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# Beyond the Skills Gap

Making Education Work for Students, Employers, and Communities

## About the Author



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# INTRODUCTION

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**W**orking for a living has never been harder. For generations of Americans, the most reliable path to the middle class started with a college degree. A college education continues to be one of the smartest investments someone can make, but the economy has changed and the college ticket is not the sure bet it once was. It is easier than ever to come by, but harder to cash in for a middle-class job and economic security. College is a minimum requirement for almost any decent job today – middle class or not – and it is a lot more expensive than it was just a few decades ago. While there are more institutions offering postsecondary education and credentials than at any time in our history, their cost and quality vary greatly.

The high price and uncertain return of a college education has made it a much riskier investment for today's generation, even as it has become more necessary. Students seeking college credentials will have no trouble finding a school willing to enroll them. A few minutes listening to the radio or surfing the Internet will quickly yield a bevy of advertisements from schools offering programs leading to careers in health care, information technology, or business administration. But choosing the right program – one that will actually lead to a decent job and career at an affordable price – will be a much bigger challenge. A poor choice can have devastating consequences for students and their families.

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Take, for example, a woman living in Michigan wanting to get on a stable career path and earn enough to support herself and her family. With just a little research, she will quickly learn that there are a lot of jobs in the health care sector and that a starting point for many of them is a position known as “Medical Assistant.” According to the U.S. Department of Labor, medical assistant is a “Bright Outlook” occupation, with stronger than average growth over the next decade.<sup>1</sup> Medical assistants are front-line workers who carry out a variety of tasks such as interviewing patients, recording medical information, or preparing medications under the supervision of a physician. They work in a wide range of settings, from hospitals to private practices to nursing homes. Medical assisting can be a first step on several health care career paths such as nursing, hospital administration, and occupational therapy.<sup>2</sup> A certificate in medical assisting takes less than a year to complete and in some cases can count toward an associate or bachelor's degree.

Now comes the hard part. According to the U.S. Department of Education's College Navigator, nearly 2,000 institutions of higher education offer certificate programs in medical assisting in the United States, 59 in the state of Michigan alone.<sup>3</sup> But no two programs are the same, and the differences among them can have enormous consequences for students. For example, if this person lives in the eastern part of the state, she could enroll in the certificate program at the Dearborn or Southfield campuses of Everest Institute. The Everest program consists of 44 credit hours, will take 10 months to complete, and costs about \$20,000. If she lives in the middle of the state, or if 10 months is too long, she can try Career Quest Learning Center in Lansing, which has a medical assisting certificate program that lasts eight months and costs a little over \$15,000. At both institutions, she can qualify for federal student grants and loans to help cover the cost of her tuition and related expenses. At those tuition levels, she will likely need to borrow.





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If she lives in the western part of the state, she could enroll in Grand Rapids Community College, which offers a medical assistant certificate program through its Workforce Development Center. The six-month program is less expensive at \$7,585, but it is “noncredit,” meaning that the student is not eligible for federal Pell grants or student loans. Nor can she use the program as a first step toward an associate degree, because she won’t earn any college credits through it. She might qualify for financial assistance through the public workforce system, but to find out she will need to visit a local job center, meet with a career counselor and, hopefully, be awarded one of the limited number of \$3,000 training grants the center distributes each year.

If none of those options seem right, she can enroll at Kalamazoo Valley Community College, which offers a Medical Assistant Technology Certificate Program that consists of 34 credits, only costs about \$4,000, and for

which she is eligible for state and federal financial aid, including grants and loans. But there is most likely a waiting list, so she will probably need to wait a semester or two. In addition, she will have to pass the course placement exams to be admitted or complete remedial courses until she can bring her scores up enough to be allowed to enroll.

That’s a lot of difficult decisions to make before starting training for a job with an average annual salary in Michigan of \$27,000 – or about \$13 an hour. Five institutions, each offering ostensibly the same credential for very different prices, program lengths, credit hours, and aid eligibility; a price differential of \$16,000 between them. And these are just the certificate programs. Twenty schools in Michigan offer associate degrees in medical assisting. Each program exposes the student to varying levels of financial risk. At Everest Southfield in 2011, for example, 30 percent of the students who had enrolled

in the medical assisting program over the previous three years defaulted on their student loans.<sup>4</sup>

Michigan is not unique in presenting a confusing array of programs and credentials to those seeking skills for work. Across the country, students have to navigate a maze of postsecondary educational options, often deluged by aggressive marketing efforts from some colleges, while having to make repeated calls or visits to find out about other more affordable programs.

How would a student know which program is the best value for his or her dollar? How would an employer know which program prepares the best medical assistants? How did we get to a place where a decision to enter a one-year certificate program leading to a low-wage job could easily end in bankruptcy court? This paper will explain how our higher education system has become

a minefield – full of dead-ends, trapdoors, and false promises – for students seeking skills and credentials for work. It will illuminate a series of gaps between our education policies and the needs of students seeking career education that are far more threatening to our economic future than the much-discussed “skills gap.” These policy gaps make it too easy for institutions to provide very low-quality career education programs while also making it too difficult for these same institutions to build the partnerships and programs that will facilitate student transitions to jobs and careers. Fixing the policy gaps will help institutions provide education and credentials that are valuable to students, employers, and communities. The paper concludes with six recommendations for how federal policies can better support career education students and the institutions serving them.



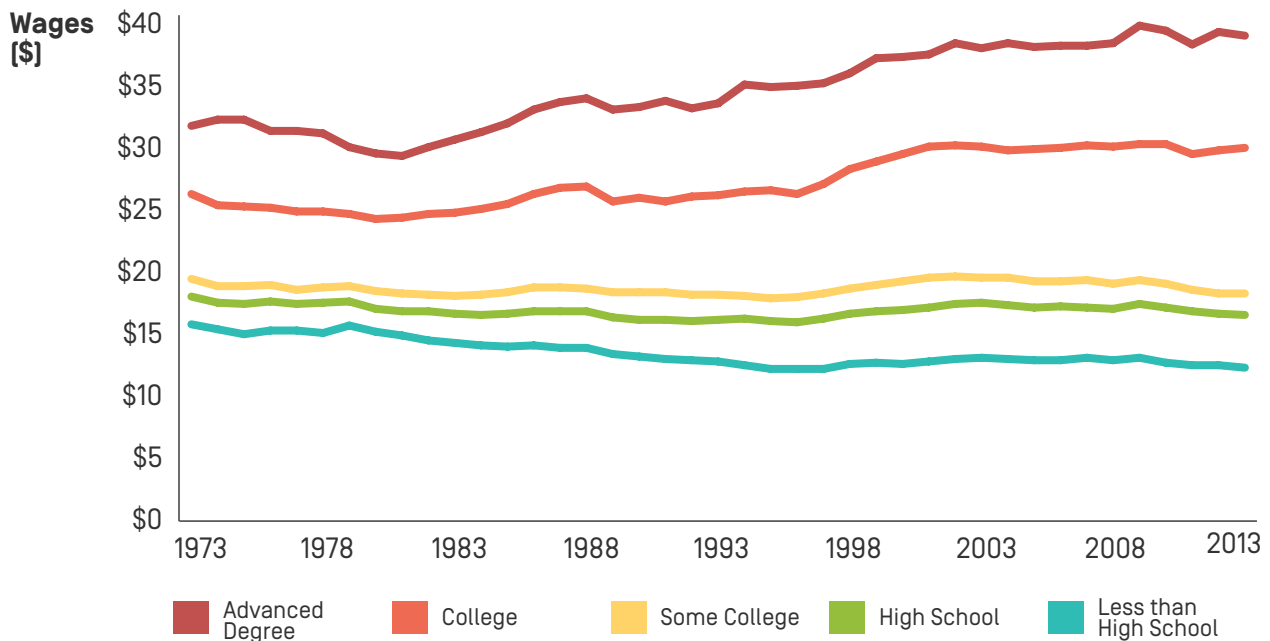
*The series of gaps between our education policies and the needs of students seeking career education are far more threatening to our economic future than the much-discussed “skills gap”*

