NCSL TASK FORCE ON HIGHER EDUCATION

The NCSL Task Force on Higher Education: Final Report In Brief

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The National Conference of State Legislatures is the bipartisan organization dedicated to serving the lawmakers and staffs of the nation's 50 states, its commonwealths and territories.

NCSL provides research, technical assistance and opportunities for policymakers to exchange ideas on the most pressing state issues, and is an effective and respected advocate for the interests of the states in the American federal system. Its objectives are:

- Improve the quality and effectiveness of state legislatures.
- Promote policy innovation and communication among state legislatures.
- Ensure state legislatures a strong, cohesive voice in the federal system.

The conference operates from offices in Denver, Colorado and Washington, D.C.

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Letter from Task Force Co-Chairs

NCSL last convened a working group on national higher education issues, the Blue Ribbon Commission on Higher Education, in 2006. Since then, there has been a growing recognition of the need to cast higher education's net even more widely, drawing in more students who are the first in their families to attend college and helping them succeed. At the same time, student debt has nearly tripled and a growing sense of national anxiety remains about both the cost of college and the value and purpose of college.

While we're glad to say that matriculation and graduation rates are up over the past 15 years, graduation rates remain below what our nation needs to fill in-demand jobs. Whether we're talking about teachers or social workers or therapists, engineers or nurses, electricians or HVAC technicians, we have great demand for trained professionals to do this work.

In any NCSL task force, we legislators benefit from the opportunity to compare notes on what we're doing in our individual states, learn from one another and seek out models and best practices. This task force also has another focus, one which is also a large part of the NCSL mission: informing federal policymaking from a state legislative perspective.

As state legislatures, we understand ourselves to be the plenary authority over financing and governing public higher education, with the federal government playing a complementary role. But what exactly is that complementary role? So much of our work as state education policy leaders in creating the best opportunities for our students is shaped, and sometimes constrained, by decisions made at the federal level.

We have sought to better understand the recent developments in federal policy and contemplate the state-federal relationship to better clarify state and federal responsibilities for advancing higher education for students at both public and private institutions. This task force is our opportunity to help influence and shape those decisions before they are enacted or as they are being implemented.

This task force speaks with a unique and authoritative voice. Our task force is bipartisan, represented in equal parts by both sides of the aisle. We were all chosen for our experience, expertise and work on relevant committees in our states. We represent every corner of our country—from Hawaii to Maine, from Minnesota to Mississippi. Fortunately, there are good minds, good hearts, and good ideas to be found everywhere.

This report is the culmination of hard work and commitment from our members who made time apart from their duties as state legislators to participate in this task force. Members collectively contributed hundreds of hours and traveled thousands of miles to meet and engage in the deep discussions that shaped this report.

This report is evidence of the power of bipartisan conversation. While members of the task force certainly did not agree on every issue, the comprehensive vision of higher education policymaking offered in this report demonstrates just how much space exists for consensus when bipartisanship is an imperative.

We want to express our gratitude to the legislators and legislative staff for their numerous contributions to this task force and commitment to convening in a bipartisan way.

We hope the work of this task force will continue to have a positive impact on higher education in the service of advancing better outcomes for more students across our states.

Sincerely,

Senator Michael Dembrow, Oregon

Senator Ann Millner, Utah

Co-Chairs, NCSL Task Force on Higher Education

Introduction

There are many viable pathways to a good job and career success, but it's widely accepted that acquiring some form of postsecondary education allows most Americans to access the fullest array of job and career opportunities.

The nation's state legislatures share this view. A thriving postsecondary system helps Americans fulfill their career goals and aspirations while building a workforce that can advance each state's economy and the country's international competitiveness. While other forms of postsecondary education, such as nondegree credentials, continue to expand, America's higher education system will supply much of the postsecondary education needed to meet workforce needs.

U.S. higher education has long been the envy of the world. America has created bastions of knowledge and engines of innovation in every state. The scale of this achievement is no small feat. Each state has its own system of higher education that outshines that of many countries.

The public discourse on higher education, however, is filled with anxiety over a host of issues. The affordability of higher education tops this list. Going to college full-time is expensive, and many Americans finance their higher education through student debt. Collective student debt in the U.S. is nearly $1.8 trillion and now makes up the second-largest form of debt behind mortgages.

