



## TASK FORCE ON POVERTY, OPPORTUNITY & UPWARD MOBILITY RECOMMENDATIONS

**Three ideas.** The Opportunity America Jobs and Careers Coalition urges the House Task Force on Poverty, Opportunity and Upward Mobility to adopt a trio of bold ideas to transform postsecondary education and training, using the power of competition and choice to drive better outcomes for students, employers and American competitiveness.

**The problem.** The U.S. economy is changing in fundamental ways, as technology and globalization eliminate many low-skilled jobs and put a new premium on education and skills, including technical skills. The problem: our education system isn't keeping up. More and more young people enroll in college, but most never finish. Alternative forms of education and training are emerging: online, in the workplace, at technical schools and other nontraditional venues. But the federal government doesn't recognize these alternatives or allow students to use federal financial aid to pay for education and training outside of traditional two- and four-year colleges. The result: instead of supporting the change that's needed for education to keep up with the changing economy, federal funding reinforces the status quo and limits the options open to young people.

**Separate and unequal.** There is federal money set aside for alternative training options, but it goes to institutions, not students – there's no financial aid – and the amount pales in comparison to conventional education funding. In 2013, the total spent on traditional postsecondary education at accredited two- and four-year colleges topped \$135 billion, most of it flowing through Title IV of the Higher Education Act and the GI Bill. The total spent on career education and skills training – for youth and adults – was roughly \$4 billion. (Youth funding comes through the Carl D. Perkins Career and Technical Education Act. The adult workforce system is funded by the Workforce Innovation and Opportunity Act supplemented by Trade Adjustment Assistance.)

**A new system driven by competition and choice.** What's needed: more flexible funding, but also more information, enabling students to make better choices about where they spend their education dollars. Republican presidential candidates Jeb Bush and Marco Rubio have helped point the way forward. Their campaign education proposals differed on a number of dimensions, but they set their sights on the same core goals. Along with new funding mechanisms, both restructured federal incentives to drive more available postsecondary options and more student choice. And they used similar tools to achieve this end: fewer restrictions on where and how young people can use federal education funding, plus better, more transparent data about the occupational outcomes of different kinds of education and training.

## I. MORE OPTIONS FOR EDUCATION AND TRAINING

**A stranglehold on innovation.** Federal spending on the Pell Grant program has skyrocketed in recent years, reflecting, among other factors, sharply increased demand for higher education. But there has been virtually no change in the kinds of programs students can pay for using Pell Grants – no expansion beyond traditional, accredited, degree-granting institutions. What this means in practice: traditional academic bricks-and-mortar colleges have a virtual monopoly on federal education spending – a monopoly that works to crowd out innovation and sharply limit the kinds of education and training available to students.

**Cracking open the monopoly.** Both the Bush and Rubio campaign proposals aim to crack open this monopoly with increased federal funding for what they call “innovative education providers” and “nontraditional postsecondary models.” Among the many different kinds of education and training they envision adding to the mix: online learning, technical schools, short-term occupational training, apprenticeship, dual enrollment that exposes high school students to career training, preparation for industry-recognized certification exams, college credit for skills learned on the job, and more.

**Quality control.** The challenge for lawmakers: how to expand the options open to students without sacrificing quality. No one wants young people using federal loans or grants to attend programs that aren’t what they say they are or don’t meet the standards they claim to meet. The traditional means of quality control in higher education is accreditation: federally-recognized independent bodies monitor quality at colleges and universities, usually measuring inputs – course offerings, professional qualifications, governance and facilities – rather than outcomes, such as career success. And students paying for college with federal financial aid can use it only at accredited institutions.

**Outcomes not inputs.** The Bush and Rubio proposals turn this model on its head, assessing outcomes rather than inputs to determine the quality of alternative education and training. Marco Rubio would establish a new, independent accrediting agency and charge it with developing a “metrics-based authorization process” – judging programs on the basis of how many students graduate, obtain jobs and pay back their loans. Jeb Bush’s plan bypasses accreditation and assesses institutions case by case, withholding or limiting student aid until the program posts results. His proposed metrics: completion rates, pass rates on licensure or certification tests and labor market outcomes.

