


SECTION 1 • CHAPTER 2

Advance postsecondary education

Graduate Leland Shelton is congratulated as he is acknowledged by President Barack Obama during his 129th commencement ceremony address at Morehouse College May 19, 2013, in Atlanta.

AP PHOTO/CAROLYN KASTER



Ensuring that our economy benefits from the talents of our citizens requires that educational opportunities include accessible and affordable high-quality postsecondary education and workforce training. Research by the Georgetown Center on Education and the Workforce has shown the increasing need for higher levels of education and training in the labor market.

Between 1973 and 2018 the “jobs available for workers with postsecondary education are projected to increase from 28 percent to 63 percent of all occupations.”² In other words, in the near future almost two-thirds of jobs in our economy will require some type of education or training beyond high school.³

Our education and training system is not on pace to meet this demand. Only 41 percent of adults ages 25 to 54 have a two-year degree or higher, with an additional 19 percent having spent some time in college.⁴ Overall our workforce is projected to encounter a deficit of skilled workers in the next five years, fall-

ing short by 3 million workers with college degrees and almost 5 million workers with postsecondary credentials.⁵

But this is only part of the story. Boosting the education and training of our 300 million engines of growth would also increase productivity, innovation, and entrepreneurship, which would improve the efficiency of the national economy, create new products, and generate more wealth for everyone.

That’s why our plan focuses on developing the world’s best-educated workforce—so we can take advantage of the long-term need for

highly skilled workers while also driving the global economy toward the new industries and markets that our skilled workers help to create.



In the near future almost two-thirds of jobs in our economy will require some type of education or training beyond high school.

To do so, we must first identify the problems in our higher-education system that prevent us from developing a sufficient number of welleducated and highly skilled workers.

Seventy percent of high school graduates enroll immediately in two-year or four-year colleges,⁶ but less than 60 percent of full-time students who enroll in bachelor's-degree programs complete their programs within six years, and only 30 percent of students enrolling in two-year institutions complete their certificate or associate's-degree program within three years.⁷ Some colleges graduate less than 10 percent of the students who initially enroll; a few colleges graduate none.

One reason for low success rates in both enrollment and completion is that some high school graduates are poorly prepared for college study, with 4 out of 10 who enroll as

undergraduates requiring some type of remedial instruction.⁸ Additionally, the lack of high-quality advising and counseling services often leads students to make bad decisions about where to enroll and what to study.⁹ Another factor is the rising cost of college: According to student surveys, more than 50 percent of students who fail to graduate cite the high cost of tuition and fees.¹⁰

Colleges and universities must improve in each of these areas. Federal taxpayers provide approximately \$150 billion annually to higher education—through student loans, Pell Grants, and campus-based aid.¹¹ It is unacceptable to continue sending taxpayer dollars to institutions that enroll students but do not ensure those students persist to a degree.¹²

College also has become increasingly unaffordable for low-income and middle-class families. The average net price of a single year of college education in 2012-13, after accounting for grant aid and federal tax credits, and including room and board, was approximately \$12,100 at a four-year public institution and \$23,800 at a four-year private institution.¹³ Over the past 30 years, the cost of sending a student to a public four-year college, after adjusting for inflation, has increased by 250 percent.¹⁴ (see Figure 1)

One of the reasons public institutions have been raising tuition and fees is that state spending on higher education has been in continuous decline. According to the College Board, inflation-adjusted state appropriations per full-time-equivalent, or FTE, student declined by 25 percent over the past five years.

Postsecondary education

Problem: The inability of many Americans to access and complete high-quality, affordable postsecondary education threatens the economic mobility of America's 300 million engines of growth and the U.S. economy overall. The United States ranks 16th in the world in the proportion of college-educated adults among those ages 25 to 34, down from ranking third in 1997.¹

Solution: Harness the consumer power of better-informed students and their families to demand improved, relevant, and cost-effective postsecondary education. Create more flexible and cost-effective paths to a college degree or credential, ease the financial burden on students and graduates, and better connect training to industry.

Key policy ideas:

- Improve public disclosure of important information about postsecondary education institutions and programs. Expand and improve the recently released College Scorecard to include additional information about value, including graduates' earnings. Mandate the use of easy-to-understand and standardized financial-aid offer letters and the release of public-accreditation reports.
- Encourage students to make informed, better choices about what program to pursue, including seriously considering whether to major in STEM fields by showing, as part of the College Scorecard, the higher employment and salary levels of engineering and science graduates.
- Standardize articulation agreements to help the 6 million students who will transfer between schools at some point in the next five years to progress toward their degrees and credentials.
- Use prior-learning assessments to help more students receive credit for knowledge and training acquired outside the classroom and translate high-quality, free online coursework into college credit.
- Create the Workforce Investment Trust to train 1 million adult workers in community college and industry partnerships, 1 million adult workers in registered apprenticeships, and 1 million adult workers in career-pathways programs.