Uneven student outcomes add to the anxiety, as not everyone who seeks higher ed enjoys its benefits. While receiving a degree continues to confer benefits, nearly 37 million working age adults have some college credit but no degree. And a growing number of students have degrees that failed to help them achieve career and life goals. The experience of these students—both those with some college and no degree and those with a degree but no payoff—has raised questions about the value of higher education and, more fundamentally, what a postsecondary degree really means. That many of these students also hold student debt, and struggle to repay it, has supercharged the national angst. Even as it is beyond the focus of this report, recent political tensions on some campuses and ongoing public debates about higher education must be acknowledged as contributing to the air of anxiety.

All major recent polls bear out Americans' declining confidence in higher education. A Wall Street Journal poll found that 56% of Americans believe college is not worth the cost—up from 40% a decade ago. Another recent Gallup and Lumina Foundation survey found that 68% of Americans say higher education is heading in the wrong direction.

This crisis of confidence likely factors into declining college enrollments, the vast majority of which have been concentrated among community colleges. Declining enrollment means that not only are more Americans missing out on the potential benefits of higher education, but higher education itself faces an existential challenge.

As higher education increasingly relies on tuition dollars, enrollment has become essential to its financial health and stability. The enrollment decline over the last decade may be further exacerbated by the looming "demographic cliff:" The population of 18-year-olds, the mostly likely age of first-time college enrollment, is declining and will do so into the foreseeable future.

Continued enrollment declines, especially in regions where population growth is already negative, threaten to close the institutions on unsustainable financial trajectories. As this report is published, there is concern that widespread challenges with the FAFSA will create another short-term enrollment shock.

Clearly, this is a critical moment for policymakers, especially state legislators, to think collectively about addressing the major challenges in higher education so that more Americans can share in its promise and benefits.

To promote interstate collaboration and collective state leadership, NCSL's Executive Committee created the Task Force on Higher Education Affordability and Student Outcomes in 2022. This bipartisan task force consists of 29 legislators and four legislative staff from 32 states, with each legislator member serving as chair of a committee that addresses higher education or having been nominated by their chamber's leadership.

This is the first time in nearly 20 years that a representative body of state legislators has come together to examine the U.S. higher education system. NCSL last convened such a nationally representative cohort in 2005. Known as the Blue Ribbon Commission on Higher Education, the 12-state group largely recommended ways states could build more effective systems of higher education. The commission recognized then what remains true today: Maintaining a top-quality higher education system is a both a primary and a shared responsibility of state legislatures. Higher education spending is the third-largest line item on state budgets, behind K-12 education and Medicaid spending.

The commission spent relatively little time, however, understanding federal higher education policy. Yet since 2006, cumulative student debt has nearly tripled. The rapid growth of the federal student loan program has quietly expanded the federal footprint in higher education. The federal government has long played a complementary role to states in supporting higher education, primarily through the Pell Grant program, which for decades has facilitated national goals of improving affordability and access across the full breath of institutions.

However, in the past few years, federal policymakers have implemented new programs and reforms to address borrower repayment challenges and well-known shortcomings in the administration of the loan program. The sum of these efforts has reduced student debt and cleared loan balances for many. But the reforms have made the program dramatically more expensive, in ways that were likely not anticipated by policymakers.

Since 2021, the U.S. Department of Education has forgiven $168.5 billion in student debt, and recent estimates suggest that the federal government will spend nearly $40 billion annually on student loans over the next decade. The federal government is expected to spend more on student loan repayment ($42.3 billion) than on Pell Grants ($34.5 billion) in fiscal year 2025, a trend that is also expected to continue over the next decade.

Historically, states have provided the lion's share of public support for higher education. However, the sudden burst of federal spending on student loans has closed that gap. The emerging parity between state and federal spending portends changes to the state-federal relationship.

Indeed, the rising costs of the loan program have created bipartisan pressure for an expanded federal role in higher education governance and accountability, which has historically been the purview of states. Some federal policymakers have criticized states for providing inadequate financial support to higher education and even blamed them for the rise in student debt. For much of the 2010s, when student debt rose most rapidly, states struggled to fund higher education as the Great Recession dramatically impacted state fiscal capacity.

To increase state spending and reduce reliance on federal student debt, some policymakers and advocates have proposed state-federal partnership programs, where federal funding would be matched in part by state funding to offer free tuition at public colleges and universities.

With so much at stake in higher education and the relationship between states and the federal government, the NCSL Task Force on Higher Education has taken on three broad charges:

First, the task force will assess the performance of the national higher education system. While each state sets its own goals for higher education, it is vital for legislatures to collectively evaluate the results of their efforts. To make effective policy, legislators must better understand the challenges, and the root causes of those challenges, that stand in the way of meeting the expectations and goals of higher education.