**Jumpstarting a new market.** The goal of both proposals: to level the playing field, allocating federal education funding more evenly between traditional colleges and new alternatives. The demand is there: employers need better prepared workers, students are flocking to the new forms of education and training. And over time, a redirected flow of federal funds could help create a new market in alternative postsecondary education and training. We recommend that the House Task Force on Poverty, Opportunity and Upward Mobility study the Bush and Rubio proposals and craft something similar or that accomplishes the same end.

## II. BETTER INFORMATION TO HELP STUDENTS MAKE BETTER CHOICES

**The information gap.** Most young people making choices about higher education today lack the information they need to choose the school or program that’s right for them. State and federal agencies collect information about student outcomes: retention, completion, post-graduation employment and earnings. But virtually no state makes the information available in a usable form, and the federal government is prohibited by law from revealing much of what it knows. The Department of Education’s *College Scorecard* is a step in the right

direction, but far from adequate – not detailed enough to help students make meaningful choices about specific programs, majors or, ultimately, career fields.

**Better data.** Students need better tools to compare colleges, choose among majors and decide whether an alternative form of higher education – technical training, perhaps, or an online course and industry certification – is better suited to achieve their goals. The information they need can be disclosed without compromising privacy or security. The Rubio campaign proposal promised to make outcomes data available online in an easily accessible format. His bipartisan 2012-13 legislative proposal, the *Student Right to Know Before You Go Act*, demonstrated one way this could be accomplished. The Bush campaign proposal would use federal funding to encourage each state to create a public database. The House Task Force on Poverty, Opportunity and Upward Mobility should consider one or both of these ideas and craft a solution to give young people the information they need to make the best possible choices about their future.

### **III. COMPETENCY-BASED OCCUPATIONAL CREDENTIALS**

**A third pillar.** Both the Bush and Rubio proposals recognize the growing importance of industry-driven occupational credentials, and both would increase funding available for students who choose to attain an industry certification along with or instead of a traditional academic degree. But neither proposal does enough to incentivize the use of this new form of credentialing or drive effective quality control.

**A new tool.** Competency-based occupational credentials are a relatively new tool, pioneered in recent decades by employers and employer associations that find traditional degrees a poor means of assessing the skills of job applicants. Unlike degrees, certifications don't reward students for time spent in class at a particular institution. Instead, young people study however and wherever is convenient – online, on the job, at an alternative training program – then sit for a two-part written and hands-on test administered by a third party. A small but growing number of high schools and colleges help students prepare for certification tests, and a growing number of employers rely on them to make decisions about hiring and promotion.

**Assessing quality.** The challenge for policymakers: establishing which certifications have value in the marketplace. Many of the new awards are hardly worth the paper they're written on. Others measure outmoded skills or have little currency with employers. And it's hard to know which credentials should qualify students who earn them for federal financial aid.

**Federal incentives.** Few employers or employer associations think industry certifications should be subject to government approval or accreditation. But Washington can use education and training dollars to promote the new awards, incentivizing industry to develop quality credentials and encouraging schools to offer programs that prepare students for the tests. The government should also be encouraging private efforts – by education foundations, industry associations and others – to collect information about credential holders' employment outcomes and make it available to the public as a means of quality control. We recommend that the House Task Force on Poverty, Opportunity and Upward Mobility recognize the promise of industry credentials as an alternative to traditional academic degrees and articulate the need for quality control by credential providers and other groups.

*Opportunity America Jobs and Careers Coalition is a Washington-based business coalition focused on job training and workforce development. Members include employers and employer associations from a range of industries experiencing skills mismatches and worker shortages – IT, manufacturing, construction and hospitality.*