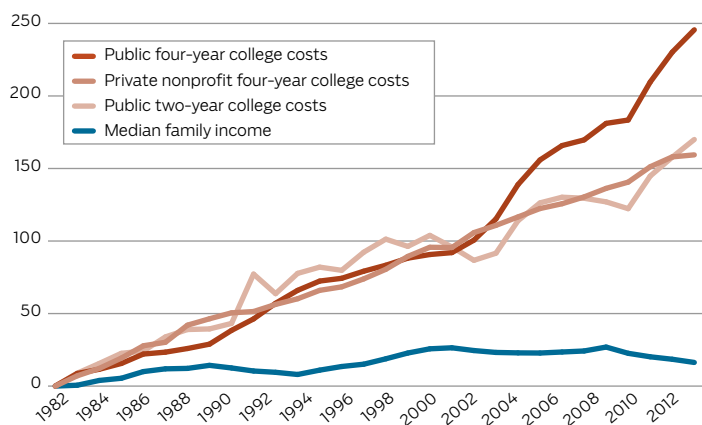
Other policies include raising the maximum Pell Grant award, automatically enrolling high-risk student-loan borrowers in income-based repayment plans, and deploying "college ambassadors" to provide counseling to hundreds of thousands of first generation and low-income high school students. We also propose universal access to career-navigation services.

Outcomes: High-quality postsecondary education will be available to all Americans, with the United States ranking first in the world in the proportion of adults who earn a college degree or postsecondary credential. ■

FIGURE 1

College costs and median family income, 1982 to 2012

Inflation-adjusted increases



Sources: The College Board, Annual Survey of Colleges; National Center for Education Statistics, Integrated Postsecondary Education and Data System.
Correction: Two of the labels in the key were mislabeled in the original online version. The current version above and online contains the correct labels.

The drop was 10 percent in 2011-12,¹⁵ the largest single-year drop in at least 50 years.¹⁶

As a result of declining public investment and rising tuition costs, college students and their families are more in debt than ever. High debt burden has led to serious financial struggles for recent graduates. According to the U.S. Department of Education, 13 percent of student-loan borrowers defaulted on their federal loans within three years of their first payment coming due, and at for-profit schools the default rate is 23 percent, more than double the rate at public and nonprofit schools.¹⁷ Frequently, the former students who default did not complete their educational program and are punished twice—once for their failure to graduate and then for their default. High levels of default and delinquency carry a high human cost and are also a drag on overall economic growth.¹⁸

For all Americans to reach their full potential, policymakers need to ensure that more students complete a high-quality postsecondary education, that students graduate with the knowledge and skills necessary for success at work and in life, and that a college education is more affordable for low-income and middle-class families.

We propose reforming the postsecondary landscape by making the entire system more accountable to students and taxpayers via policies that:

- Harness the consumer power of students and families
- Create flexible and cost-effective paths to a college degree or credential
- Invest in higher education while holding schools accountable for results

Policies that harness the consumer power of students and families

Imagine signing up to buy a product or service without knowing its cost, its quality, or the likely benefits of purchasing it. Each year, millions of students do exactly that when they enroll in postsecondary education. And their lack of information is hurting them and allowing educational institutions to sell “defective products” that don’t serve the purpose for which they are sold. Increasing access to information will not only help individuals, it also can make colleges better.

Colleges and universities obscure the price families will pay by burying tuition information on their websites and using complicated discounting procedures. They also avoid concrete measures of quality or return on investment, offering only oblique information such as student-faculty ratios. As a result, students make choices about where to go, what to study, and how to pay for college with insufficient information to guide their choices.

This information asymmetry has consequences for individual students, the higher-education market, and the economy as a whole. Students often find themselves deep in debt and lacking a degree or credential of value, either because the quality of their education was poor or because the skills they garnered do not match what the labor market needs. And because student choices are ill-informed, these decisions are not properly regulating the higher-education market; colleges are free to raise tuition at will and to offer programs of varying quality that bear no relationship to the job market. In the end, the economy suffers—students enter the workforce but don’t or can’t contribute to their full abilities.

As the Center for American Progress illustrated in its “Buying College” report, the answer to this problem is deceptively straightforward but will have a dramatic effect, empowering Americans to demand useful degrees at a reasonable price.¹⁹ Give students and their families better information, and it will change their decision making. In turn, better decisions will change colleges, as institutions respond to better-informed demand.