This will be detailed in Part I: Trends in Higher Education: Understanding Policy and Outcomes

Second, the task force will serve as a forum for states to articulate the roles and responsibilities of the federal government in higher education. Unlike in K-12 education, the states and the federal government historically do not have a direct relationship in higher education—states and the federal government functionally work in parallel but rarely in partnership. The state and federal roles lack coordination; while states have used federal programs to complement their own approaches, there are overlapping authorities that invite confusion or even conflict. As federal policy evolves, states must clarify where and how federal policy can best complement and support state policymaking, and the higher education system more broadly.

This will be detailed in Part II: The State-Federal Relationship in Higher Education

Finally, the task force will propose bipartisan recommendations that could make college more affordable for students and taxpayers, improve completion rates and reduce rates of unrepayable student debt. The recommendations seek to inform a long-overdue reauthorization of the Higher Education Act, last updated in 2008. In recognition of the shared responsibilities of higher education, the task force will outline its thoughts on how higher education can evolve and suggest broad state policy priorities for consideration by legislatures.

This will be detailed in Part III: A State-Led Strategy to Enhance the Value of Degrees

The NCSL Task Force on Higher Education hopes its work and this report provide clarity and urgency for policymakers and leaders in higher education, allowing them to work better together to ensure the promise of a higher education is made true for more Americans.

Section I
Trends in Higher Education: Understanding Policy and Outcomes

During the course of its work, the task force studied the major trends in higher education outcomes and policy. A common understanding of these trends shaped the task force's assessment of the state-federal relationship and its broader recommendations for advancing better outcomes in higher education.

Trends in Higher Education Outcomes

Education attainment rates have increased steadily over time. Today, nearly 38% of adults have a bachelor's degree or higher. Half of those ages 25 to 29 have at least an associate's degree, an increase of over 7 percentage points over the past decade.

Despite modest gains in attainment, nearly 42 million Americans have "some college, no credential." This population represents 18.1% of the total U.S. population aged 18 to 64.

For most graduates, a higher education continues to offer clear benefits. The wage premium for a higher education remains substantial: The average college graduate with a bachelor's degree earned about $78,000 in 2019, compared with $45,000 for the average worker with only a high school diploma. However, this wage premium has declined somewhat over time and wage gaps persist by race and gender at all levels of education attainment.

However not all students who receive degrees benefit from their investment. A Third Way study found that more than 3,100 programs (13%) do not offer any return on investment, and another 2,600 programs (14%) take at least 10 years and as long as 20 years for students to recoup costs.

Overall graduation rates have increased steadily over the last 30 years at four-year institutions. The overall six-year graduation rate at public institutions has increased from 55.4% in the mid-1990s to 63.5% today. A federal report found that the six-year completion rate for public two-year institutions was 43.4% and an additional 11.2% of students were at least still enrolled in higher education.

Between 2012 and 2022, the overall undergraduate enrollment population decreased by 2.4 million students, a 13.5% drop. Over this time, enrollment in four-year institutions has increased 2% and enrollment in two-year institutions has decreased 35%, a loss of nearly 2.5 million students. About 70% of undergraduate students attend four-year institutions, and nearly three-fourths of these students attend public four-year institutions.

Trends in Public Spending and Affordability

In 2019, the U.S. spent $37,400 per student on postsecondary education, more than double the average of OECD countries and second only to Luxembourg. By comparison, the U.S. spent $15,500 per student on elementary and secondary education. The U.S. spends 2.5% of its GDP on postsecondary education, the second-highest rate in the world behind Chile at 2.7%. Only three OECD countries spend more than 2% of GDP on postsecondary education.

State policymakers play an essential role in developing, funding and overseeing an affordable higher education system. State spending on higher education is a significant expenditure for policymakers. In fiscal year 2023, 8.7% of state expenditures went to higher education, trailing only Medicaid and K-12 spending as the third-largest area of spending. In total, state governments spent more than $112 billion to support higher education institutions and programs in FY 2023, according to the State Higher Education Executive Officers Association.

On an aggregate basis, state funding for higher education has increased year-over-year since state budgets began recovering from the Great Recession in FY 2013. Overall state spending per student has surpassed funding levels compared to levels prior to the Great Recession but remains nearly 4% below the previous all-time per student funding high set in FY 2000 of $11,492. Since FY 2001, state appropriations are up over 14%, although current per student funding is slightly below FY 2001 levels due to increased student enrollment. However, half of states are still spending less per student than they did before 2008.

