

*****Embargoed Until 5:45 a.m., May 22, 2017*****

To: Higher Education Leaders
Fr: Career Education Colleges and Universities
Re: Modernizing and Connecting the HEA to Jobs!

CECU Offers Innovative Road Map to Modernize & Connect HEA to Jobs

In a first-of-its-kind effort, Career Education Colleges and Universities (CECU) is offering a set of landmark proposals to directly connect the Higher Education Act to jobs. The following thoughtful solutions also seek to modernize the Higher Education Act in ways that speak to both today's college students and their specific career needs. CECU is working to convert the recommendations into bipartisan legislation to make at least part of the Higher Education Act Reauthorization a jobs bill. A separate set of recommendations, of equal importance, will ideally be converted into legislation to modernize postsecondary education.

Today, the Higher Education Act is America's investment in a skilled workforce. By providing millions of Americans the tools and skills necessary to enter the workforce, our schools are helping keep the United States economy running. But after 50 years since its inception, including a number of reauthorizations, it's time to update the Higher Education Act for the 21st century.

This set of recommendations reflect the most comprehensive proposals ever advanced by the sector. Built from the work of over 70 education specialists throughout postsecondary education and across the political spectrum, the association developed over 40 recommendations that collectively seek to directly connect the HEA to jobs as well as improve and modernize current law.

WHY MODERNIZING AND CONNECTING THE HEA TO JOBS MATTERS

Job training leads to job growth, and training and career education is not only critical to fulfilling the nation's workforce needs, it is key to fueling economic growth.

According to the Bureau of Labor Statistics, the United States will need 46.5 million new workers by 2024 to fill new jobs and replace scores of retirees. And as more and more jobs require some level of postsecondary education, it is imperative that the HEA is modernized to equip students with the career skills needed in today's workplace.

Underscoring the challenge, the nation's postsecondary career schools currently enroll 2.3 million students annually. This is 1.6 million fewer students than they did in the 2009/10 academic year at the height of the Great Recession. And since 2012, approximately 1,000 schools have shuttered, putting into question whether America can meet the needs of skilled workers required by both a generation moving into retirement age and new skill demands. If the nation hopes to close today's income inequality gaps and continue to address the corporate diversity gaps that exist, we must find ways to empower those who need it most – communities of color, single-parent households, first-generation college students, and adults returning to school after years in the workplace. Connecting the HEA to jobs will go to great lengths to

improving the overall employment situation and better positioning students of all backgrounds to succeed.

These recommendations also represent a logical step in our important work to advance career education. Having recently changed our name to Career Education Colleges and Universities, we also updated our mission to focus on the advancement of postsecondary career education. CECU has been at the forefront of commonsense policy solutions to help prepare millions of Americans to meet growing workforce demands. In 2016, we launched the “Campaign to Produce 5 Million New Career Professionals” over the next ten years, which will provide a critical boost as the nation seeks to meet the challenge of realizing 46.5 million new skilled workers by 2024. We believe these recommendations will directly connect the HEA to jobs and provide a road map for success.

DIRECTLY CONNECTING THE HEA TO JOBS

Among the innovative ideas to make the Higher Education Act a jobs bill, CECU proposes:

- A new Workforce Pell Grant
- A common set of outcome metrics for all schools’ career programs
- Converting the Gainful Employment rule into an informational metric for all career programs at all schools
- A revised Ability-to-Benefit
- Connecting apprenticeship to academic degrees
- Enhancing transfer of credit among schools
- Connecting Work Study to a student’s career studies
- Universal income-based repayment
- Recognition of and access to credentials
- Supporting students attending at-risk institutions

MODERNIZING THE HEA FOR THE 21ST CENTURY

Among the innovative ideas to modernize the Higher Education Act, CECU proposes:

- Establishing one set of rules for all schools
- Protecting students and schools
- Restoring due process for schools in dealing with the Department of Education
- Electronic distribution of financial aid to students
- Recognizing all students, not just first-time, full-time freshmen

Our mission is to modernize and connect the Higher Education Act to jobs in ways that speak to today’s college students and their specific career needs. We celebrate diversity in higher ed population. We celebrate the sector’s diversity in delivery. What we need is a modernized Higher Education Act to allow the higher ed system to improve and better serve its students. We’re working to put the emphasis back where it belongs – **on good jobs and quality careers for students and the future American workforce.**

Connecting the Higher Education Act to Jobs

Background

- By 2024, BLS states that America will need 46.5 million new workers.
- 65 percent of all replacement jobs and 85 percent of all new jobs will require some level of postsecondary education.
- The Higher Education Act is positioned to become the nation's top resource for students and their families who want postsecondary degrees and/or credentials.