The federal government already collects huge quantities of information about colleges each year. But few students and parents use this vast resource, and there is also information that is not currently collected but that would be useful. For the greatest impact, students need easy-to-understand, easy-to-find information. And, when necessary, they need support from knowledgeable advisors. To achieve this, we propose:

- Expanding and improving the U.S. Department of Education’s College Scorecard, providing tools to making comparisons easier
- Requiring colleges to use easy-to-understand standardized financial-aid letters
- Making accreditation-agency reviews publicly available
- Creating an expanded college-ambassador program
- Guiding individuals through the training maze with career-navigation services

Expand and improve the U.S. Department of Education’s College Scorecard

The College Scorecard provides prospective students with key information that can help them make an informed decision on their education. We propose expanding the College Scorecard to include information about the value of the education provided by detailing earnings information

from the Social Security Administration for those who completed or failed to complete a postsecondary education program. This information should be obtained at both an institutional and a program level. New tools should be developed to make comparisons easier. And efforts should be made to train high school counselors and others engaged in college outreach on how to access and use the College Scorecard to support better-informed student choice.

The virtue of nutrition labels on food is their standardization and ease—they are readily accessible any time you pick up a product. In similar fashion, allowing college students

to have key facts and data when they most need it, the U.S. Department of Education should ensure that information about the College Scorecard is widely disseminated and that postsecondary institutions prominently display their College Scorecard with a link to a comparison tool on the front pages of their websites, as well as on applications and marketing materials.

With these tools, students and parents would be able to compare colleges with respect to the success of their graduates and the likely cost of attendance. Colleges would be forced to compete with each other based on quality and value rather than reputation and marketing.

FIGURE 2

How the College Scorecard could look after incorporating new, valuable information

	College X	College Y	College Z
What is the average net price?			
How much has the net price changed in the last 2 years?			
What percentage of students graduate?			
Are students able to repay their student loans after they graduate as measure by default rates?			
What is the average amount a student borrows for an undergraduate education?			
What percentage of former students have earnings three years after graduating?			
How much did those graduates earn on average?			

Consumer information and STEM education

Educating students for employment in science, technology, engineering, and mathematics is a national priority. Studies show that 40 percent of science and engineering students switch to different majors during their time as undergraduates.²⁰ Providing students with real-world data—comparing outcomes for different programs at the same school—may encourage more college students to continue their course of study. Consider these starting salaries for recent college graduates:²¹

- Engineering: \$62,000
- Computer science: \$61,000
- Health sciences: \$45,000
- Math and sciences: \$40,000
- Humanities and social sciences: \$35,000

As important as these additional tools would be, having more granular or customized information—such as cost information by family income and graduation rates for students from different academic and economic quintiles or racial/ethnic group—would be helpful to students and families in making the decision about where to enroll and what to study. For this reason, information about employment rates and average salaries by academic major should also be provided.

Require colleges to use easy-to-understand standardized financial-aid letters

One of the keys to changing colleges through better consumer information is ensuring that families are making conscious choices about how much they will pay for college and how

they will finance it. But colleges make this inquiry nearly impossible by using financial-aid offer letters that are filled with jargon, that mix loans in with scholarships, and that leave students wondering just how much they will need to pay out of pocket. Moreover, each college has its own format for offering financial aid, so it is extremely difficult to compare the offers from one school to another.

This confusion is easily fixed with a standard format for financial-aid offers. In July 2012 the Department of Education released a Financial Aid Shopping Sheet, a model financial-aid offer letter, that makes it easier for prospective students to locate their net price, distinguish gift aid from loans, and quickly see performance outcomes for students who enroll at the institution.²² More than 700 institutions agreed to adopt the Shopping Sheet.²³ In addition, the Consumer

Financial Protection Bureau has been working to develop a tool to ease comparisons between institutions and aid offers. Congress should require that all colleges that participate in federal student financial-aid programs use a common financial-aid letter based on the Department of Education's Financial Aid Shopping Sheet.

Make accreditation-agency reviews publicly available

There is no simple way for college-bound students to ensure that they are picking an institution that is providing quality programs overall. Creating a comprehensive measure of the quality of college programs would be a complicated undertaking, but there is a way to give families the information they need.

Accrediting agencies perform in-depth reviews of colleges. Reports summarizing these reviews are currently confidential, but Congress should direct accrediting agencies to make the results of the reviews public, providing students and families with an objective analysis of a college's performance as the newly available information is digested in college guides and other information sources.

Create an expanded college-ambassador program

Students who make informed choices about college seek advice from people who have

experience with the college-choice process, including peers, parents, neighbors, teachers, and counselors. But research shows that many students, particularly low-income students, do not have access to sound advice. The federal government should ensure that students have advisors to help them in these important decisions.