Most of these funds are appropriated directly to colleges and universities, but states also offer a robust and growing range of financial aid programs to support students. Taken together, state policymakers provide significant support and funding to postsecondary institutions that serve the students in their states. Additionally, many state lawmakers have authority over tuition and fees at public institutions, as well as broader governance of postsecondary institutions that can impact affordability.

The federal government has long played a complementary role to states in making college more affordable for students and families. The Pell Grant has formed the bedrock of the federal role in affordability and is by far the most substantial federal program that directly lowers the price of college for students. Over time, income eligibility for the Pell Grant has expanded—the most recent expansion was made available for the 2024-25 award. The maximum Pell Grant award is $7,395 for 2024-25, which is 10% higher than in 2003-04.

Funding for the program has been fairly stable over time. The maximum Pell award remains at a similar level to the award in 1978 when adjusted for inflation. However, the purchasing power of Pell has declined over time due to rising college costs.

The combined efforts of state and federal policymakers, along with grants from institutions, have largely kept net tuition prices in check over the past decade. Students at public four-year institutions paid an average $2,730 net tuition and fees (the tuition charged to students after financial aid and discounts are applied) in 2023-24. Net tuition and fees peaked at $4,230 in 2012-13 and have since declined. Today's net tuition costs are lower than they were in the mid-2000s. The average net tuition and fees that students pay at public two-year institutions is -$330 in 2023-24. This reflects that the average student receives sufficient grant aid to cover tuition and fees and has additional funds to put towards broader cost of attendance expenses. Net tuition and fees were $760 in 2006-07, the highest mark in the most recent range calculated by the College Board. Net tuition dropped as low as -$690 in 2010-11 and -$680 in 2021-22.

Trends in Federal Lending and Student Debt

The student loan program has long been a key component of the federal role in financing higher education. There is a recognition that some forms of higher education, especially graduate education, cost more than public funding can reasonably support and students and families can afford on modest incomes. Federal lending allows students to access any institution of their choosing without regard to credit history or current income levels.

Americans collectively owe $1.753 trillion in student loans. Student debt has more than tripled since 2006, when Americans owed $481 billion. Students borrowed $83.5 billion in 2022-23, including $44.1 billion for undergraduate education and $39.4 billion for graduate education. Total annual borrowing through federal loans peaked in 2012-13 at $129.7 billion and has since declined. Since this peak, annual undergraduate borrowing has significantly declined by 48%, or $41.5 billion. The share of graduate debt has grown steadily over time. The Congressional Budget Office (CBO) reported that graduate debt made up nearly 47% of all federal student debt in 2017.

Among the more than 46.2 million federal borrowers, more than half (54%) owe less than $20,000 and account for 12% of total federal debt. Nearly one-third of borrowers owe less than $10,000. However, borrowers with balances greater than $80,000 hold 47% of total federal debt despite comprising only 10% of all borrowers. Nearly 50% of students who graduated from public four-year institutions borrowed with an average cumulative debt per borrower of $27,400.

One-third of federal borrowers have debt but no degree. These borrowers are more likely to have borrowed less than $10,000 and are more likely to default on their student loans. In the second quarter of 2023, 6.5 million borrowers, or 15% of all borrowers, were in default status on their federal student loans.

Over time, the federal government has implemented programs that make up a "safety net" for borrowers who struggle to repay their loans. This combination of federal programs—providing repayment assistance, loan forgiveness due to exceptional circumstances or completion of public service, and repayment waivers during national emergencies—represents a critical advantage that federal lending holds over private lending. However, the implementation of these programs has been uneven and have left borrowers struggling to access its benefits. Federal repayment and forgiveness programs are often hard to access and navigate and choosing a repayment plan can be quite confusing.

A flurry of reforms over the past three years have sought to address the numerous challenges borrowers have faced in accessing the benefits of the federal student loan program. These reforms have allowed millions of borrowers to access the benefits of the student loan safety net and have greatly expanded federal spending on loan forgiveness.

Since 2021, the Department of Education has forgiven $168.5 billion in student debt for 4.76 million borrowers through these reforms to existing forgiveness and repayment programs. This includes $56.1 billion through income-driven repayment, $69.5 billion for Public Service Loan Forgiveness, $28.7 billion through Borrower Defense to Repayment, and $14.1 billion through the total and permanent disability discharge. The average loan balance discharged through these programs is over $35,000.

