

# Principles to Ensure *Higher Education Act* Reauthorization Helps Students, Employers and America

## Introduction

The *Higher Education Act* (HEA) is the primary source of federal funding to support students pursuing a postsecondary education. It was first enacted in 1965, and was most recently reauthorized in 2008, under the *Higher Education Opportunity Act* (HEOA). Its authorization expired in 2014. HEA currently provides roughly \$140 billion in financial assistance to 15 million students annually. It also provides approximately \$2.3 billion for multiple institutional aid programs each year.

## Guiding Principles for Reauthorization of HEA

A quality postsecondary education is foundational to workforce preparedness – both for workplace productivity and individual success. U.S. employers increasingly need highly skilled employees to compete globally, and individuals generally receive increased economic benefits based on their education levels. Federal policies should support America’s skills needs and expand postsecondary opportunities to more students.

Business Roundtable CEOs believe HEA should be fundamentally restructured in five key ways to address these realities and fulfill the law’s historic purpose:

**Promote Innovation by Expanding the Meaning of “Postsecondary Education”:** HEA reauthorization should address and support the emerging set of pathways available for students to demonstrate their knowledge and skills. Rigid rules defining learning through traditional “credit hours” should be reduced in order to spur ongoing efforts to move toward a more competency-based system of higher education. Such a system would enable the creation of far more personalized learning paths that extend beyond a single institution or provider and reward skills acquisition.

Skills and knowledge can be more effectively demonstrated today through a diverse set of measures – such as industry-recognized certificates and stackable credentials and badges – rather than relying solely on the award of traditional two- and four-year degree programs. Although progress has been made to allow more experimentation in these areas, such as through the promotion of competency-based programs, more can be done. While the Secretary of Education’s authority to approve new types of programs and credentials should be maintained, HEA should remove the barriers that necessitate the need for exemptions. This also means rethinking the distribution of Pell Grants to give students additional opportunities to use funds for accelerated programs that do not align with the traditional semester-based system.

Consideration should also be given to allow students to use a portion of their federal student aid to support the cost of assessments that verify competencies and skills. These include skills obtained through work-based experiences, internships and massive open online courses (MOOCs). Finally, students should have more options to obtain college-level credits while still in high school, for example through accelerated programs such as Advanced Placement (AP) and dual enrollment.

Taken together, these pathways have the potential to make postsecondary education more affordable to more students.

**Streamline and Simplify Rules, Regulations and Programs:** Previous HEA reauthorizations have made the process of providing students with a pathway to a postsecondary education increasingly complicated and burdensome. The resulting complexities have driven institutions to expend far too many resources toward compliance, resources better used to teach students.

This complexity begins with what should be a very simple process for determining eligibility for students: the Free Application for Federal Student Aid (FAFSA) form. The complexities of the FAFSA process alone confuse many students and dissuade them from accessing aid that could help them complete a postsecondary education. Over the years, HEA has also established overlapping student aid programs and loan repayment options that, while intended to benefit students, have led to a chaotic collection of forms and paperwork. This ultimately creates barriers that block students from taking full advantage of financial aid. HEA should streamline the process for accessing student aid and reduce the number of overlapping programs.

Creating a modern regulatory environment would protect students while spurring innovation. Regulations should get back to basics and focus on protecting students as consumers, while ensuring quality and results. To this end, HEA reauthorization should aim to modernize and streamline the higher education regulatory environment to provide necessary protections, while minimizing the cost burden to institutions. This approach would have a direct impact on reducing the overall cost of delivering postsecondary education, benefiting students and reducing barriers to entry for new program providers. Regulations should avoid those design elements that hamper institutional innovation and stifle new and disruptive business models. Instead, they should encourage new and promising practices that leverage advances in technology and foster high impact partnerships with community and employer stakeholders.

**Drive Quality and Decision Making Through Better Data:** HEA reauthorization should also address data-related issues. These issues include prioritizing what data institutions should collect and determining how to ensure students have the data they need to make informed decisions about their own educational futures. The current data-reporting requirements under HEA have resulted in increased costs to institutions, while providing little value to students. Recent efforts to improve the main data collection

system, the Integrated Postsecondary Education Data System (IPEDS) – by having it cover more than just first-time, full-time students – are a step in the right direction, but much more needs to be done.

For example, a student unit record system would greatly increase the accuracy and amount of information available to students on the relative outcomes of different programs and institutions. The current prohibition on the development of such a system should be removed. Students would also benefit from having access to more data at the student level that benefits the individual student, as well as more accurate labor market information prior to making a decision about which program of study to pursue and to understand the costs and opportunities associated with a career path choice. Efforts should also be made to encourage public/private partnerships that leverage the use of data in order to provide improved information to students. Importantly, any such efforts must be developed with student privacy rights protected.

**Ensure Coordination Among Federal Programs:** HEA is the largest single source of federal funding for postsecondary education. However, the law could better leverage other federal resources and programs to benefit students. Specifically, HEA should contain language that expressly supports coordination among other federal programs, including the recently reauthorized *Workforce Innovation and Opportunity Act* and the *Carl D. Perkins Career and Technical Education Act*. Such coordination would be particularly beneficial in expanding information available to students on the quality of programs based upon employment outcomes and facilitating the enrollment of students in programs supported through multiple funding streams.

**Hold Programs and Institutions Accountable for Relevant Outcomes:** Given the significant investments parents and taxpayers make in higher education, it is critical that any institution participating in federal student aid programs be held accountable to parents, students as well as their accreditors for student outcomes. Governing boards must also take a proactive role in driving institutional results. These outcomes should focus on key indicators, including retention, graduation and skills attainment, as well as the extent to which graduates obtain employment in their field of study or in pursuing further, related education. HEA reauthorization should strive not only to ensure the availability of high-quality data for each of these indicators, but should also create incentives for institutions to build and maintain such a reporting system and meet and exceed ambitious outcomes.