# THE NECESSITY OF POSTSECONDARY EDUCATION

Even as college gets more expensive and graduates struggle to find jobs, Americans are enrolling in postsecondary education in record numbers. The surge in college attendance reflects the harsh economic realities facing non-college graduates: The job market for people without postsecondary credentials has collapsed. In less than two generations, the composition of the American labor market has flipped dramatically, from a majority of jobs that required only a high school education or less – many of which supported a middle-class lifestyle – to one in which the large majority require some college.<sup>5</sup> The shift shows up clearly in the employment rates

and earnings of high school graduates versus college grads: Individuals who do not complete college are twice as likely to become unemployed as someone with a bachelor’s degree and will earn only half as much. In 1973, the average hourly wage of a high school graduate was \$17.72. By 2013, in inflation-adjusted dollars, high school graduates had lost ground, making only \$16.20 an hour. Over the same time period, college graduates went from making \$25.84 an hour to \$29.46; not an enormous gain, but certainly better than a decrease. Figure 1 captures the divergent economic paths between non-college-goers and those with a college credential.<sup>6</sup>

**Figure 1 | Hourly Wages Of Workers By Educational Attainment (1973-2013)**



**Note:** For more information on sample definition and methodology, see Appendix B of *The State of Working America* (<http://stateofworkingamerica.org/files/book/Appendices.pdf>). All amounts are in 2013 Dollars.  
**Source:** EPI analysis of Current Population Survey Outgoing Rotation Group microdata  
**Updated from:** Table 4.14 in *The State of Working America*, 12th Edition, an Economic Policy Institute book published by Cornell University Press in 2012 ([www.stateofworkingamerica.org](http://www.stateofworkingamerica.org))



While a growing number of jobs require some form of postsecondary education, the jobs that do not are of increasingly low quality and pay. A recent study by the Pew Research Center confirms the negative consequences for those without postsecondary education: 22 percent of young adults with just a high school diploma live in poverty today, compared with 7 percent in 1979.<sup>7</sup> Not only are non-college-goers likely to be poor, they also have significantly worse health outcomes than their counterparts.<sup>8</sup> Postsecondary credentials, while in no way a guarantee of the good life, are increasingly a prerequisite for obtaining any semblance of economic security.

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The shifting fortunes of those without college credentials have not gone unnoticed. They are driving record demand for postsecondary education, along with many efforts by policymakers to expand access and increase affordability in higher education. The growth in demand is particularly evident for programs designed to prepare individuals for specific occupations and that lead to an undergraduate certificate or an applied associate degree. These programs, which last less than four years and are typically delivered by either public community colleges or private, for-profit colleges, are the focus of this paper. Sometimes referred to as vocational education, workforce education, or career and technical education (CTE), they make up a large and growing share of higher education offerings. This paper will use the term “career education” to refer to them.

The growth of postsecondary career education over the last decade is nothing short of remarkable, pointing to a significant shift in the nature of undergraduate education programs and students. Sub-baccalaureate certificates are now the fastest-growing credential in

higher education, increasing from just 6 percent of all postsecondary awards in 1980 to more than 25 percent today, followed closely by associate degrees, which have nearly doubled since just 2002.<sup>9</sup> According to the National Center for Education Statistics (NCES), 53 percent of all undergraduate awards in 2011-2012 went to students completing career education programs, and of those awards, 33 percent were sub-associate certificates, and 20 percent were occupationally focused associate degrees.<sup>10</sup> In 2012, students in career education programs made up approximately one-third of all undergraduate enrollments.<sup>11</sup>

As more people go to college to gain very specific skills for work, the difference between our higher education and job training systems is more blurred than ever. Many jobs that previously required only a high school diploma or some on-the-job experience now require some form of postsecondary education, which is often delivered by an institution of higher education. For example, there was a time when you didn’t go to college to become a welder or a mechanic. You joined a union or hung around the garage and learned to fix cars. Today, more than 500 institutions of higher education offer undergraduate certificates in welding technology for which you can get a Pell grant or federal student loan. Others offer certificates in automotive maintenance or heating, ventilation, and air-conditioning repair. Even though these are not the programs that come to mind when we think of higher education, they do make up a large and growing share of college offerings.

The fact that higher education has become home to thousands of career education programs at the sub-baccalaureate level did not happen by design, which helps explain why they are so poorly supported by current policies. It is the product of changes in the labor market that have dramatically increased the demand for postsecondary credentials, on the one hand, and the organization and design of our federal education and training policies, on the other. Our policies have not caught up with how technology and globalization are transforming jobs and the ways in which students acquire skills and employers use credentials.

There is no shortage of evidence that our policies, as currently designed, are failing to meet the practical needs of students for skills, credentials, and jobs. While undergraduate enrollments have increased by



nearly 50 percent since 1990, increases in graduation rates have been much more modest.<sup>12</sup> Those who do graduate face a tough transition into the labor market. A January, 2014 report by the Federal Reserve of New York confirmed that today's college graduates have a harder time finding jobs, are more likely to be underemployed, and have lower starting wages than those of previous generations.<sup>13</sup>

Students are also juggling record levels of debt. From 2005 to 2012, student loan debt for those under the age of 30 more than doubled, from \$144 billion to more than \$322 billion.<sup>14</sup> As debt levels grow and wages stay flat, delinquency rates are on the rise. Borrowers who fall behind on their payments face a cascade of negative outcomes: They are less likely to qualify for a mortgage or other types of consumer lending products, and may even have trouble getting some jobs.<sup>15</sup> Young Americans are putting off buying homes and starting families while they dig out from under their loans. As they postpone investments in their future, the whole economy suffers.<sup>16</sup>

While graduates struggle to find jobs, employers struggle to fill vacancies. As of July 2014, there were 4.7 million job opening in the United States, the most since February 2001.<sup>17</sup> But the unemployment rate remains stubbornly above pre-recession levels and labor market participation rates continue to drop. Although unemployment rates for college graduates are significantly lower than for those without a postsecondary degree, record numbers are working in jobs that do not require a college education.

The persistence of large numbers of job openings have fueled claims that we are facing a skills gap – a mismatch between what American workers can do and what employers need. In survey after survey over the last decade, but particularly since the Great Recession, employers have complained of difficulty finding workers with the right mix of skills.<sup>18</sup> In some surveys, employers cite a lack of soft skills like problem solving and teamwork; in others the focus is on job-specific technical skills. In all cases, the consensus among employers that graduates are not ready for work stands in stark contrast to the views of higher education leaders about their graduates. A recent pair of Gallup polls found that while 96 percent of college leaders are confident that their institutions are preparing students to succeed in the workplace, only 11 percent of business leaders share that view.<sup>19</sup>

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There are many reasons to treat claims of a skills gap with skepticism – particularly the notion that there is something fundamentally different about today's college graduates compared with previous generations, or that jobs have become so much more complicated that workers cannot keep up.<sup>20</sup> A slack labor market, weak consumer demand, and the reluctance by many employers to raise wages or hire someone without experience all help sustain the large number of job vacancies.<sup>21</sup> Declining employer investment in on-the-job training and greater use of sub-contracting also make it harder for people to develop and maintain the skills and experience employers want.<sup>22</sup>

But putting aside employer behavior and fiscal policy for a moment, it is still the case that our education policies are adding to the challenges Americans face as they try to acquire relevant skills and credentials for work. In fact, part of what is making the “skills gap” so difficult to overcome are entrenched policies within higher education that inoculate institutions from the consequences of poorly designed programs and credentials. The sharply divergent views of business and education leaders on the preparedness of college graduates captures the dangerous lack of connection between school and work, a divide that students and job seekers have to bridge on their own. Moving beyond the skills gap will require updating our public policies to reflect the current economic landscape – one in which all Americans need to continually develop postsecondary skills and credentials with labor market value over the course of their working lives. Education policy is not the only thing that needs to change to help Americans prosper in today's competitive global economy, but it is an essential piece of the puzzle.

# WHY ALL ROADS LEAD TO THE HIGHER EDUCATION ACT

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**P**ostsecondary skills and credentials are the entry price for good jobs today; workers without them are shut out from opportunities to grow and advance in a career. But as the example of the Michigan medical assistant student illustrates, figuring out the best way to get those entry-level credentials is anything but straightforward. In fact, our career education system, broadly defined, can be surprisingly hard to find, from both a policy and funding perspective—even as the market is flooded with institutions offering career education programs. Its invisibility has much to do with antiquated policy definitions that separate federal “employment and training” programs from “higher education” programs and fail to capture the large and growing number of postsecondary programs that are both – like an undergraduate certificate program in medical assisting. The confusion is complicating efforts to improve our career education system.

