaggregated by student characteristics, such as income level, to provide transparency on how well schools are serving vulnerable students.

- Create a student record system to facilitate reporting on credential attainment and labor market outcomes. Reauthorization should overturn HEA's prohibition on federal collection of student-level data. A well-designed student record system could protect student privacy and security, but still provide important aggregate information across a range of postsecondary institutions. Such a data system would enhance data quality by: incorporating data on all students (not just those getting federal aid); allowing for easier program-level reporting; more effectively measuring student mobility and attainment of stackable credentials; managing institutional reporting burden; and enabling federal linkages with wage data to accurately and efficiently calculate employment and earnings outcomes.

In addition to improving available data, Congress should encourage colleges to use this information to strengthen counseling for students. Schools should provide prospective and current students with reliable data about employment and earnings outcomes for graduates from different programs of study, as well as labor market information including occupational projections. Students should receive counseling on how choices of schools and majors relate to their career aspirations and decisions to take on student loan debt.

Improve Academic Supports for Low-Skilled Individuals

According to a 2013 OECD report, approximately 36 million US adults between the ages of 16-65 lack basic literacy, numeracy, and technology-related problem-solving skills, including 24 million who are currently employed.⁷ For these individuals, attainment of the

7 *Time for the US to Reskill?* (OECD, 2013.)

postsecondary credentials necessary to earn family-supporting wages can be difficult without an on-ramp of educational supports to help them address basic skills. Traditional developmental education models have often proven ineffective in facilitating transitions to further education or occupational training; many lower-skilled students end up wasting semesters of Pell eligibility or taking out loans to cover the costs of developmental prerequisite courses that do not count towards degree or credential requirements, and thus are not functioning as effective on-ramps.

Strengthening Career Pathways. Many community colleges and other postsecondary institutions have begun to address these challenges through the adoption of integrated education and training (IET) models, such as Washington’s I-BEST program, that combine basic skills instruction simultaneously with occupational training. These models have demonstrated significant impact in improving completion outcomes for lower-skilled individuals, and Congress has recognized the importance of these strategies by authorizing the use of adult education funds under WIOA Title II to support IET and career pathways programs.

However, there are currently no dedicated funds under HEA to support the development and implementation of these critical strategies, meaning that many institutions are relying on limited workforce dollars or state resources to develop and implement such programs. In addition, institutions funded under HEA are not incentivized or required to align their basic skills offerings with WIOA, nor to partner with WIOA Title II-funded adult education providers.

Congress should use this next reauthorization of HEA to create and fund a new “Career Pathways” grant program to support the expansion of high-quality IET programs and associated activities, including improved alignment between institutions of higher education and WIOA Title II providers. This new grant program should be funded at a level that allows for meaningful expansion of these critical activities and should ensure that grants may be used to support career pathways

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as defined under WIOA. In particular, the program should: incentivize the development of IET programs that are developed in collaboration between eligible institutions and community-based organizations, including adult education providers receiving WIOA Title II funds; provide support for career or pathway navigator positions and supportive services; and encourage the development of IET programs that are informed by local industry sector partnerships.

Improve federal support for credit transfer/articulation. One significant challenge facing working students is the difficulty in transferring academic credits between institutions: according to one study, 40 percent of community college students lose a substantial portion of academic credits when transferring to four-year institutions, despite strong evidence that students who are able to transfer most of their credits are substantially more likely to receive a baccalaureate degree.⁸ For working adults who earn associate degrees or short-term credentials, this limits career advancement prospects, and makes it harder for individuals who relocate or must interrupt studies for work or family reasons to stay on track. Congress included a requirement in the 2008 HEA reauthorization⁹ that the Department of Education establish a program to encourage states to develop comprehensive articulation agreements in partnership

8 <http://www.aera.net/Newsroom/RecentAERAResearch/TheCommunityCollegeRoutetotheBachelor%E2%80%99sDegree/tabid/15414/Default.aspx>

9 Codified at 20 USC 1093a

with public institutions of higher education, but it is unclear how effective this effort has been. Congress should consider strengthening this program, including by providing dedicated funds to assist states and postsecondary institutions in developing and implementing intra- and interstate articulation systems.

Modernize the Federal Work-Study Program.

The Federal Work-Study (FWS) program provides nearly \$1.2 billion in annual awards to approximately 700,000 low- and moderate income students, supporting a range of different work-related activities including on-campus employment, placements with public or private sector employers, and community service activities. FWS could be a powerful tool to support retention and provide meaningful exposure to employment opportunities for working adults, but there are barriers to using the program effectively. For example, under the current allocation formula, nearly one-quarter of students at four-year institutions received FWS assistance, compared to just over 3 percent of students at two-year institutions, which are the schools most likely to be serving independent students.¹⁰ Current law also caps the percentage of FWS funds that an institution can use to provide wage matching for placements with private sector employers at 25 percent of current year allocations, making it difficult for institutions to maximize FWS to support quality work-based learning opportunities at scale. Congress should consider restructuring the FWS program to align with institutions and programs that serve working adults.

¹⁰ <http://nces.ed.gov/pubs2013/2013165.pdf>, Table C-1

National Skills Coalition organizes broad-based coalitions seeking to raise the skills of America's workers across a range of industries. We advocate for public policies that invest in what works, as informed by our members' real-world expertise. And we communicate these goals to an American public seeking a vision for a strong U.S. economy that allows everyone to be part of its success.

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