Solutions

Among the innovative ideas to directly connect the Higher Education Act to jobs, CECU proposes:

- **A new Workforce Pell Grant** - The new proposal to help adults in the workforce includes three elements:
 - The Kaine-Portman JOBS Act to make short-term programs eligible for Pell.
 - Up to 8 weeks of remediation studies to prepare adults for success in returning to college.
 - Expanding eligibility for Pell for those adults seeking to obtain career skills who have previously exhausted their Pell eligibility 10 years ago.
- **A common set of outcome metrics for all schools' career programs** - Transparency is critical to enabling students to make the right choices. We recommend that all career programs at all schools provide students with the following common metrics: 1) Graduation rates; 2) Placement rates in field of study; 3) Total cost per graduate; 4) The average occupational salary in one's labor-market region; and 5) The most recent average debt of students completing the program at that school.
- **Converting aspects of the Gainful Employment (GE) rule into an informational metric for all career programs at all schools** - The GE regulation transitions to information data by all schools with career programs (broadly defined) to include:
 - The BLS average wage (by region) for each occupation.
 - The average student debt of the most recent graduation class in this field of study.
 - Requiring such information to be posted on school website and provided to every current and prospective student in that field of study.
- **A revised Ability-to-Benefit** - For those students completing 6 credits and participating in a school's Career Pathway Program.
- **Connecting apprenticeship to academic degrees** - By providing credit toward degrees.
- **Enhancing transfer of credit among schools** - Requiring all schools accredited by the same accreditor to provide credit transfer for same level courses will significantly help students keep costs down by not having to repeat courses and avoid delays in academic progress. Congress should also identify incentives for schools that enhance credit transfer.

- **Connecting Work Study to a student's career studies** - Work Study should be targeted to employment opportunities that provide students experience with the careers they are studying.
- **Universal income-based repayment** - Automatically enrolling students in income-based repayment and deducting student loan payment through payroll deductions, thereby simplifying the entire repayment process.
- **Recognition of and access to credentials** - Changes are needed to the statutes governing federal student aid to promote the use/recognition of competencies. CECU recommends tying the disbursement of aid to competencies completed, rather than attempted, and requiring that programs offering competency-based education are accredited, that the school is in good standing for federal Title IV funds, and that program completion is equivalent to the skills and knowledge achieved in traditional academic programs for the same learning.
- **Supporting students attending at-risk institutions** - Our schools will provide funding to enable the Department of Education to support and prioritize the educational needs of students attending at-risk institutions.

Modernizing the Higher Education Act for the 21st Century

We celebrate today's modern definition of students – all ages, races, genders, and incomes. We celebrate the diversity of today's higher education delivery system. We now seek a modern Higher Education Act that reflects today's world that will allow students to flourish.

Solutions

Among the innovative ideas to modernize the Higher Education Act, CECU proposes:

- **Establishing one set of rules for all schools**
One set of rules will help get rid of needless confusion and ensure that students have equal access to benefits, regardless of the type of institution they attend.
- **Common metrics and outcomes**
Transparency is critical to students making the right choices. We recommend that all career programs at all schools provide students with the following common metrics: 1) Graduation rates; 2) Placement rates in field of study; 3) Total cost per graduate; 4) The average occupational salary in one's labor-market region; and 5) The most recent average debt of students completing the program at that school.
- **Supporting students attending at-risk institutions**
Our schools will provide funding to enable the Department of Education to support and prioritize the educational needs of students attending at-risk institutions.
- **Protecting students and schools**
Borrower Defense to Repayment should not be the subject of Department of Education regulation. A modern, legislative solution will protect both the student and the school. CECU recommends making Borrower Defense to Repayment permanent law, establishing the right of any student/students to file claims based upon one of three criteria:
 - A legal judgment against the school;
 - A breach of contract by the school; or
 - Substantial misrepresentation by the school.
- **Restoring due process**
CECU also proposes a number of recommendations that seek to restore due process and ensure that the Department of Education's ideology is not wielded as a harmful tool against schools and students without any due process or avenues of recourse.
- **Electronic distribution of financial aid to students through consumer safety-enhanced debit cards**
Financial aid should be designed to support accelerated academic progress, and its distribution should catch up to 21st century technology through debit cards issued to each student that are enhanced with consumer safety features that protect the student and the proper, intended use of funds.