Recent federal efforts to improve programs designed to help people gain skills for work have focused on our “employment and training” system, which the Government Accountability Office (GAO) defines as all those programs “specifically designed to enhance the specific job skills of individuals in order to increase their employability, identify job opportunities, and/or help job seekers obtain employment.” In 2011, GAO released a report that identified 47 distinct federal employment and training programs spread across nine federal agencies that met this definition and that accounted for about \$18 billion in federal spending.<sup>23</sup> The Higher Education Act was not one of those programs, despite the fact that it provides financial aid to millions of students enrolled in programs explicitly designed to prepare them for work in a specific career.

In 2014, the Obama administration, led by the vice

president’s office, conducted a similar review of federal employment and training programs, with an eye toward addressing the “skills gap” through improvements to the country’s job training system. While the findings in the vice president’s report were more positive than the GAO’s, it used the same definition to categorize federal programs, reinforcing the notion that employment and training programs and higher education programs are fundamentally different from one another, and that the former, not the latter, are responsible for equipping people with skills for work.<sup>24</sup>

A more accurate way to capture federal policy efforts aimed at helping people gain skills for work would include all the funding streams for programs that prepare individuals for a specific occupation. Under this broader definition, there are five major federal programs supporting career education at the postsecondary level, each with slightly different goals, target populations, eligibility requirements, and governance structures – and vastly different levels of funding. First up is the Carl D. Perkins Career and Technical Education Improvement Act of 2006, which is the current incarnation of a long line of federal legislation supporting vocational education and dating back more than a century. Perkins funds high schools and colleges to develop and deliver career education programs. Despite its deep roots and long history, it remains a very small program, with an annual budget of just over \$1 billion, of which less than half goes to postsecondary institutions.<sup>25</sup>

The other four programs provide support directly to individuals participating in career education, but their eligibility criteria and funding vary greatly. Of these, the Workforce Innovation and Opportunity Act (WIOA) and the Trade Adjustment Assistance Act (TAA), each administered by the U.S. Department of Labor, are the

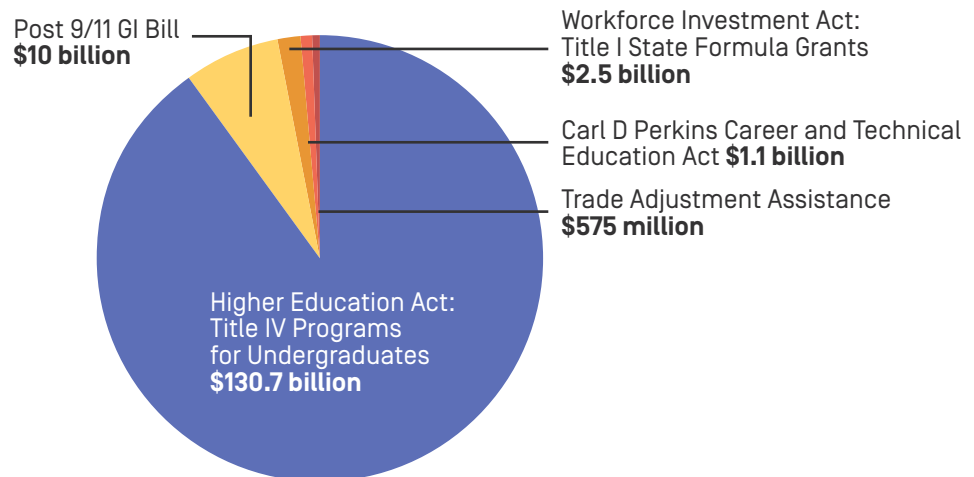
most directly associated with job training programs. Both provide a wide range of services to unemployed adults, including limited financial support for education and training. In 2013, funding for Title I of the Workforce Investment Act, the predecessor of WIOA, was about \$2.5 billion, but only a fraction of that went to support training.<sup>26</sup> In 2010, at the height of the recession, the public workforce system provided services to nearly 2 million unemployed adults, but only 14 percent of those adults received support to participate in training programs.<sup>27</sup> TAA is an even smaller program, with a funding cap of \$575 million in 2013. The eligibility criteria to access TAA funds are quite strict; workers need to be able to demonstrate that they lost their jobs as the direct consequence of international competition. In 2012, the program provided educational benefits to about 53,000 “trade-affected” workers.<sup>28</sup>

The military also provides financial assistance to its members for college. Since 2009, the Post-9/11 GI Bill, administered through the Department of Veterans Affairs, has provided almost \$30 billion to eligible participants for postsecondary education, about \$10 billion in 2013 alone. While students can use the benefits to participate in any type of postsecondary education, career education programs are popular among veterans and their family members. Taken together and counting generously, these four programs provide less than

\$12 billion a year to institutions and individuals for postsecondary career education.

Last but certainly not least comes the Higher Education Act of 1965 (HEA) which funds the federal student aid programs administered by the U.S. Department of Education. Through a handful of programs authorized under Title IV of HEA, the federal government distributes over \$150 billion in grants, guaranteed loans, tax credits, and work-study opportunities each year to more than 15 million students attending over 7,000 institutions of higher education. A significant share of Title IV dollars support students enrolled in career education programs at the sub-baccalaureate level. Approximately 42 percent of Pell grants are awarded to students seeking associate degrees and 8 percent to students pursuing undergraduate certificates.<sup>29</sup> NCES estimates that 60 percent of associate degrees and virtually all sub-baccalaureate certificate programs are vocational in nature, which means that nearly one-third – about \$10 billion – of federal Pell grants support students pursuing career education. Approximately \$11 billion in federal loan dollars go to these same students.<sup>30</sup> Such programs include certificates and associate degrees in radiologic technology, medical coding, network administration, office management, diesel mechanics, and technical drafting – programs that we might think of as job training if they were not funded through the Higher Education Act.

**Figure 2 | Federal Funding for Postsecondary Education and Training**



**Source:** College Board. Trends in Student Aid: 2013; Federal Register 78 FR 28653; National Skills Coalition: Federal Funding Tool.

Figure 2 captures the lopsided nature of available funding for postsecondary career education, which comes disproportionately from the Title IV federal student aid programs – not from 47 federal employment and training programs, and not even from the three programs dedicated specifically to workforce development and career and technical education.

There is strong demand for programs that help students obtain the skills and credentials necessary for a specific occupation, but only one significant source of financial assistance for those students and it comes through Title IV of the Higher Education Act. As a result, higher education is the opportunity space in which postsecondary career education is growing, and the rules and regulations governing access to the Title IV federal student aid programs are shaping its development far more than any of the other public policies focused specifically on connecting education and employment. It is this gap between the policy infrastructure and the funding sources for

postsecondary career education that is driving many of the poor outcomes in the sector, including high levels of debt, low completion rates, weak employment outcomes, and the disconnect between the skills employers seek and those of recent graduates. Given the importance and growing demand for programs that deliver job-specific skills and credentials, why do we spend so much money on programs that deliver such disappointing results?

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# HIDING IN PLAIN SIGHT: POSTSECONDARY CAREER EDUCATION

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It's hard to solve problems that you cannot see or talk about and we lack a common vision or vocabulary for discussing the relationship between education and jobs. We talk about job training programs, but not in the context of higher education, where they actually take place. We do not talk about vocational education, because it has become synonymous with class- and race-based tracking, poor educational quality, and dead-end jobs. The term “career and technical education” – or CTE – has been adopted by policymakers to replace the term “vocational,” but most people outside of education policy circles have never heard of it. In the higher education sector, policymakers use the term “gainful employment” to refer to a specific subset of higher education programs that “prepare people for work in a recognized occupation,” but that term has also not entered the public lexicon. The lack of clarity – or even vocabulary – for discussing the relationship between education and work is not an accident. It reflects deep philosophical differences about the purpose of education and, in particular, the mission of institutions of higher education. This section will briefly explore the tension between higher education and career education, the context in which the policy gaps in our current education and training systems are growing.

While the term “higher education” refers simply to education beyond high school, it is generally associated with education that is delivered by a college or university. Our mental models focus on residential colleges with young students pursuing bachelor and other advanced degrees. But the reality is quite different and has been for some time. The majority of students are actually not living on campus, and very few complete their education

in four years. Over the last decade, students have gotten older and more diverse in terms of racial, ethnic, and socio-economic background.<sup>31</sup> Most important, a growing number of students in higher education are enrolling in career education programs designed to prepare them for a specific occupation – programs like practical nursing, pharmacy technician, and paralegal studies.