The federal government has long supported programs that help low-income, first-generation college students prepare for and succeed in postsecondary education. Indeed, these efforts were at the heart of the war on poverty: Since 1964, the federal TRIO Programs have supported postsecondary-education outreach and student-support services designed to encourage individuals from disadvantaged backgrounds to enter and complete college and postgraduate education.²⁴ In addition, the Gaining Early Awareness and Readiness for Undergraduate Programs, or GEAR UP, supports early college-preparation and awareness activities at the state and local levels to ensure low-income elementary- and secondary-school students are prepared for and pursue postsecondary education.²⁵ It is difficult, however, to scale these programs because of the per-participant cost.

The National College Advising Corps, or NCAC, developed an innovative way to help high school students get advice about college. NCAC places trained recent college graduates as college ambassadors in high schools to help students navigate the college-search, admissions, and financial-aid processes. Congress should create a program modeled on NCAC



In this Mar. 31, 2010 photo, Tania DeLeon, 20, right, an administration of justice major at Folsom Lake College, works with her supervisor Sarah Aldea in the outreach department at her on-campus job in Folsom, California. AP PHOTO/RICH PEDRONCELLI

that allows college seniors at participating institutions to receive federal work-study funding for working as trained college counselors for low-income and first-generation high school students.

Guide individuals through the training maze with career-navigation services

The need for better information is certainly not confined to the world of traditional college students. In fact, working adults often need as much or more help and face more complicated decisions. Choosing whether to give up a portion or all of family income—

not to mention time—to pursue higher education or job training is a difficult and stressful decision.

Career-navigation experts—such as career counselors, career advisors, and career coaches—can help workers chart the course of their careers through a complex labor market. These experts are trained workforce professionals who can draw upon various resources to assist workers interested in advancing their careers.

The problem, however, is that the public-workforce system is vastly underfunded. As a result, access to career-navigation services

is often limited to unemployed workers or individuals receiving public assistance.²⁶

The federal government should take the following steps to make career-navigation services universally available;

- States should ensure that One-Stop Career Centers provide information about the full range of public resources available to support the career-navigation process. Information about the availability of federal student aid for vocationally oriented education and training, for example, would be immensely helpful for workers contemplating career changes.
- States and the federal government should ensure that One-Stop Career Centers provide up-to-date access to information about the educational and training opportunities available in the local area and online. When providing such information, the centers should ensure that those they serve have the most timely and relevant information about the outcomes for program completers, including the information available on the Department of Education's College Navigator and College Affordability and Transparency Center and on the training provider's website consistent with the gainful-employment regulations.
- The federal government should develop and maintain an integrated self-help system, customizable by states and One-Stop Career Centers, for individuals to track their career development through an

online account, which would include information on an individual's employment history, education, and professional skills. The online account should be interoperable with leading social-media tools and be linked to information about a broad range of career options and labor-market data. Workers interested in education and training programs should be able to find detailed information on providers in their region and financial aid.

- Congress should appropriate an additional \$1 billion annually to allow for the needed enhancements to the nation's workforce-development system. Millions of adults use this system and for it to be effective it needs to be a more integral resource to develop the long-term skills of the workforce.

Policies to create flexible and cost-effective paths to a college degree or credential

The elite edge of our existing system of higher education still offers the best learning opportunities in the world. But our traditional model of elite higher education—designed for 18- to 22-year-old full-time students who attend a single school for four years—is not the right path for every student or every occupation.

For many modern students, traditional campus-based universities do not offer enough flexibility to fit their complicated lifestyles. More than one-third of undergraduate stu-

dents are over the age of 25, and many of these students work full time or support dependents of their own.²⁷ A lot of these older students have acquired college-level learning that comes from noncredit programs, corporate or military training, workplace-based learning, volunteering, and other activities. And some students are taking massive open online courses or earning “digital badges” for specific skills. Too often, traditional colleges refuse to recognize these accomplishments because they were attained outside the classroom; even credits obtained at other colleges are often deemed unacceptable.

Fortunately there are models for addressing this shortsighted treatment of outside learning. As the Center for American Progress discussed in its 2010 report, “Degree Completion Beyond Institutional Borders,”²⁸ recognizing legitimate outside sources of education could expand access to high-quality higher education, reduce costs, and reward individuals for their skills, capabilities, and knowledge instead of just the amount of time spent in a classroom.

