

CLASP

Policy solutions that work for low-income people

February 15, 2018

U.S. Senator Lamar Alexander, Chairman
Senate Committee on Health, Education, Labor and Pensions (HELP)
428 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Alexander:

Thank you for the opportunity to comment on your recent white paper about Higher Education Accountability in the context of reauthorizing the Higher Education Act (HEA). We're submitting comments on behalf of the Center for Law and Social Policy (CLASP), an anti-poverty nonprofit that promotes economic security for individuals and families.

CLASP works to expand access to postsecondary education for low-income and nontraditional students. Our primary focus is helping them enter career pathways that lead to a postsecondary credential that is economically in demand. This enables them to get jobs that provide family-supporting wages and opportunities for career growth. As you consider drafting a bipartisan HEA bill, we ask that you take into account our concerns regarding the white paper you released on accountability in higher education.

The white paper focuses on simplifying accountability policy. Simplification sounds like a worthy, attainable goal. However, in this instance, 'simplification' really means "cuts." The policy seeks to eliminate current accountability measures and implement a new, singular measure based on federal student loan repayment. Cutting accountability in this environment is the wrong way to go, particularly when postsecondary education is more necessary and less affordable than ever before.

Eliminating Current Federal Accountability Measures

The white paper suggests eliminating the cohort default rate, 90/10 rule, and gainful employment rule. It also outlines these measures' shortcomings. We agree they aren't perfect, although we disagreed with the overall assessment of the 90/10 rule and the gainful employment rule. But the paper fails to consider strategies that could improve accountability through these measures. Eliminating current accountability measures would exacerbate the system's inequities. Thus we strongly oppose any attempts to eliminate them or modify them beyond their intended application.

Creating a New, Singular Measure

The white paper proposes a student loan repayment measure that considers students' and taxpayers return on investment and evaluates outcomes at the program-of-study level. Accountability mechanisms based on a Return on Investment (ROI) concept, described in the white paper as measured by the student's repayment rate, are often called "risk sharing." The goal is to give institutions "skin in the game" by transferring some of the student loan risk currently held by the individual and the government. The white paper cites examples like the Shaheen/Hatch bill and the PROSPER Act's program-level risk-sharing model.

Our primary concern is that these policies could unintentionally hurt the students they should be trying to

protect. Since this is an entirely new concept to HEA, we can't know the correct level of risk sharing and all its mechanisms. That's why any risk-sharing policy must be carefully analyzed to ensure it meets **certain conditions**, including those described below.

Focus on students

The proposal should focus on protecting students, especially low-income and underprepared students, from institutions that may not serve them well. In addition, it shouldn't reduce access for low-income and underprepared students because institutions have monetary incentives to increase selectivity or turn away students that are viewed as less likely to succeed. Increased selectivity is generally less of a problem when the policy is at the program level, because many programs do not have entry criteria. However, that's not true across the board. Finally, any proposal that includes a risk-sharing payment should also include a bonus payment for positive outcomes for at-risk students. The bonus should be large enough to overcome unintended consequences for low-income students and the institutions that serve them. There should also be evidence that the bonus is large enough.

Acknowledge institutional mission

The proposal shouldn't take a one-size-fits-all approach, because institutions differ in their missions and populations. It should not reduce funding for community colleges and non-selective four-year institutions simply because of the low-income and underprepared student populations they serve. Finally, the proposal shouldn't reduce funding for Historically Black Colleges and Universities (HBCUs), Hispanic Serving Institutions (HSIs), and other Minority Serving Institutions (MSIs), many of which are under-resourced and serve first-generation or underprepared students.

Overcome gaming

Finally, the proposal should protect against gaming the system like for-profit colleges have done under the cohort default rate. Even if the original proposal appears to protect against gaming, institutions will always find a way. That's one reason the Gainful Employment and 90/10 rule shouldn't be eliminated, even under a risk-sharing proposal.

Without these safeguards, as well as careful consideration of unintended consequences, CLASP can't support risk sharing as a means to provide accountability. The cost is simply too high for low-income students.

If you have any questions, please feel free to contact acielski@clasp.org or lwalizer@clasp.org. Thank you again for the opportunity to comment.

Sincerely,

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cc: U.S. Senator Patty Murray, Ranking Member
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