The Department of Education recently implemented its most generous income-driven repayment program yet, the Saving on a Valuable Education, or SAVE, plan. The Department has also proposed nine new one-time relief polices through a rule proposed in April 2024. The rule generally seeks to provide relief to borrowers whose balances have grown over time and would forgive debt for borrowers who are otherwise eligible for forgiveness under existing programs but are not enrolled.

Trends in Higher Education Governance

State legislators retain significant authority to oversee the mission and funding of postsecondary education institutions in their states. Through this oversight, state legislators can promote accountable, value-driven postsecondary degree and credential programs. States have also enhanced measures of postsecondary value often through expansions or refinements of data collection and usage, as well as explicit reports on value generated by postsecondary institutions. In recent legislative sessions, states have imposed new regulatory guidelines and created protections designed to help borrowers understand their repayment options and navigate the loan servicing process.

The federal government has long played a role in accountability and transparency. To participate in federal Title IV aid programs, institutions must meet certain federal conditions, which provide the basis for the federal interest in quality assurance and accountability. The federal government also plays a prominent role in transparency and has become the primary source of higher education data, including those related to student outcomes.

Significant increases in the cost of the loan program and concerns over institutional quality have sparked a new era of federal policymaking related to accountability and transparency. In just the past three years, the Department of Education has proposed or finalized a series of regulatory packages that have expanded the federal role in accountability in higher education. This regulatory agenda has also intersected with state policy in novel ways, particularly with regard to state authorization and overseeing student loan servicing companies.

Congressional lawmakers have also signaled interest in an increased federal role in accountability, including establishing minimum state authorization requirements. Among the more frequently discussed proposals is “risk sharing,” which would require all institutions to pay back portions of the unpaid loans of their former students.

Section II
The State–Federal Relationship in Higher Education

While the federal role was historically intended to be complementary to that of the states, state and federal higher education policy has never been particularly coordinated or collaborative. The federal policy relationship is largely with the institutions, rather than the states. It may be most accurate to say that state and federal policy work in parallel but rarely in partnership.

States have historically provided the lion’s share of direct support for higher education, as state appropriations are typically much higher than federal spending on Pell Grants and research funding. However, the NCSL Task Force on Higher Education recognizes that the assumptions that historically undergirded the federal student loan program are rapidly changing, along with assumptions concerning the federal role in higher education and the broader state-federal relationship.

It is increasingly clear that student loans impose a significant cost on federal taxpayers, now in the tens of billions of dollars a year, through an array of repayment and forgiveness programs. These programs have quietly expanded the federal footprint of spending in higher education and its role in affordability.

As a more heavily subsidized loan program narrows the gap between state and federal spending on undergraduate education, the federal government has a stronger rationale to increase its role in governance and accountability, which were traditionally done by the states. Indeed, the prevalence of student debt and increased federal subsidy of the loan program are fueling federal interest in further expanding its role in higher education.

The task force recognizes that federal policymakers on both sides of the aisle are concerned with the dramatically increased costs of the federal subsidy for higher education. It is also sensible for the federal government to look for solutions to the suboptimal student outcomes that are driving some of the costs of the loan program.

The task force strongly believes that state and federal policymaking should be oriented toward key goals and would like federal policymakers to share this approach in collaboration with the states. In fact, if the federal role is to truly complement the state role, it must be designed around helping states to achieve better outcomes in their higher education systems. Should federal policymakers seek to expand the federal role in higher education, states would prefer an approach that promotes transparency, improvement and innovation in the service of state goals, rather than an expanded federal role in affordability and accountability.

State and Federal Roles in Funding and Financing Higher Education

The NCSL task force believes that states must continue to be the primary source of public support for higher education. Collectively, states are approaching all-time highs in per pupil spending on higher education after more than a decade of year-over-year funding increases.

States primarily see the federal role as supplementing the state role in funding higher education by providing need-based financial grant aid and offering student loans as a financing tool to promote college access. Task force members strongly support the Pell Grant as the primary federal strategy for supporting affordability and funding for higher education. States appreciate its simplicity and flexibility to support student choice among a wide array of institutions. In recent years, states have used the flexibility of the Pell Grant to build novel tuition guarantee, or college promise, programs.