Access to these higher education models should be expanded via policies that:

- Require colleges to ease credit transfers
- Move toward competency-based programs and offer academic credit toward degree attainment for prior learning
- Expand access to free and low-cost courses
- Expand access to open-education resources

- Expand community college and industry partnerships for job-training programs
- Develop 1 million apprenticeships in high-growth industries

Require colleges to ease credit transfers

Too many colleges put up barriers to earning a degree or credential by refusing to accept credits earned at other schools. With more than one-third of college students transferring schools at some point in their studies, this is a serious problem.²⁹ A typical student can earn as many as 20 credits more than is necessary to graduate. This barrier is both an impediment to individual attainment of a college degree and an obstacle to achieving national goals for college completion.³⁰

Articulation agreements solve this problem by specifying how credits earned at one institution will be accepted by another toward one of its degree programs. The most common type of articulation agreement is one between a state’s community college system and its four-year college system that enables students earning an associate’s degree to enroll at a four-year college as a junior. Unfortunately, these agreements are not available to all students who need them.

Congress should amend the Higher Education Act to require all public colleges and universities whose students receive federal student aid—such as Pell Grants, Stafford Loans, GI Bill benefits, support from Employment and Training Administration at the Labor Department,



In this photo taken Nov. 15, 2012, Peter Struck, Associate Professor of Classical Studies at the University of Pennsylvania prepares to record a lecture on Greek Mythology in Philadelphia. 54,000 people from around the world took his class online for free — a “Massive Open Online Course,” or MOOC, offered through a company called Coursera. AP PHOTO/MATT SLOCUM

Temporary Assistance for Needy Families at the Department of Health and Human Services, or educational assistance at the Department of Defense—to at a minimum participate in a common statewide articulation agreement. Statewide articulation agreements should:

- Provide for a common core curriculum across all public institutions within the state, with common course numbering for core classes
- Guarantee that an associate’s degree fulfills the first two years of core studies at a public four-year institution within the state, and encourage states to negotiate articulation agreements with other states³¹

Offer degree credits for prior learning

Prior-learning assessments, or PLAs, measure what a student has learned outside of the college classroom, evaluate whether that learning is college level, and then determine the appropriate number of college credits. PLAs are closely tied to the learning outcomes one would expect from an equivalent college course.

Prior-learning assessments can save between \$1,600 and \$6,000 for 15 credits in the case of the typical adult college student.³² And PLAs help adult students complete their degrees: A study by the Council for Adult and Experiential Learning found that “graduation rates are

two and a half times higher for students with [prior-learning assessment] credit.”³³

The federal government should implement the following policies to expand credit for prior learning:

- The Department of Education should encourage institutions to adopt competency-based programs that make it possible for students to begin their post-secondary education by having what they already know tested. Appropriate credit should be given for the competencies that students bring with them to the program.
- Before an institution can participate in programs offered to active-duty service members or their families by the Department of Defense or in the GI Bill program, it must agree to accept credits earned by service members or veterans through college-level military training.

Expand access to free and low-cost courses

Modern technology is creating opportunities for more students to access high-quality educational resources at little or no cost. The online education landscape has dramatically expanded in recent years, encompassing both traditional higher-education behemoths such as the Massachusetts Institute of Technology and Harvard University—which are partnering to offer access to some of their courses for free—as well as new entrants, including the Khan Academy and Mozilla’s Open Badges

Initiative.³⁴ Such developments are promising news for all college students and lifelong learners—especially the millions who don’t have access to an elite private university.

The problem, of course, is that finishing a free online course doesn’t get a student any closer to a college degree or credential. As this educational format matures, the Department of Education should work with states, accreditors, or other intermediaries to develop mechanisms to assign academic credit to high-quality online learning. One possible approach might be to have states, accreditors, or other third parties develop and implement robust competency-based assessments that are aligned to common course numbering. This would allow high-quality massive open online courses, or MOOCs, to be readily accepted into existing core courses in the state’s public higher-education system. Students who complete a preapproved MOOC and pass a sanctioned assessment would receive credit for passing the public system’s equivalent course.

Another approach might be to use a Social Impact Bond structure to promote the offering of courses by MOOCs that result in academic credit being awarded by institutions of higher education. Under this approach, the federal government would agree to compensate MOOC providers after a student had completed a course and an institution of higher education accepted the associated credit. To ensure adequate quality safeguards, payment for the MOOCs might be deferred until the student completes the following academic term or the entire program.