Although higher education is a big tent that includes both academic and career-focused programs and students, college leaders rarely cite preparation for work as the primary mission of their institutions. A recent survey by Time and the Carnegie Corporation of New York revealed sharply different opinions of the value of higher education between the public and college leaders.<sup>32</sup> While 40 percent of the general population considered gaining skills and knowledge for a career as the most important reason to go to college, only 21 percent of college leaders did.<sup>33</sup> Older students, who make up a large share of career education enrollments, are even more likely to have practical, financial, and near-term goals for their education.<sup>34</sup>

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Efforts to link public education to the economic goals of individuals and communities have a long history in the United States, but institutions have a way of sidelining vocationally focused programs in favor of other pursuits that build prestige within the academy but may have little to do with local economies or student goals. The Morrill Land Grant Act of 1862, for example, established a network of state colleges for the purpose of teaching agriculture and engineering studies. While the Act provided the foundation for many of America's finest research universities, one would be hard-pressed to connect institutions as large and broad as Michigan State or Rutgers to the very practical and vocational objectives for which they were founded.

High school vocational programs were similarly marginalized in favor of academic programs. The introduction of "industrial arts" into American public high schools through the Smith-Hughes 1917 sparked resistance from education leaders who worried that the programs were too narrow and would deprive students of the opportunity to reach their intellectual potential. In fact, the debates around vocational education from the early 20th century would sound familiar to anyone immersed in these issues today, with proponents and antagonists alike claiming the principles of equity and equal opportunity as the basis for their views. Advocates argued that vocational programs would enable institutions to meet the educational and career aspirations of a broader group of students while also supporting the needs of business. Critics saw them as cynical attempts to sustain class hierarchies and build a docile industrial working class. Even John Dewey weighed in with a series of articles in the *New Republic* that captured his ambivalence about vocational education, which he saw as a likely form of social control, but also a potential source of worker empowerment.<sup>35</sup>

College is the new battleground between academic and vocational education. At a rhetorical level, the debate has not changed much. Critics of career education argue that a college education should be broad, not narrow, and not tied too closely to the immediate needs of employers. Advocates argue that people have a right to educational programs that lead to good jobs. At the postsecondary level, career education students also look very similar to their counterparts in high school.

They are more likely to be racial minorities, come from disadvantaged backgrounds, be first-time college-goers, and struggle academically. The programs are also often poorly articulated with academic degree programs, making it difficult for students to get on bachelor degree tracks. And, not unlike high school CTE, career education is often invisible to both higher education policymakers and administrators, despite the billions of federal and state dollars flowing into certificate and applied associate degree programs. In fact, a description of high school vocational education by one of the researchers examining tracking in the 1990s rings true today for postsecondary career education: At best, vocational education is characterized by benign neglect of both its programs and students, and at worst by disdain for programs, teachers, and students.<sup>36</sup>

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But the neglect of postsecondary career education is anything but benign for students. In contrast to high school CTE, the financing and quality assurance systems that govern postsecondary career education can make it a very risky proposition for students, and a potentially very lucrative one for institutions. Postsecondary career education students have to pay for their education, often going into debt and/or sacrificing other earning opportunities while they build their skills. But postsecondary institutions are under no more obligation than high schools to ensure students graduate and get jobs. In fact, our policies make it far too easy for institutions of higher education to deliver expensive, low-quality career education programs.

# THE GAPS IN HIGHER EDUCATION POLICY

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**A**lthough WIOA and the Carl D. Perkins Act are designed to shape the supply of job training and career education programs, they are too small to significantly influence either student or institutional behavior. Rather, Title IV of the Higher Education Act, which authorizes the federal student aid programs, has the most significant impact on the provision of postsecondary career education. This section will explore the gap between the major provisions of Title IV that govern access to the federal student aid grant and loan programs, and the needs of students seeking education that will lead to work.

Established as part of the Johnson administration's Great Society agenda, Title IV of the Higher Education Act includes a suite of federal student aid programs that aim to extend the opportunity of a college education to all Americans regardless of means. Originally limited to students in public and private degree-granting colleges and universities, the programs were expanded in 1968 to include vocational programs at technical and community colleges, and again in 1972 to include private, for-profit institutions of higher education, places like Phoenix University or Everest Institute. Today, over 15 million students attending 7,000 institutions receive some form of federal student financial aid through Title IV. Without it, many students would be unable to pursue higher education and many institutions would likely have to shut their doors.

Three of the core design elements of the financial aid programs have a large impact on how institutions recruit students, design programs and credentials, and deliver instruction. The first establishes which institutions are eligible to participate in federal student aid programs; the second determines which students

are eligible to receive financial aid and what they can use it for; the third establishes how institutions receive the funds. As the analysis will show, none of these policies require institutions to build the partnerships with employers or community stakeholders needed to support high-quality career education or to develop the credentials or job-placement strategies that will help graduates transition into the labor market. These core design elements are the source of five "policy gaps" between the needs of students in career education programs and the behavior of institutions of higher education.

## **Policy Gap #1: Accrediting institutions rather than programs**

The rules and regulations surrounding access to Title IV student aid programs are designed to prevent fraud and abuse, and to ensure that federal dollars flow only to institutions that deliver a quality education. Guaranteeing the quality of institutions is the job of the higher education accreditation system, which consists of a group of accrediting agencies that operate independently, but in partnership with, federal and state governments. Accrediting agencies are voluntary associations of institutions of higher education that agree to a common set of quality assurance principles that they enforce on one another through a process of peer review.

There are few things more confusing or less transparent in higher education than accreditation. Although the Department of Education has general guidelines and criteria that accreditors must follow in order to be recognized, the government does not interfere in the accreditation process, nor does it require accreditors

to make their findings publicly available. It may come as a surprise to taxpayers to know that institutions of higher education largely police themselves when it comes to access to the \$150 billion of federal funds available through Title IV. And institutions have quite a bit of leeway in choosing who among their peers in higher education will assess their quality. Private-for-profit institutions, for example, generally prefer to be accredited by agencies made up of other private, for-profit institutions. Metaphors involving foxes and henhouses are hard to resist.

*It may come as a surprise to taxpayers to know that institutions of higher education largely police themselves when it comes to access to the \$150 billion of federal funds available through Title IV.*

For career education students, the higher education accreditation system is particularly ill-suited to their need for programs with strong connections to local labor markets and transparent, high-quality credentials. Accreditation is something that is granted to an institution, not to a specific educational program, which means that an accredited institution can have programs of widely varying quality. Students at an accredited institution are eligible for federal student loans for any credit-bearing program of study, but some may be much more likely to lead to good jobs than others. For a student entering a career education program, what matters most is how effective a particular program of study is at preparing graduates with the right mix of skills and credentials for work, not the overall quality of the institution. Although the Department of Education recognizes more than 30 “specialty” or “programmatically” accreditors that focus on ensuring the quality of specific programs, programmatic accreditation is generally not required or sufficient for participation in the federal student aid program, even though it is often linked to state licensure or certification processes.

Consider again the student in Michigan who is trying to choose a certificate program in medical assisting. All of the institutions she is considering – Everest Institute, Grand Rapids Community College, Kalamazoo Valley Community College, and Career Quest Learning Center – are institutionally accredited. All of them offer a variety of educational programs of study. Kalamazoo Valley and Grand Rapids are both accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools. But both colleges have also secured additional programmatic accreditation for their medical assistant certificate programs from the Commission on Accreditation of Allied Health Education Programs (CAAHEP). By graduating from a CAAHEP-accredited program, a medical assistant is eligible to sit for a certification exam administered by the American Association of Medical Assistants (AAMA) and become a Certified Medical Assistant (CMA). The certification may be quite valuable, since the largest health care employer in the region, Spectrum Health, “strongly prefers” CMAs for many of their entry-level health care positions. The decision by Kalamazoo Valley and Grand Rapids to secure CAAHEP accreditation was entirely voluntary on their part, and not tied to their access to Title IV funds.

Career Quest Learning Center in Lansing, on the other hand, has institutional accreditation from the Council on Occupational Education, which allows it access to the federal student aid program. But the medical assistant program at Career Quest is not accredited by CAAHEP. As a result, program graduates are not eligible for certification through AAMA. The Career Quest Learning Center program costs over \$15,000, more than twice as much as the tuition at either community college program, and fails to qualify a graduate for certification by the largest professional association of medical assistants.

### **Policy Gap #2: Looking inward rather than outward for indicators of quality**

The most obvious indicator of quality for a career education program is whether students transition successfully into jobs and careers. In strong contrast to the much smaller federal programs aimed specifically at career education or training, like WIOA, TAA, and Carl



D. Perkins, employment outcomes are not considered a measure of quality in higher education accreditation processes. In fact, federal policies actually make it very difficult for institutions to track the labor market outcomes of students, even when they wish to.