Task force members understand the necessity of student lending and the intentions that undergird the federal policy rationale for lending—that it puts all forms of higher education within reach of every American regardless of their income or wealth. The task force affirms the importance of federal policies that protect borrowers when circumstances beyond their control prevent them from successfully repaying their student debt.

Yet, the task force members expressed numerous and varied concerns with relying on federal student debt to finance a significant portion of higher education. The prevalence of student debt and the rate of students who struggle or are unable to pay back their loans are primary challenges for policymakers.

Task force members are concerned with the increasing costs of the student loan program and wonder if a more heavily subsidized program suggests a new direction for the federal role in financing higher education and promoting college affordability. Federal spending on the student loan program has recently eclipsed spending on the Pell Grant, a trend that may hold for the foreseeable future. The task force wonders about the efficacy of a federal approach to funding and financing higher education that spends more on subsidizing student loans than on providing grant aid to students.

The task force urges Congress to clarify the student loan program's goals and update its various polices to better serve those goals. Congress must examine and update the design of loan terms and benefits for borrowers, including loan limits, repayment assistance, and forgiveness options.

State and Federal Roles in Transparency and Accountability

States, given their direct and constitutional relationship to higher education governance and finance, have long preferred a limited federal role in accountability, one that defers to the states' leadership in ensuring the quality of postsecondary education. The purpose of higher education is multifaceted and institutions and systems have evolved over time to serve different student populations through a vast array of degree offerings. In the area of transparency and accountability, especially, the federal role should complement, rather than supersede, state approaches and goals for higher education.

The task force sees opportunity for an enhanced federal role in the transparency of student outcomes. The task force believes more is needed to better link state and federal postsecondary data systems. The federal government should have as complete a data set as possible among federal student aid recipients so that its understanding of student outcomes is as accurate as it can be. In limited circumstances, the task force also sees a role for the federal government to require standardized institutional practices related to transparency.

However, the task force is concerned that federal policymakers are moving forward without a clear, bipartisan consensus on the purpose and goals of accountability policy. The task force reminds federal partners that unclear or mixed intentions can make for clunky or ineffectual implementation. If Congress contemplates a bipartisan consensus on federal accountability policies, the task force would advise it to: Use accountability measures carefully, thoughtfully and on a limited basis; recognize and support state efforts whenever possible; and seek alternative approaches to accountability when seeking to improve outcomes.

A State-Federal Partnership in Higher Education

The task force is mindful the federal government has a substantial relationship with the higher education institutions, some of which are generally more dependent on federal grants and loans than state appropriations. This gives the federal government leverage to enact consequential policy without input from the states.

Rather than operating in separate spheres in potentially conflicting or duplicative manners, states and the federal government might benefit from working more closely in a limited partnership in pursuit of the mutual goal of improving outcomes in higher education. A limited state-federal partnership program could be based around better connecting state and federal data systems to help states and institutions more clearly understand student outcomes across programs.

States would also much rather see the federal government invest in state-led strategies to improve higher education than maintain a costly loan program or use loans as a lever to govern higher education. Should Congress seek a more expansive state-federal partnership, it could consider making flexible block grant funding available to the states, enabling them to make targeted investments, based in research and evidence, to address the challenges that stand as barriers to statewide higher education goals. The cost of such a grant program could be covered by reforms to the student loan program.

The task force strongly believes that states and the federal government should engage in greater communication on shared strategies and goals and explore coordination and collaboration where necessary. It is critical that states and the federal government partner together more often to ensure that students are better able to access the benefits of a higher education.

Section III
A State-Led Strategy to Enhance the Value of Degrees

The task force was charged with proposing bipartisan recommendations that could make college more affordable for students and taxpayers, improve completion rates and reduce rates of unrepayable student debt. As the task force discussed the performance of our higher education system against those goals, the distinctions between these separate goals began to collapse. Conversations among the task force members about affordability and outcomes challenges frequently found their way back to the notion of value.

The task force observed that there are many expensive degrees that are great values, and others that cost far too much for the outcomes they lead to. So too, there are many affordable programs that provide life-changing education at a price than every American can access, while other low-priced programs may not be worth the cost. Most of the programs that students enroll in fall across a broad spectrum of value.

To point the way forward, the task force has chosen to offer policy guidance on actions that institutions, states and the federal government could take, organized by three outcomes that must be true for every student to receive a degree of value. The task force believes that for a degree to deliver value to a student's life and career, at least three things must be true:

- The degree offerings available to students, and the enrollment decision that students make, must lead to desirable life, career and earning outcomes.
- Students must be able to complete the degree program on time and at their pace.
- The tuition price that students pay for on-time completion must be reasonable relative to program costs, their income and the earnings outcomes for potential career pathways.