Expand access to open-education resources

Open-education resources, or OERs, are educational materials produced by one party that others are licensed to use free of charge. For students who struggle to afford college textbooks, which often cost more than \$1,000 per year, open-education resources offer the potential for cost savings as state legislatures, colleges, and new publishing companies embrace OER and lowcost digital textbooks. Washington state, for example, created an Open Course Library stocked with free materials for 42 introductory community-college courses.³⁵

The U.S. Department of Education should help to expand access to open-education resources and free or lowcost textbooks by:

- Modifying the cost-of-attendance provisions of the federal student-aid programs to specifically cover a textbook fee that could be paid to a third party such as a state or nonprofit agency to provide free or low-cost textbooks
- Assembling a central repository for free digital textbooks—a federal Digital Textbook Initiative—modeled on the California Digital Textbook Initiative³⁶

Expand community college and industry partnerships for job-training programs

While a traditional four-year college education is the right path for many students, it

is not the only way to earn a high-quality degree or credential. Many students—especially older students—prefer a shorter post-secondary program that is linked to specific career opportunities. Such programs can lead to substantial increases in earnings.³⁷ Moreover, while our economy is projected to have a shortfall of as many as 5 million skilled workers in positions that require some college education but less than a bachelor's degree, our workforce-training system is not meeting this demand for training: Fewer than 200,000 adults earn a degree or credential each year with support from the Adult and Dislocated Worker Program, authorized by the Workforce Investment Act of 1998, which provides quality employment and training services to assist eligible individuals in finding and qualifying for meaningful employment, and to help employers find the skilled workers they need to compete and succeed in business.³⁸

These programs provide three types of service:

- Core services, which includes outreach, job search and placement assistance, and labor-market information available to all job seekers
- Intensive services, which includes more comprehensive assessments, development of individual employment plans, and counseling and career planning
- Training services, in which customers are linked to job opportunities in their communities, including both occupational training and training in basic skills, and



In this photo taken Sept. 20, 2011, teacher Rodney Brown speaks to students at a job training workshop at Department of Employment Services in Washington.
AP PHOTO/JOSE LUIS MAGANA

are asked to use an “individual training account” to select an appropriate training program from a qualified training provider

As the Center for American Progress outlined in its report, titled “Let’s Get Serious About Our Nation’s Human Capital,”³⁹ the workforce-training system should expand the availability of community college and industry partnerships to help millions of workers learn new skills. These programs typically focus on education and job-training programs that can be completed within two years and lead to industry-recognized credentials and certificates.

The partnerships combine public and private resources to create education and training programs that are tightly linked to regional

economic development. By partnering with employers, community colleges develop programs that are directly aligned with up-to-date job requirements and also ensure that course offerings are based on projected job openings. For their part, private-sector partners get to work with community colleges to design a curriculum for each program that is directly relevant to their industry practices.

The bipartisan Strengthening Employment Clusters to Organize Regional Success Act, or “SECTORS Act,” and the president’s Community College to Career Fund are proposals that would expand support and access to such partnerships,⁴⁰ but we believe they are too modest. The workforce system should be restructured into a Workforce Investment

Trust (see next section for a further description) that supports a robust community college and industry partnership system. The Workforce Investment Trust would enroll 1 million workers annually in public-private partnership programs that support one to two years of postsecondary education or training in a high-growth sector.

Develop 1 million apprenticeships in high-growth industries

Arguably the most underutilized form of postsecondary education and training is the apprenticeship model. During the course of

an apprenticeship, an apprentice is a paid employee who is also enrolled in a structured training program. The training program typically lasts two to four years and includes a minimum of 2,000 hours of formal on-the-job training and hands-on work experience, along with at least 144 hours of classroom instruction that can be provided inhouse or by a local community college or technical college. Apprenticeship completers earn an average starting salary of \$50,000 and make as much as \$225,000 more than comparable job seekers in their lifetimes.⁴¹

There are only 400,000 registered apprentices in the United States. In comparison, Germany, with less than one-third of our population, supports 1.8 million apprentices, and approximately 500,000 private companies participate. If the United States reached a similar per-capita level of apprenticeship training, our system would support almost 7 million apprentices.⁴²



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In the upcoming reauthorization of the Workforce Investment Act, Congress should create a new \$2 billion program as part of a new Workforce Investment Trust (described below) to support an additional 1 million apprentices annually. The program should provide grant-making authority to the Office of Apprenticeship—a small agency at the Department of Labor—and direct it to work with state and local workforce-development agencies to develop relationships with private-sector employers in high-growth and emerging industries such as health care, information technology, and advanced manufacturing. Grants could take three forms:

Postsecondary-education policies for veterans

More than 10 million veterans work in our economy today,⁴³ and they have been one of the foundations of our prosperity ever since the Serviceman's Readjustment Act of 1944, better known as the GI Bill, helped send almost 8 million veterans of World War II to college and job-training programs.⁴⁴

This report includes numerous policies that will benefit veterans, but the following four were specifically designed with veterans in mind:

- **Competency-based transcripts:** The Military Credentialing and Licensing Task Force is doing important work to help translate military experience to relevant civilian applications. As men and women begin their service, the military should already be thinking about how to equip them for their return to civilian life. As soon as they begin training for their first assignment, the knowledge, skills, and competencies they acquire during their military service should be captured in a competency-based transcript. Service members should be encouraged to add experience outside of their military service to that transcript and to develop a plan for civilian life after their service.
- **GI credits:** We should give veterans every opportunity to go to college. But when an institution of higher education requires a medic who served in Iraq to take Nursing 101 as a degree prerequisite, it is a waste of both time and money for the medic and American taxpayers who are paying the tuition bill. Schools that accept either Defense Department or GI Bill funds should be required to grant "GI Credits" for demonstrated prior learning in training and in the field based on prior-learning assessments.
- **Veterans' apprenticeships:** Veterans are perfect candidates for the high-skilled jobs that our economy has to offer, as their training in the armed forces has already given them the "soft skills" that employers have said are so difficult to find in today's labor force. Indeed, a coalition of large companies—including GE, Alcoa, Boeing, and Lockheed Martin—have already announced an initiative to train and hire veterans,⁴⁵ and even more have committed to do so through the Chamber of Commerce.⁴⁶ We believe that the government also has a role to play in honing veterans' skills and bringing them to bear and can do so through our apprenticeship proposal.
- **Access to career-navigation services:** All Americans, and especially veterans, can benefit from one-on-one assistance in developing a career path. The military has already taken a first step by changing the Transition Assistance Program to a weeklong "reverse boot camp" that will provide resume-writing classes and mock job interviews to transitioning troops.⁴⁷ President Obama also used his executive authority to establish a national Veterans Job Bank and authorize 6-months of career counseling for post-9/11 veterans. These initiatives can be enhanced by connecting them to the broader range of career navigation services, as described in this report.

CAP's plan for veterans will provide fuel for our country's long-term economic growth. It is the smart thing to do and the right thing to do.

- Annual grants to employers to partially offset the costs of apprenticeship training
- One-time grants for sector-based public-private partnerships to buy equipment that would support registered-apprenticeship training
- Seed money for sector-based public-private partnerships to develop industry-recognized credentials in high-growth and emerging industries

Policies to invest in higher education while holding institutions accountable for results

While a college education in the United States has never been universally available at no cost as is sometimes the case in other countries, we have for decades offered a variety of assistance to ensure that college is possible for a growing number of students. But our national commitment to maintaining the best-educated and most highly skilled workforce in the world is in doubt. Over time, public support for public institutions of higher education has declined, despite the fact that more than 70 percent of undergraduates enroll at these institutions. Student tuition at public institutions of higher education rose from 23.3 percent in 1987 to 47 percent in 2012.⁴⁸ And many policymakers are proposing additional cuts to critical federal programs such as Pell Grants and Stafford Loans.

To continue on this path would be an economic disaster. A recent report by the National Science Board, titled “Diminishing Funding and Rising Expectations,” found that continuing increases to tuition and fees will threaten our ability to develop the next generation of scientists and engineers, who are crucial for innovation-led economic growth.⁴⁹ The study stressed that a stronger commitment to public funding “is imperative if our Nation is to increase the number of highly skilled U.S. science and engineering graduates and compete in today’s knowledge-driven global economy.”⁵⁰

We must return to making the investments that are necessary, but we also need to ensure that the investments are producing college degrees and postsecondary credentials. Colleges should expect taxpayer dollars to correlate to degree completion not enrollment rates. And job-training providers should expect taxpayer dollars to support programs that are directly linked to growing opportunities in the labor market.

We suggest policies that are designed to boost public investment while also helping lower college costs, make it easier for families and students to finance higher education, and reward schools and job-training providers who prepare their students for long-term success by:

- Boosting Pell Grants to provide more opportunities for low-income students
- Creating a Workforce Investment Trust



In a Jun. 4, 2009 photo, Specialist Steffen Tucker, right, takes notes along with other students during a Music Appreciation class at the SSG Glenn H. English Jr., Army Education Center of Austin Peay University at the Fort Campbell Army Base in Kentucky. AP PHOTO/JOSH ANDERSON

- Making income-based repayment the default option for high-risk borrowers
- Implementing performance-based funding in federal and state support of higher education

Boost Pell Grants to provide more opportunities for low-income students

The Pell Grant program is the nation's premier financial-aid program for low-income college students. Pell Grants are awarded based on financial need and do not need to be repaid by the recipient. Nearly 10 million low income college students receive Pell Grants each year.⁵¹

Unfortunately, the Pell Grant program no longer covers as much of a student's college expenses as it once did. In the 1970s, a Pell Grant covered about 70 percent of a student's education at a public four-year university.⁵² The average Pell Grant in the 2012-13 academic year, however, covered less than one-third of those college costs.⁵³

Under current budget projections, the Pell Grant program as currently constructed will be underfunded by approximately \$23 billion over the next 10 years.⁵⁴ One of our first orders of business is to fill that projected shortfall and ensure that the maximum Pell Grant award reaches its scheduled increase to \$6,030 by 2017.