Other institutional behaviors that would be likely to improve transitions to employment, such as partnerships with employers, use of labor market information, and alignment with relevant industry standards, are also absent from the quality principles guiding accreditation processes. That is not to say that institutions cannot form partnerships or use labor market information (and many do), just that none of those actions are required for them to be before gaining access to the \$150 billion pool of federal student aid funds. But an institution that has strong relationships with regional employers and professional associations is much better-positioned to keep its curricula and credentials up-to-date, arrange work-based learning opportunities, and develop its faculty, all of which help students transition into jobs. Similarly, institutions

that secure program-specific accreditation are better-positioned to help their graduates gain professional certifications and licenses. In fact, there is a significant body of evidence on the effectiveness of strong partnerships between colleges and a wide range of external stakeholders for improving student transitions from school to work.<sup>37</sup>

But higher education accreditation processes do not examine relationships between institutions and the communities they serve. To the contrary, the accreditation system reinforces one of the primary impediments to delivering high-quality postsecondary career education – the tendency of institutions of higher education to look inward rather than outward for indicators of success.<sup>38</sup> Institutional accreditors focus on broad indicators of quality and integrity such as financial stability, faculty qualifications, facilities, equipment, library resources, and the availability of student support services. When looking at particular programs of study, the accreditors focus primarily on academic content, including the extent



*The most obvious indicator of quality for a career education program is whether students transition successfully into jobs and careers.*

to which degree programs meet general education requirements and expose students to a broad array of academic content. These indicators are all important, but from the standpoint of the career education student, employer perceptions of program graduates are crucial in determining the value of a program. From the standpoint of an institutional accrediting agency, they are not even considered. As a result, many career education students find themselves enrolled in programs at accredited institutions that do not have strong linkages to the local economy, making their successful transition into the labor market that much more difficult.

### **Policy Gap #3: Ensuring the quality of degrees, but not certificates**

The accreditation system also does a particularly poor job of ensuring the quality of the credentials that students carry with them out of higher education. Nowhere is this more evident than for the 26,000 higher education programs issuing certificates. An educational certificate is an award issued by an institution of higher education for the completion of a specified collection of courses, usually a subset of courses making up an associate, bachelor or master degree program. While an associate or bachelor's degree attests to a broad range of knowledge and skills, an undergraduate certificate is designed to signal very specific skills and abilities associated with a particular occupation.

There is no agreement among accreditors as to the quality characteristics of an educational certificate, despite the fact that it is the fastest-growing postsecondary credential; between 2001 and 2011 the number of certificates conferred by U.S. postsecondary institutions increased by 85 percent, from 572,000 to 1,057,000.<sup>39</sup>

Certificate programs are particularly popular among students seeking credentials that will help them get a job, and the large majority of certificates carry the names of specific occupations in their titles – licensed practical nurse or aircraft power plant technician. But one is hard-pressed to find any mention of certificates in the public documents outlining the standards

used by national or regional accreditors, which may help explain the high degree of variability among educational certificates issued by different institutions. For example, in contrast to a bachelor's degree, which everyone knows corresponds to four years of undergraduate coursework (or about 120 credit hours), a certificate program may last anywhere from a few weeks to a few years. Certificates may be awarded at the undergraduate or postgraduate level. In many cases, a certificate is simply a collection of courses that have been carved out of an existing associate or bachelor's degree program, and receives no additional scrutiny from accreditors as to whether the courses connect in a way that makes the certificate a meaningful credential in the labor market.

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As the Michigan example demonstrates, the term “certificate” can mask important differences among the credentials awarded by different institutions – differences that can be very consequential to both students and employers. The fact that the programs at Grand Rapids and Kalamazoo Valley Community Colleges are accredited by CAAHEP makes the certificate students earn there fundamentally different from the certificate awarded by Career Quest Learning Center. Similarly, for students, a “non-credit” certificate shapes opportunities differently from one that carries academic credits with it.<sup>40</sup> But all the programs lead to the same credential – a certificate in medical

assisting. The fact that the same term can be used to describe credentials with such different underlying characteristics creates considerable risk for career education students and employers, both of whom will need to do a lot of research to unearth the differences and trade-offs among them.<sup>41</sup>

#### **Policy Gap #4: Paying for time, not learning**

While accreditors determine which institutions meet the quality standards necessary to participate in the student aid program, the Department of Education determines which students and what activities are eligible for aid dollars. Although the criteria are quite broad,<sup>42</sup> they can work at cross-purposes with students seeking specific skills and credentials for work. Not unlike the lack of attention that accreditors pay to the value of credentials, the aid program focuses more on the amount of time students spend in class than on what they learn and can do as a result. Time is a proxy for learning, as students receive grants and loan disbursements based on their ability to complete a defined number of credit hours within an academic year.<sup>43</sup> Whether they earn an “A” or a “C-minus” is irrelevant. What matters from the perspective of the financial aid program is that they complete 60 percent of the credit hours for which they signed up.

A student aid program organized around learning, rather than time, would allow students to advance as they demonstrate competency in a particular subject area, regardless of when or where they obtained that proficiency.<sup>44</sup> While valuable for all students, competency-based education can be particularly well-suited to technical programs of study and for adults with significant work experience, both of which are common in career education. Technical fields lend themselves to assessments that clearly capture proficiency, while adults are likely to have acquired a lot of practical knowledge outside school that can translate quickly into academic learning. Enabling students to accelerate their time to completion by allowing them to demonstrate their knowledge and abilities makes sense for both the students and taxpayers. Making learning outcomes more transparent through the use of rigorous assessments builds the confidence

of employers who know what they are getting when they hire a graduate. Schools like Western Governors University have demonstrated that competency-based approaches can be very effective for students in career education programs at the bachelor’s and master’s degree levels. However, despite growing evidence and demand, the rules and regulations around Title IV make implementing programs that link financial aid to demonstrated learning very difficult for institutions.<sup>45</sup>

A number of other restrictions on student aid eligibility and use of funds create obstacles that make little sense when considered in the context of career education students and their goals:

- **Prior Learning Assessments:** Students cannot use their Pell grants to pay for prior learning assessments that could result in the award of academic credit. As a result, an adult who has worked for years managing the books in a physician’s office cannot use a Pell grant to pay to test out of a lower-division accounting course. The student is left with the option of paying for the prior learning assessment out of his or her own pocket or spending time and aid dollars on a course the student does not need. The lack of aid eligibility also reduces incentives for colleges to institutionalize the practice of prior learning assessments because they are difficult to finance.
- **Short-Term Training:** Students are also prohibited from using federal student aid to pay for most short-term training programs that last less than an academic year. Short-term programs can have positive economic returns for students and, in some cases, can be a first step toward more education. They have proven effective as the first tier of a series of stackable credentials that lead to longer-term certificates, associate degrees and bachelor’s degrees. For example, a short-term certificate in phlebotomy may help a student get a job and earn credits toward a certificate in medical assisting, which in turn, can be applied toward an associate degree in nursing, and up to a bachelor’s degree in nursing.<sup>46</sup> But if the first and lowest step on the ladder is not eligible for financial aid, some students will not be able to reach it.

Demand for short-term training programs is quite strong, but there are very few sources of financial support for students wishing to take them.<sup>47</sup> Limiting access to these programs only makes sense if the goal of the federal student aid programs is degree completion, not skills development. Recent research on course taking at community colleges in California revealed a large number of “skill builders” – students who take a few specific courses, but do not complete a degree. Researchers found that, on average, their wages increased.<sup>48</sup> Why should federal student aid not be available for students who seek short, targeted opportunities to build their skills?

- **High School Credential Requirement:** Eligibility to receive federal student aid is also restricted to students who have a high school credential, regardless of their academic ability or age. For adults who dropped out of high school many years prior and are seeking skills and credentials for work, a requirement that they get a high school credential before they can enroll in a program at a community college is time-consuming, expensive, and often does not contribute substantively to their ability to do well in a postsecondary career education program. The high school credential on its own has little labor market value. The Department of Education has experimented with ways of determining whether a student who lacks a high school diploma can succeed in college, or learn basic academic skills as part of a college program, and found them to be successful.<sup>49</sup>

These restrictions around how students can apply their Pell grants and loans are often at odds with the needs of career education students, who may be better served by short-term, modularized, and/or self-paced programs. Unlike many traditional-age students, career education students often do not have two or four years to spare for full-time study. They also tend to be older and more experienced than their counterparts in traditional academic programs. A more appropriate financing system would link financial aid to demonstrations of learning that can be captured in high-quality credentials with value in the labor market.