- **Recognizing all students, not just first-time, full-time freshmen**

As the demographics of our students evolve, so too must the HEA. A modernized HEA that recognizes the importance of making available the most up to date and accurate data will better serve communities of color, single-parents, first generation college students, and adults returning to school after years in the workplace.

- **Credentials recognized by accreditors, and accessible for financial aid**

Changes are needed to the statutes governing federal student aid to promote the use/recognition of competencies. CECU recommends tying the disbursement of aid to competencies completed, rather than attempted, and requiring that programs offering competency-based education are accredited, that the school is in good standing for federal Title IV funds, and that program completion is equivalent to the skills and knowledge achieved in traditional academic programs for the same learning.

- **Universal income-based repayment**

Automatically enrolling students in income-based repayment and deducting student loan payment through payroll deductions, thereby simplifying the entire repayment process.

One Set of Rules for All Schools

Time to Eliminate Unnecessary Confusion

Definitions of Institutions of Higher Education is to the American public a distinction without a difference! Students seek the best fit for their academic and career studies, regardless of an institution's corporate structure or tax status. Every institution of higher education in America must be licensed by the state, accredited by a recognized accreditor, and approved by the Department of Education for participation in the federal financial aid programs.

Within the Higher Education Act, institutions of higher education are currently defined differently in two separate parts of the statute, causing unnecessary confusion. A single definition should be used across the entire HEA to ensure that students have equal access to benefits, regardless of the type of institution they attend. CECU also recommends that all regulations establishing outcomes metrics, notification requirements, or other program participation opportunities apply to all institutions of higher education. Recognizing that all colleges and universities play an important role in preparing tomorrow's workforce, one set of operational rules for all schools shall provide consistency and clarity in providing postsecondary education.

Our recommendations are based upon two key points:

- First, all institutions should be treated identically. No federal agency – the Department of Education or otherwise – should have the authority, by rule, practice, or Executive Order, to differentiate based upon tax status in any way.
- Second, this goal for common rules should not be falsely interpreted to suggest that the nation's postsecondary career colleges and universities are seeking access to those funds traditionally set aside for specific purposes. Accordingly, the sector recommends language to preserve other titles – especially Title III and V – for those institutions who currently use and depend upon such resources.

Background

The HEA authorizes federal student aid programs. For purposes of Title IV programs, Section 102 of the HEA defines “institution of higher education” to include public, nonprofit, and for-profit institutions. Each category of institution included in Section 102 may participate in federal programs administered under Title IV. However, Section 101 of the HEA narrowly defines institution of higher education for purposes of non-Title IV programs to exclude for-profit institutions. As a result, students attending for-profit institutions may not participate in a variety of non-Title IV government grants and aid.

A single definition of institution of higher education is superior to the current structure because:

- The distinction between public and nonprofit institutions and for-profit institutions is arbitrary. In recent years, for-profit institutions have increased program and degree offerings to closely resemble offerings at public and nonprofit institutions and vice versa.
- Like public and nonprofit institutions, for-profit institutions eligible for Title IV funds are monitored by accrediting agencies recognized by the Secretary of Education and are approved by state regulators that require positive student outcomes and good governance.
- As the differences between types of institutions blur, the rationale for multiple definitions of institution of higher education and separate sets of compliance standards diminishes.

A single definition would reduce confusion and mistakes in the law. The term institution of higher education is used in other federal statutes and state laws. Having more than one definition of the term can lead to unintentional mistakes in interpretation of the law.

A single definition would also eliminate the tiered system fostered by the current definitions:

- Students who attend for-profit institutions tend to either be older, lack financial support, come from communities of color, not have a traditional high school diploma, all of which experience barriers to equal access to higher education that is, in many cases, inferior to their peers who attend public and nonprofit institutions. These students who face such barriers to higher education would benefit from additional funding opportunities as students attending public and nonprofit institutions.

Common Metrics and Outcomes

Providing the Information Students Need

The message of recent years is powerful. If taxpayer dollars are invested, there must be accountability for such investment. Equally important, when students make an investment of time and money in their educational future they must be protected with a common set of outcomes. Students must have both the freedom to choose their educational path and the freedom to compare institutional data in ways that can guide such choices.

The incredible problems with recent regulatory efforts does not diminish the responsibility for accountability. We advocate for the strongest transparency among all schools, and all programs, in providing students and their families the tools needed to help them make the right decision.