But \$6,030 is still not enough. An additional \$20 billion, amounting to a 3 percent annual increase, should be added for Pell Grants between 2018 and 2022 to boost the maximum value to \$6,990 by 2022. Boosting Pell Grants by this much would enable the program to retain more of its intended buying power and allow more students to stay in school.

Create a Workforce Investment Trust

Postsecondary education is not limited to a four-year bachelor's degree; it also includes community colleges, vocational training, and registered apprenticeships. Each of these options offers the means for upward economic mobility and a pathway to the middle class. Unfortunately, our workforce system is not meeting its potential to help adult workers enroll in postsecondary education and job training—which means we need to fundamentally reform the system.

As CAP proposed in its report, titled “Let’s Get Serious About Our Nation’s Human Capital,”⁵⁵ Congress should reform the workforce system in the course of reauthorizing the Workforce Investment Act in 2013. As part of the reauthorized bill, it should create a single agency—the Workforce Investment Trust—that has as its sole focus helping up to 3 million adults enroll in job-training programs each year. The Workforce Investment Trust should be designed according to the following principles:

- Most workers need some type of education or skills training beyond high school.

- Job-training programs should include pathways to postsecondary credentials and certificates with labor-market value.
- Postsecondary-training programs should be linked to emerging career opportunities through community college and industry partnerships, registered apprenticeships, and career-pathways programs.

The new agency’s mission should focus on:

- Helping college-ready adult workers retrain in community colleges, technical colleges, and registered apprenticeships to learn new skills being sought by high-growth industries in their regions
- Enrolling adult workers who need remedial coursework into career-pathways programs that will eventually lead to postsecondary credentials
- Assisting very low-skill adults to enroll in programs that provide basic adult education while simultaneously introducing participants to entry-level occupational training that will help them build a foundation for economic mobility

The purpose of the Workforce Investment Trust is to shift the priorities of the workforce system to long-term skills training, instead of rapid job search and re-employment at any cost. The agency would be charged with developing a new generation of skilled workers to replace our aging workforce and to fill emerging jobs in new industries.

The Workforce Investment Trust should be funded at \$10 billion annually, which is enough to enroll 3 million adults in high-quality training programs, including:

- 1 million adult workers in community college and industry partnerships
- 1 million adult workers in registered apprenticeships
- 1 million adult workers in career pathways and contextualized programs

Funding would include \$7 billion currently spent on federal training programs plus \$3 billion in annual funding. This influx in training would result in an increase of more than 1 million workers earning credentials annually, thereby helping to avert a national shortfall of skilled workers that could cripple future economic growth.

Make income-based repayment the default option for high-risk borrowers

The income-based repayment program, or IBR, enables low-income borrowers to limit their student-loan payments to no more than 10 percent of their discretionary income. This is an important repayment option for low-income students to maintain access to higher education. Students should not be forced to forego or drop out of college because of the risk that they will not be able to repay their debt.

Unfortunately, only a small percentage of eligible borrowers enroll in the program, which means that some students are unnecessarily defaulting on their student-loan debt.⁵⁶ Congress should make income-based repayment the default repayment option for federal student-loan borrowers. This could be accomplished either by having the IRS collect student-loan payments through the wage-withholding system or explicitly giving the Department of Education access to IRS or Social Security earnings information. Borrowers should be given the ability to opt out of the wage-withholding system for loans, since student-loan borrowers whose incomes may start low but increase substantially early on in their careers will not benefit from enrolling in IBR.

Implement performance-based funding in federal and state support of higher education

We not only need to be sure that students can access education, but also that once they do, they are well placed to complete degrees. For years, colleges have been allowed dismal graduation rates and high student-loan defaults, only to receive ever-increasing amounts of student financial aid. A partial solution to this problem, as described earlier in this section, is to have the Department of Education make graduation rates, employment rates, future earnings, average student debt, and student-loan-repayment rates available on the College Scorecard and in other consumer-oriented tools.



Students walk across campus at the University of Vermont on Apr. 30, 2012 in Burlington.

AP PHOTO/TOBY TALBOT

But that isn't enough. To encourage postsecondary institutions to serve students better, in the upcoming reauthorization of the Higher Education Act, Congress should add

an institutional-performance component to the federal student-aid system. Evidence from the states suggests that this can work.⁵⁷ ■

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