## **Policy Gap #5: Rewarding enrollment, not outcomes**

As with any industry, you get what you pay for and in higher education that means enrollments, not graduations. Federal student aid dollars are distributed on the front end to institutions, at the beginning of each term. Unless the student drops out within the first eight weeks, the institution keeps the money. If the student completes the term and maintains a grade point average of “C” or above, he or she can enroll in the next term, and a new round of aid dollars goes directly to the institution. Rinse and repeat until the end of the program, at which time the student has to begin paying off the loans, and the institution is completely off the hook. It is a system that places the financial risk associated with higher education squarely on the backs of students. There is nothing in the financing model that makes successful transitions out of college a jointly shared responsibility between student and institution.

The front-loading of the money creates a number of perverse incentives for institutions to pay more attention to enrolling students than graduating them. In the case of public colleges and universities, state governments help ensure that tuition remains affordable, serving as a check on the prices institutions can set. They also keep an eye on how much money goes to teaching versus other activities. But in the case of private institutions, there are no constraints on either the tuition they charge or how many students they enroll. In fact, the combination of money up-front and zero accountability for outcomes has seeded a very successful business model in the for-profit sector, based on high tuitions, high enrollments, and low-cost, online delivery models.<sup>50</sup> Beginning in the late 1990s, in conjunction with the growth in demand for postsecondary education and the decline of state funding, for-profits began absorbing a large and growing share of students pursuing career education. A change in federal law in 2006 that lifted caps on enrollment in online programs accelerated the pace of growth. From 2000 to 2006 enrollments in private for-profit colleges doubled, from around 450,000 to a little over a million. From 2006 to 2012, they doubled again, from a million to nearly 2 million.<sup>51</sup>



## Wrangling Title IV: Efforts to Scale Competency-Based Education in Texas

Texas State Technical College's (TSTC) efforts to set up an aid-eligible competency-based certificate program in industrial technology captures the challenges that institutions face trying to meet the needs of career education students while complying with the rules and regulations surrounding Title IV. In 2012, TSTC was awarded a Carl D. Perkins Leadership grant by the Texas Higher Education Coordinating Board to develop self-paced competency-based certificate programs in Industrial Systems Technology (IST) and Maintenance (ISM). College staff worked closely with the Texas Association of Manufacturers and the Texas Workforce Commission to identify core competencies and develop rigorous, performance-based assessments as the foundation for the program. The goal is to help students acquire the specific skills and knowledge they need to land a job with one of the area's manufacturing companies, which are struggling to fill vacancies.

TSTC's Harlingen and Hutto campuses have been home to the experiment and enrolled the program's first cohort of students in Fall, 2013. The Level I IST Certificate is traditionally a two-semester program. Under this new approach, students can enroll at any time and progress through the material as fast, or slow, as their learning allows. Students are provided course materials, which they work through at their own pace, and have access to classrooms, equipment, and mentors during two blocks of time, one in the afternoon and the other in the evening. Unlike almost all of the other competency-based education programs in higher education today, the TSTC programs are not online. Students practice on real machines and work with in-person mentors. When students are ready to demonstrate their proficiency, TSTC instructors assess their proficiency through written examinations and performance-based demonstrations, or both.

The TSTC program is still in a testing phase, but demand is strong and student outcomes are promising. While some students are accelerating their time to completion, others are taking a bit longer. In fact, according to the Associate Vice Chancellor of Innovation, Dr. Irene Cravey, the average completion time is about the same as it is for traditional seat time programs. The big difference between the approaches, it turns out, is not how long it takes students to complete, but in the consistency and quality of the skills graduates acquire.

While the federal Perkins program provided seed money to develop the program, TSTC cannot afford to operate it at scale unless students can qualify for federal financial aid. But making the program Title IV eligible is complicated and time-consuming, requiring explicit permission from both the regional accreditor and the U.S. Department of Education. To secure permission from their accreditor, TSTC had to demonstrate how each of the competencies making up the IST program mapped back to a traditional, credit hour-based version of the same program and prove that the learning outcomes are equivalent. TSTC staff did the work and secured approval from their accreditor in June of 2013, after which they applied for approval from the U.S. Department of Education. The Department is reviewing the program to ensure that TSTC has put in place adequate safeguards to ensure that students are not receiving financial aid if they are not actually progressing through the program. As of this writing, TSTC is still awaiting final approval. In the meantime, it is financing the program through a combination of other institutional and state funds, neither of which is sufficient to support more than a few dozen students in any given year.

It would be much easier for TSTC to simply continue offering the traditional, seat-time-based version of its Level I Industrial Systems Technology Certificate program. Changing the program to better suit the needs of local students and employers is far more work than repurposing already existing courses from within their current programs of study. But a focus on competencies, employer needs, applied and personalized learning strategies, and effective mentoring approaches are what lead to better transitions to jobs and careers for students. These activities are not impossible for institutions to undertake, but our current policies make them far more arduous than they should be.

Today, for-profit institutions award the majority of vocational certificates in the United States and a growing share of associate and bachelor's degrees.<sup>52</sup> While they account for only 12 percent of all undergraduate students, they loom large in the provision of postsecondary career education programs, enrolling nearly a fifth of all career students and awarding the majority of postsecondary CTE credentials. Between 2004 and 2010, the number of associate degrees awarded by for-profit colleges increased by 80 percent and the number of bachelor's degrees by well over 100 percent. Fully one-third of the associate degrees granted in business, management, and marketing, and half of those awarded in computer and information sciences come from for-profit schools.<sup>53</sup>

On average, these colleges charge significantly more than their counterparts in the public sector at every level of education – often by factors of three or four times. The average annual tuition at a for-profit college is \$14,125, compared with an average of \$2,918 at a community college.<sup>54</sup> The sector is also highly

dependent on federal student aid programs. According to a 2012 Senate investigation, the average for-profit college covered more than 80 percent of its operating expenses with federal aid dollars.<sup>55</sup>

In a classic case of unintended consequences, the federal student financial aid system actually rewards institutions that charge high tuition. Since neither the federal government nor the accreditation system is in the business of setting prices or containing costs, private institutions are free to set their prices in a way that best achieves their institutional mission. In the case of for-profit colleges and universities, that mission includes generating profit. For the larger, publicly traded companies, it means maximizing the return to private shareholders, using a business model built around accessing large amounts of public dollars. The absence of accountability for student outcomes explains the enormous investments that for-profit colleges make in marketing and recruitment. Enrollment and retention drive profits, not graduation or employment. According to an investigative report published by the Senate Committee on Health,

### **Gainful Employment**

In 2011, the Department of Education introduced the “gainful employment” rule, which required institutions delivering career education to submit student-level data that allows the department to calculate three debt-related outcome measures. The measures were designed to capture whether the cost of the program was reasonable in light of the earnings of graduates. A debt-to-earnings ratio of more than 30 percent, for example, was considered unreasonably high.

Given the outsize role of federal aid dollars in subsidizing tuition at for-profit colleges and the significantly higher cost of their programs, the rationale for the rule was straightforward. Nevertheless, the initial rule did not withstand a court challenge by the Association of Private Sector Colleges and Universities, which argued that it unfairly singled out for-profit providers. In June of 2012, a federal district court ruled that the department had been “arbitrary and capricious” in setting one of the debt threshold measures, and since all of them were linked, the rule had to be re-designed. In March of 2014, after a period of negotiated rulemaking, the Department issued a new rule that maintained the spirit of the first in trying to limit debt, but also provided a legal foundation for the threshold measures. As of this writing, a legal challenge to the new rule is widely expected.

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Education, Labor & Pensions (HELP), the industry spent \$4.2 billion on marketing, recruiting, and admissions staffing in fiscal year 2009 alone – more than the entire federal allocation for Title I of the Workforce Investment Act, TAA, and the Carl D. Perkins Act combined. Compared with public institutions, they spend considerably less on instruction per student, and considerably more on marketing and recruitment.<sup>56</sup> Eighty-eight percent of the students who graduate from for-profit colleges come out with federal student loans, while only 21 percent of community college students take out federal loans. Not surprisingly, their average debt is also much larger: In 2012, graduates of for-profit colleges and universities carried an average debt of \$39,950.<sup>57</sup>

The policy gap between the design of Title IV federal student aid programs and the mission and operating models of for-profit colleges has not gone unnoticed by policymakers and advocates. In 2009, the Obama administration initiated a regulatory process designed to hold institutions delivering programs preparing individuals for “gainful employment in a recognized occupation” (i.e., postsecondary career education programs) accountable for the economic outcomes of their graduates, specifically their levels of debt

relative to their earnings.<sup>58</sup> The effort was a direct acknowledgement that career-focused programs should be subject to different standards than traditional academic programs. Simply put, programs that promise to prepare individuals for jobs should be measured by the success with which they do so.