Today, the Higher Education Act is positioned to be America's workforce investment program. While our postsecondary career colleges and universities proudly lift up our commitment to such programming, we recognize that we are only a small part of the larger landscape in preparing today's students for tomorrow's workplace. Teachers, accountants, doctors, lawyers, and engineers all complete their education with the goal of a career in their chosen field. As such, every program at every institution providing postsecondary career education should provide current and potential students with the best possible information.

We recommend that every institution provide five key items. Those items, related to career preparation, should include:

- Graduation rates (In a minimum rate defined legislatively, with accreditors allowed to enhance such definitions for their schools);
- Placement rates in their field of study (With a minimum standard of placement defined legislatively);
- Total public sector cost per graduate;
- Data on incomes; and
- Data on debt.

We do not recommend additional criteria in determining eligibility for Title IV programs. In today's world, a program will survive based upon the transparency of its outcomes – not compliance with additional complex formulas that no one can meet and even fewer can understand.

Gainful Employment

We do not define academic quality with a debt/earnings metric. Under the current formula, the very same occupation can have dramatically different incomes by economic region of the country. Yet, under such differences, the cost of the academic program and a student's debt

produce very different outcomes simply based upon that diverse income data.

Rather than pursuing a narrowly-focused regulation of one sector of higher education, we will serve all students better by providing them with the average income for their career of study and in their economic region. In addition, we believe the school should provide the current and prospective students with the average debt upon completion of their career study of the most recent graduating class.

We recommend that the Department require schools to use the Metropolitan and Non-Metropolitan Area Occupational Employment and Wage Estimates for each occupation of study. Doing so will provide students with the expected income after their beginning years of entry, in a metric that is uniformly and fairly calculated.

Supporting Students Attending At-Risk Institutions

A New Commitment to Protect Students' Education

This bold new initiative puts students first. Millions of students were dislocated during the last few years as hundreds of colleges and universities were shuttered, leaving them with debt and no degree. Our schools will provide funding to enable the Department of Education to support and prioritize the educational needs of students attending at-risk institutions. With the resources provided by the sector, the Department will work to connect those students with similar programs which accept current credits in the area of learning in ways that continues the student's path toward completion.

Background

Currently, there is no mechanism to protect students (and taxpayers funding those students) in the event of an abrupt school closure. Abrupt school closures, as opposed to organized and accreditor-approved teach-outs, leave students stranded before completion, dishonor the credits earned at a failed institution, decrease the chances for successful credit transfer, and force taxpayers to foot the bill for dischargeable student loans incurred by students at the failed institution.

The Department of Education's recent history was one focused less on the needs of students and more on closing schools serving those students. The closure of Corinthian, and later ITT Tech, resulted in the dislocation of thousands of students with debt and no degree. While students should always be protected against academic fraud – when it occurs – the process of handling large or small school closures must change. Today, students are the number one victim. But taxpayers left holding the tab for student debt forgiveness are also hurt. Some project the total cost of debt relief for students enrolled in the many Corinthian schools could reach over \$3 billion. A similar potential liability of over \$3 billion could occur if all students hurt by the ITT closure were to also file such claims.

Students cannot afford this disruption in their academic lives. Nor can the taxpayers. We must find a better way to manage troubled and closing schools. It also must be a process that prioritizes “continued education learning” for the students. This effort will prioritize continuation of every students' studies when troubled or closed schools occur. The goal is simple: Keep students on the path to completion, and toward a career.

By the Numbers

The sector stands ready to do its part to make every student enrolled in these troubled schools the collective priority. To underscore this commitment, our schools will contribute \$5 per student enrolled. With over 2.3 million students enrolled in schools for the 2015/16 year, at \$5 each, the annual revenue from such a fee would exceed \$11.8 million.

Protecting Students and Schools

Restoring a Proper Balance for All Partners in Higher Education Delivery

A Permanent Legislative Commitment to Protecting Borrowers from Academic Fraud

A modern, statutory guide to provide Borrower Defense to Repayment (BDR) will protect both the student and the school. BDR should not be the subject of Department of Education regulation. It is simply too important. Rather, a new section of legislative statutes will provide a permanent and fair process for consideration of such claims.

Background

While the commitment is noble and necessary, the process creating the BDR rule was marred by ideology and miscalculation. The final rule made the Department the prosecutor, judge, and jury. The disclosure requirements imposed on the proprietary sector have since been discredited by the Department's manipulation of data. The rule went far beyond protecting students impacted by academic fraud to creating new tools for the Department to put proprietary schools out of business simply by imposing letters-of-credit that were impossible for any school to meet.

This unfortunate experience in bad policy should not demean the basic goal of protecting students against academic fraud. In such cases, the student should have a clean, clear set of procedures to guide them in obtaining a hearing on their claims for relief. But justice must protect both the student and the school when disputes occur.