The value of a degree is diminished, or even nonexistent, unless each of these occurs. Indeed, the most concerning struggles that borrowers have with repaying student loans likely reflects a breakdown in one of these key factors.

The task force believes that a national policy strategy that focuses on these three things that must be true for students to earn degrees of value can marshal the changes to higher education and motivate the policy actions that advance a system of higher education that better serves students. Enhancing the value of a degree isn't wishful thinking towards an aspirational goal; it's an imperative, and one that can be approached in many actionable ways.

The task force anticipates that the cumulative execution of value-focused strategy across states, complemented by federal policy, could be key to restoring public trust in the efficacy of higher education and bolstering enrollment. Given this declining public confidence in higher education, a value-focused strategy is an urgent priority for stakeholders across the postsecondary landscape.

State legislatures are uniquely suited to lead a national strategy. State legislators are critical state and community leaders who can organize and participate in powerful partnerships among key stakeholders, including other legislators, governors, state higher education executive officers, students, educators, community-based organizations and business leaders.

The federal government too has a strong responsibility to enhance the value of degrees. The task force has identified several critical actions that Congress can take on a bipartisan basis to complement efforts from states and higher education to improve the value proposition of higher education. The task force calls on Congress to reauthorize the Higher Education Act on a bipartisan basis and do its part to advance this national strategy.

The task force believes the primary responsibility for enhancing the value of higher education lies within higher education itself. Certainly, state and federal policy has a role to play in advancing positive change, but the task force believes policy should seek to play a complementary role. Higher education manages many of the critical components of value: Institutions choose what degree programs to offer, design the curriculum and course requirements, determine the input costs and set the tuition prices that students pay. The task force wants higher education to be the champion of its own change and urges it to adapt to meet the reality of today's students and the new expectations that the public has of higher education.

The Way Forward: A State-Led Strategy to Enhance the Value of Degrees

In order for the following to be true for every student, the task force has identified challenges that stand in the way and outlined actions that higher education, states, and the federal government could take to overcome them. The task force appreciates the great diversity across states and institutions and recognizes there will be many paths that enhance the value of degrees. What matters most is that policymakers and higher education are walking together toward the same destination.

■ **The degree offerings available to students, and the enrollment decision that students make, must lead to desirable life, career and earning outcomes.**

CHALLENGES THAT DIMINISH THE VALUE OF A DEGREE

The myriad benefits of a higher education are well-documented. However, the task force is aware of findings that show not all degree programs leave students better off. Program offerings are not always well-matched to local, regional or state labor market needs. Within programs, individual course offerings may not always be designed with careers in mind or do not explicitly and deliberately develop a suite of specific competencies. The task force believes that every program should produce degrees of value.

What can institutions do?

- Evaluate program and course offerings using student outcomes data.
- Align program offerings to meet labor market demand.
- Partner with public and private sector employers to ensure course offerings and curriculum are career-relevant and designed to develop competencies.
- Ensure the advising process is career-focused.

What could states do?

- Develop comprehensive education and workforce longitudinal data systems.
- Direct state higher education boards and agencies to evaluate and support program success.
- Authorize the creation of college and career planning tools for high school students and adult learners.

What can the federal government do?

- Ensure accurate and complete data collection for recipients of federal student aid.
- Provide guidance to states that supports linking and accessing federal data.
- Increase work-based learning through the Federal Work-Study program.

■ **Students must be able to complete the degree program on time and at their pace.**

CHALLENGES THAT DIMINISH THE VALUE OF A DEGREE

Actually obtaining a degree is essential for students to get the full value out of their investment in higher education. While completion rates have improved modestly over the past decade, it is still the case that many students who pursue higher education have not completed a degree. That 42 million Americans have credit but no degree, and about 15 million of those students have debt but no degree, is a stark reality that drove the work of this task force. Students face additional costs that depress the value of their investment when they are not able to complete their degree on time, or take longer than their desired pace.

The task force observes that students face challenges that slow or prevent degree completion, including: a lack of the academic competencies and skills needed to succeed; mental health challenges; inability to fulfill basic needs such as food, housing and child care.