While the gainful rule is a move in the right direction, it is unlikely to have a significant effect on institutional behavior unless tied to a number of other policy reforms creating more accountability for outcomes. The current measures set a very low bar for institutions in terms of debt-to-earnings ratios and repayment rates. Should the rule ever be actually enforced, it may rid the industry of some of its worst actors, but it will do little to push institutions to engage in the kinds of partnerships, instructional strategies, or labor market research that are at the core of high-quality career education. The data generated by the gainful employment regulations, which have revealed alarmingly high debt levels relative to earnings for many career education students, point to the dangerous lack of alignment between higher education financing strategies and the needs of students.

# BRINGING IT ALL TOGETHER: THE H2P CONSORTIUM AND HEALTH CARE CAREER PATHWAYS

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**T**he gaps between higher education policy and the needs of career education students make it too easy for some colleges to provide low-quality, high-cost programs. But that does not mean that institutions cannot find ways to build high-quality and affordable career education programs, and many do. Their efforts can provide a guide for policymakers. Take, for example, the nine community colleges that make up the Health Professions Pathways (H2P) Consortium. Together, these colleges and their industry partners are developing a common curricula and set of credentials for a variety of health care professions. Led by Cincinnati State Technical and Community College, the consortium won a \$20 million grant through the U.S. Department of Labor's Trade Adjustment Assistance Community College and Career Training (TAACCCT) grant program in 2011. The nine participating colleges, located in five states, have worked with more than 150 health care employers and served over 6,500 students.

A quick look brings to life what it means to meet the needs of career education students. From start to finish, the schools have designed programs around the end goal – the transition out of college and into a high-quality career. Entering students take a battery of assessments with the goal of identifying opportunities to award academic credit and helping students clarify their short- and long-term career goals and the steps necessary to achieve them. Students then begin a core curriculum that introduces them to the health care industry and helps guide their subsequent educational choices and pathways. The core was developed by staff at El Centro College in Texas who watched too many students get deep into a health education program, only to discover they do not like working with patients or in

clinical settings and who would then drop out. There are many career pathways in health care, and the career assessments and core curriculum are designed to make students aware of them as early as possible.

Students then embark on a specialized program of study in one of three structured pathways with stackable credentials, beginning with short-term vocational certificates and ending in an associate or bachelor's degree. The courses are contextualized around a health care setting, familiarizing students with the kinds of activities and challenges they will experience on the job. Some of the courses are also modularized and competency-based, enabling students to tackle smaller chunks and move through some of the content at their own pace. The curriculum development process included extensive consultations with employers and detailed job task analyses. A national advisory board with representatives from health care organizations in five states participated in the development of the core curricula, while individual colleges continue to work with local employers to tailor the specialized curricula to their specific needs. Throughout their program, students are in regular contact with career counselors and have access to an array of wraparound services, including child care, tutoring, and job search assistance.

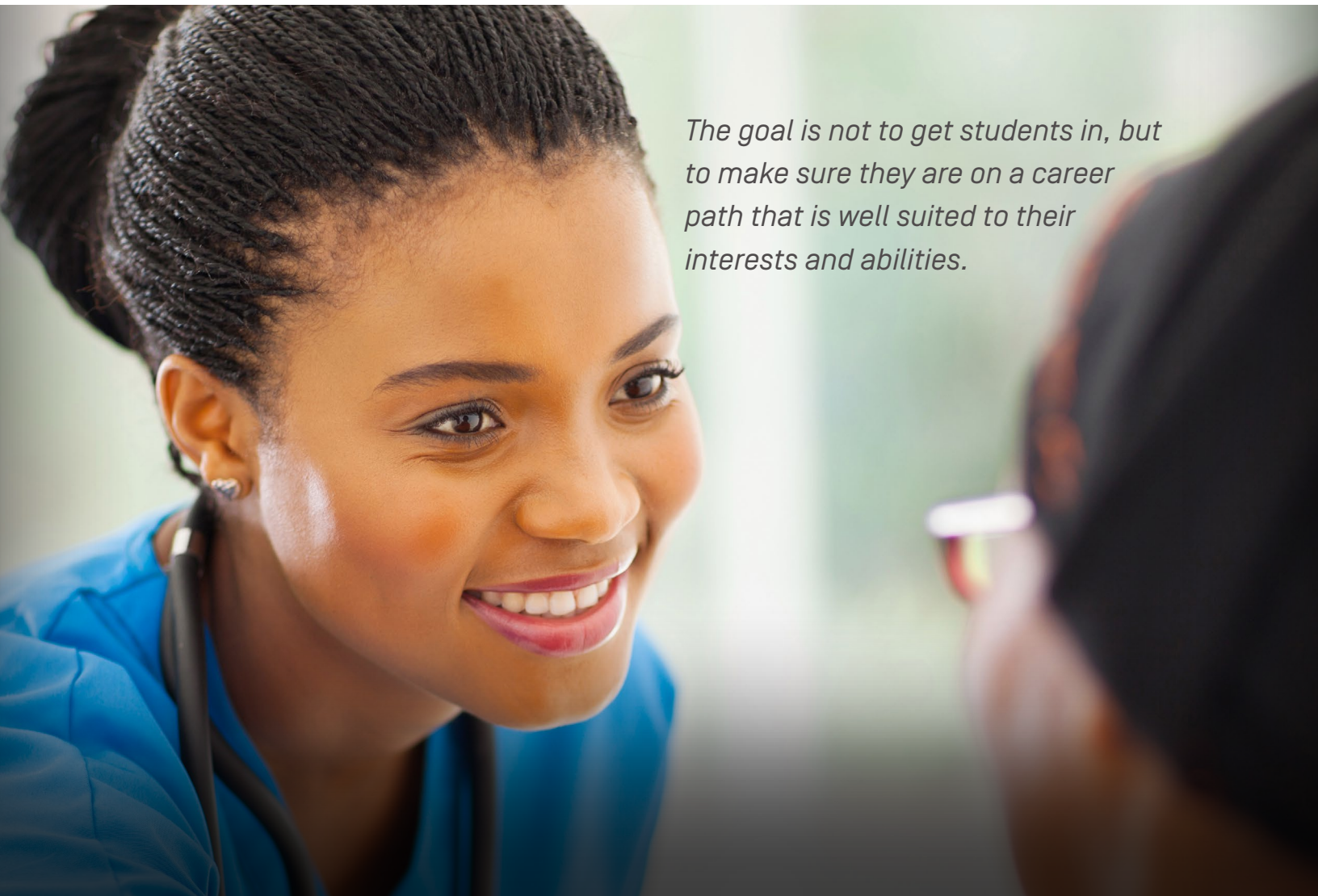
Tuitions at the colleges are low, ranging from a high of \$4,000 at Pine Technical College in Minnesota to a low of \$2,300 at Texarkana College in Texas, which makes the programs affordable for most students. Nevertheless, most students do require some financial assistance to complete the program. By connecting short- and longer-term certificates into a single,



structured program of study, the stackable certificate model allows students to quickly earn credentials with labor market value and increase their earnings while they combine work and learning. In some cases, students have been able to use the short-term certificate to land a first job, and then receive tuition assistance from their employer to earn a longer-term certificate or associate degree. With a persistence rate of 90 percent – well above the average for community college students – the program is an excellent example of how opportunities to earn short-term credentials can improve student outcomes.<sup>59</sup>

How did these nine colleges manage to develop high-quality, low-cost career education programs? The key to the success of H2P lay in the role that student outcomes play in the design of the program. The focus on student transitions to either employment or further study (or both) is at the heart of each major design element, beginning with the involvement of local employers to develop and validate curricula and extending to the

attention to the quality of the credentials awarded by the program. The instructional design process was driven by the goal of helping students accelerate and see the connections between academic content and their future jobs. The focus on successful transitions, rather than enrollments, also explains the emphasis on career assessments and counseling at the beginning of the program. The goal is not to get students in, but to make sure they are on a career path that is well suited to their interests and abilities. By starting with the end-goal of students in mind – which is what happens after they complete the program – the colleges in H2P manage to bridge many of the policy gaps plaguing postsecondary career education. But that does not mean it was easy. To the contrary, without the additional resources made available through the TAACCCT grant, many of the employer engagement, curriculum development, and student service activities would have been difficult or impossible for the colleges to finance.