CECU recommends making Borrower Defense to Repayment a permanent law, establishing the right of any student/students to file claims based upon one of three criteria:

- A legal judgment against the school;
- A breach of contract by the school; or
- Substantial misrepresentation by the school.

Individual Claims

- In order to prevent any Department from acting as the prosecutor, judge, and jury, we recommend that all individual claims shall be considered by the Federal Student Ombudsman.

Group Claims

- All group claims shall be considered by the Office of Administrative Claims by an Administrative Law Judge.

Both individual and group claims have the same 30 day time period for students and schools to provide information. After receipt of such information, the Administrative Judge has 30 days to make a determination.

Restoring Due Process for Schools

CECU makes a number of recommendations to ensure the Department of Education's ideology is not wielded as a harmful tool against schools without any due process or recourse. The recommendations:

- **Troubled/Closing Schools**
 - Allow schools engaged in teach-out to purchase the school and continue operations.
 - Allow the sale/transfer of individual schools/campuses.
 - Continue financial aid during reorganization.
 - Do not hold a new owner liable for a previous school's CDR rates.
 - Do not penalize family members, and other senior staff, with no responsibility for the past performance of a previous school where they were employed.
- **Due Process for Students and Schools**
 - Establish an appeal process in the denial of recertification.
 - Provide an appeal process for revocation of provisional certification.
 - Protect students and schools under HCM1 and HCM2.
 - Require timely processing of payments to schools.
 - Restore administrative law judges for adverse actions.
- **A Fairer Process for Financial Responsibility Calculations**
 - Make appropriate changes in the financial responsibility calculations:
 - Use Industry-Accepted standards.
 - Provide official review, appeal and transparency processes in calculating Financial Responsibility.
 - Establish timelines for schools to correct weaknesses.
 - Limit times when Letters of Credit are required to very specific, clear financial risk.
 - Do not include long-term leases as a new form of long-term liabilities.
 - A school's audit should serve as part of the school's process in meeting the Calculations, not as a negative finding on the school.
- **Establish Time Frames**
 - Establish a series of time frames for everything from program reviews and updates of ECAR to change of ownership decisions.

Innovating HEA

We Need to Modernize Our Laws for the 21st Century

We celebrate today's modern definition of students – all ages, races, genders, cultural backgrounds, and incomes. We celebrate the diversity of today's higher education delivery system. We now seek a modern Higher Education Act that reflects today's world that will allow students to flourish.

To modernize the HEA, we propose:

- **Electronic distribution of financial aid to students through consumer safety-enhanced debit cards**

Financial aid should be designed to support accelerated academic progress, and its distribution should catch up to 21st century technology through debit cards issued to each student that are enhanced with consumer safety features that protect the student and the proper, intended use of funds.

- **Universal payroll deduction**

An automatic payroll deduction system, similar to Canada and Australia, would eliminate the burden of having students apply and reapply annually for an income-based or income-contingent repayment plan and would create a collection mechanism that treats all students fairly and in the same manner. Such a plan would simplify the entire repayment process with the potential to further reduce costs and improve repayment performance.

- **Financial aid that supports accelerated and short-term academics**

The goal is to equip students for the workforce as quickly as possible, while also seeking to save students educational costs. The restoration of Year-Round Pell Grants will help achieve the greatest number of graduations at the most efficient and economical cost. A new Workforce Pell Grant will also help students who have been out of school for 10 years who need additional education to maintain and upgrade their skills for the next generation of jobs.

- **An enhanced Scorecard as the single source for student information**

Full transparency is the best tool to serve students need-to-know, and incentivize colleges to do the best job possible. In addition to including the three primary metrics of graduation rates, placement rates, and the total public sector cost per graduate, CECU recommends improving the Scorecard by:

- Validating the data, and using consistent calculations for all schools.
- Including demographic and socioeconomic information.
- Including the average time for program completions.
- Including the true cost of education or completion/graduate.
- Providing such data by specific programs rather than institution-wide to help students understand the potential costs and benefits of their chosen field of study.

- **Credentials recognized by accreditors, and accessible for financial aid**

Congress must consider changes to the statutes governing federal student aid to promote the use/recognition of competencies. CECU recommends tying the disbursement of aid to competencies completed, rather than attempted. Congress must also require that programs offering competency-based education are accredited, the school is in good standing for federal Title IV funds, and that program completion is equivalent to the skills and knowledge achieved in traditional academic programs for the same learning.