Yet there are many barriers to completion that are endemic to common practices in higher education, including the complexity of navigating higher education and the loss of completed learning and credits when moving between degree programs within institutions or transferring between institutions. The task force observes that higher education does not have a great track record of recognizing a student's existing skills, competencies and prior learning through awarding credit or placing students farther along in their degree track.

What can institutions do?

- Improve navigability of degree requirements and remove obstacles to timely completion.
- Establish strong and transparent transfer partnerships with local and regional institutions.
- Recognize students' prior learning and existing competencies.
- Prioritize effective instruction and curriculum.

What could states do?

- Develop statewide or systemwide articulation agreements to ensure credits are easily portable across institutions and degree programs.
- Reconnect adult learners to higher education to promote degree completion.
- Address student basic needs.

What can the federal government do?

- Invest in the Postsecondary Student Success Grant program.
- Update criteria for several TRIO programs to provide greater flexibility to non-traditional students.
- Explore requirements for institutions to publicly disclose transfer of credit policies.

■ **The tuition price that students pay for on-time completion must be reasonable relative to program costs, a student's income and the earning outcomes for potential career pathways.**

CHALLENGES THAT DIMINISH THE VALUE OF A DEGREE

Like most Americans, the task force expressed universal concern with the cost of higher education. While the task force believes a higher education is a worthwhile investment, it recognizes that the costs of pursuing a degree or credential are substantial.

This task force believes that keeping the costs of higher education in check is primarily the responsibility of higher education. Yet, it recognizes that higher education contends with very real cost pressures and high public expectations for quality. We have come to expect, and in many ways have achieved, world-class institutions in every state. This is expensive to maintain.

Task force members expressed unanimous concern over looming financial instability in the higher education sector. There is real fear that some institutions cannot sustain the operating revenue to offset the cost pressures they have come to accept as part of the traditional higher education experience they provide.

The task force is further concerned that the higher education pricing model has become opaque and complicated. Depending on the institution, it can be difficult or time-consuming for students to determine the actual price they will likely pay before applying. Finally, the task force acknowledges and expresses concern with the rising share of non-tuition costs that factor into a students' cost of attendance, which can include food, housing, transportation and child care. Especially for students who attend institutions that charge low tuition, these expenses can constitute the lion's share of their costs.

What can institutions do?

- Clearly communicate the real price that students pay.
- Prioritize affordability for low- and middle-income students.
- Assess program costs and prices against enrolled students' income and career earnings potential.
- Explore consolidating and concentrating related degree program clusters at institutions within systems.
- Explore new models for providing higher education.

What could states do?

- Create long-term plans for funding and financing affordability and student success goals.
- Expand dual enrollment opportunities that are aligned to degree and transfer pathways.
- Promote higher education budget transparency.
- Consider targeted scholarships or loan forgiveness programs for high-cost programs that prepare students for in-demand or high social value careers.

What can the federal government do?

- Continue to support the Pell Grant program.
- Require institutions to adopt standardized financial aid award letters.
- Create a universal net price calculator.
- Require students to engage in annual loan counseling and know their uptake on aid limits.

NCSL's Task Force on Higher Education Affordability and Student Outcomes

This report was developed by NCSL's Task Force on Higher Education Affordability and Student Outcomes. The task force was created to explore state and federal strategies to make college more affordable for students and taxpayers, improve completion rates, and reduce rates of unrepayable student debt. The findings of the report were developed on a bipartisan basis among the members of the task force in consultation with key leaders in higher education, federal officials, and other experts.

Disclaimer

This report is the product of NCSL's Task Force on Higher Education Affordability and Student Outcomes. The views and findings expressed in the report are solely those of the task force. The report does not represent the views or opinions of any one member, NCSL, or the supporting organizations of the task force.

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Members of the NCSL Task Force on Higher Education Affordability and Student Outcomes

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Co-Chair: Senator Michael Dembrow, Oregon
Vice Chair: Senator Amy Galey, North Carolina
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Representative David Murphy, Wisconsin

NCSL Staff

Austin Reid, Federal Affairs Advisor, State-Federal Affairs
Sunny Deye, Associate Director, State Policy Research
Andrew Smalley, Senior Policy Specialist, State Policy Research

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NCSL Contact:

dc-directors@ncsl.org

NCSL
NATIONAL CONFERENCE OF STATE LEGISLATURES

7700 East First Place, Denver, Colorado 80230, 303-364-7700 | 444 North Capitol Street, N.W., Suite 515, Washington, D.C. 20001, 202-624-5400

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