*The goal is not to get students in, but to make sure they are on a career path that is well suited to their interests and abilities.*

# BRIDGING THE GAPS: BUILDING A POSTSECONDARY LEARNING SYSTEM THAT WORKS FOR ALL STUDENTS

**H**ow do we help institutions of higher education better meet the needs of career education students? A first step is recognizing the gaps in our education policies that lead us to spend too much money on low-quality career education programs while underinvesting in programs and strategies that actually work. Fixing the gaps means moving beyond entrenched policies that protect institutions, but not students, from the consequences of bad programs.

*Fixing the gaps means moving beyond entrenched policies that protect institutions, but not students, from the consequences of bad programs.*

When it comes to improving outcomes for career education students, we actually know quite a bit about what works: a focus on labor market outcomes and student transitions, structured learning pathways with stackable credentials, personalized and competency-based instructional strategies, and strong industry partnerships. The organization of our education and training policies into those supporting “higher education,” on the one hand, and “employment and training,” on the other, is hindering opportunities to move institutions toward these integrated approaches. The three signature federal programs that support skills development – the Higher Education Action (HEA), Perkins, and WIOA – operate in relative isolation from

one another at a policy level, even though the individuals and institutions they support are increasingly one and the same. The way forward is to align and articulate policies in support of postsecondary skills development for students of all ages, from traditional-age, degree-seeking students to working adults seeking occupational certificates or other credentials. Below are six recommendations for building a comprehensive higher education and training system:

- 1. Reframe the Higher Education Act to Support All Forms of Postsecondary Learning:** It is time to move beyond artificial distinctions between “education” and “training” and recognize that all students benefit from a mix of both.<sup>60</sup> As the educational requirements for good jobs continue to rise, Americans need more opportunities to build their skills and acquire credentials with labor market value. There is little benefit to thinking of workforce development, job training, career and technical education, and higher education as fundamentally different activities – they are all designed to support learning. The different terms only serve to obscure the reality that higher education has become our primary system for delivering occupational training at the undergraduate level. Fully one third of students in higher education are enrolled in sub-baccalaureate career education programs with the goal of transitioning immediately into a job. The invisibility of these students in higher education policy discussions is hampering efforts to improve their programs and strengthen connections between school and work.

**2. Foster Stronger Linkages Between HEA, Perkins, and WIOA:** The recent reauthorization of the Workforce Investment Act was an important step toward integrating workforce development services to support transitions into and out of postsecondary education for the low-skilled and unemployed. The upcoming reauthorizations of HEA and the Perkins Act provide further opportunities to strengthen linkages across all three programs. But there are a number of steps short of reauthorization that the federal government, states, and institutions can take to align the programs in ways that support career education students:

- **Coordinated State-Level Planning and Policy Development:** All three programs come with a host of resources, relationships, data, and know-how that can be valuable to policymakers. State labor market data can guide the development of Perkins “programs of study” that link high school and college-level career education programs. Data generated through the gainful employment rule can help inform state authorization policies to better protect consumers and steer federal funding toward programs with good labor market outcomes. The same data can inform the development of the state’s Eligible Training and Provider List under WIOA. Workforce investment boards, for example, can help build relationships between institutions of higher education and local employers.

The newly reauthorized WIOA requires states to submit unified plans for their workforce and Perkins programs. States should take advantage of the requirement to also pull in agencies responsible for state higher education policy. The more that states treat WIOA, Perkins, and HEA as complementary programs that support similar goals, the better positioned they will be to support career education students.

- **Expand the Role of the Carl D. Perkins Act Within Postsecondary Education:** The Perkins program can play a vital role in building the capacity of institutions of higher

education to serve career education students of all ages and local employers. Perkins funds a wide variety of activities at two-year colleges – from the development of new CTE programs, to professional development and externship opportunities for faculty, career counseling services for students, and new equipment for technical programs. In fact, Perkins has been the source of important innovations in the delivery of postsecondary career education; the Integrated Basic Education and Skill Training program (I-BEST), which has become a national model for helping low-skilled adults succeed in college, was developed in part with Perkins dollars. Institutions too often lack resources to develop new programs or test new approaches, having to rely on discretionary grant opportunities that are unpredictable and short-lived. By increasing funding for Perkins, and focusing new funding on strengthening postsecondary career education programs that are aligned with local labor markets and employers, the federal government can increase opportunities for career education students to find quality programs.

- **Strengthen Connections Between WIOA and the Federal Financial Aid Programs:** Public workforce programs can provide on-ramps to higher education programs for unemployed and low-skilled youth and adults who might not otherwise qualify for federal student aid. But current policies that limit access to federal financial aid for short-term certificates and individuals lacking high school credentials are a major barrier for many low-skilled students trying to get on a career pathway that includes postsecondary skills and credentials. The reauthorization of WIOA made it easier to enroll adult education students into programs that deliver basic skills and occupational training at the same time, an approach of proven effectiveness. But without access to Title IV federal financial aid, the impact of the change will be limited. Restoring the “Ability to Benefit” provision within Title IV of HEA that allows students to receive financial aid for programs



that combine postsecondary career education and basic skills training is an example of the kind of alignment between workforce and higher education policies that makes sense when the goal is helping all students gain postsecondary skills and credentials.

The same is true for extending financial aid eligibility to students in short-term certificate programs, which are currently being tested in a set of experimental sites supported by the U.S. Department of Education. If the experiments indicate positive labor market returns for short-term certificate students, the Department should change the eligibility requirements accordingly and encourage institutions to embed short-term certificates with longer-term programs of study.

- 3. Connect Accreditation Processes to Student Outcomes and Transitions:** National and regional accrediting agencies are gatekeepers to the federal student aid programs, ensuring the quality of institutions supported through public dollars. But there are currently no consequences for accreditors

if the students enrolled in the schools they accredit fail to graduate or transition successfully into the labor market. In fact, the very way the accreditation is structured and operates, with its focus on institutional rather than programmatic quality and its confusing mix of regional and national agencies, makes, it nearly impossible to connect accreditors to any sort of outcomes-based accountability regime. As a part of reauthorization discussions, policymakers and accreditors should consider how to reform the accreditation system to be more responsive to the needs of career education students. Below are two suggestions for improving the system:

- **Experiment With Program-Level Accreditation for Career Education Programs:** Improving outcomes for students seeking skills and credentials for work will require reforms to the accreditation system that increase the role of programmatic and specialized accreditation. The federal government should support research and experimentation on how programmatic accrediting policies can be used to incentivize the adoption of best practices in the design

*Federal and state governments need to continue collecting data on student outcomes, including employment, earnings, and debt levels. Without better data, meaningful accountability is not possible.*





and delivery of career education and to reward institutions that generate positive labor market outcomes for students.

- **Require Strong Partnerships With Key Stakeholders:** Current accreditation policies and procedures reinforce the tendency of institutions of higher education to look inward rather than outward for indicators of quality. Regulations around federal student aid dollars focus on eligibility and enrollments. Neither set of policies push institutions to develop strong partnerships with external stakeholders that can facilitate successful student transitions. There is compelling evidence that educational programs designed in close partnership with local industry and other community stakeholders generate positive outcomes for students.<sup>61</sup> Sector strategies and industry partnerships are effective approaches for delivering career education and should be adopted as quality principles for the accreditation of career education programs and the institutions that deliver them.

#### 4. Enable Data Systems to Capture Labor Market

**Returns to Learning:** Federal and state governments need to continue collecting data on student outcomes, including employment, earnings, and debt levels. Without better data, meaningful accountability is not possible.<sup>62</sup> High quality student outcome data are also essential for program improvement efforts. Policy changes that facilitate better data collection and usage, such as rescinding the federal student unit record ban, would go a long way toward improving data quality.<sup>63</sup> While state longitudinal data systems that connect education and labor market outcomes are an essential tool for state policymakers, differences in state laws and data collection approaches limit their effectiveness as a tool for guiding federal investments. A federal system for tracking student employment and earning outcomes is an appropriate element of a federal education policy infrastructure.

- 5. **Build Better Credentials:** Career education students need credentials that capture their skills and abilities and have labor market value. A growing

body of research points to the value of non-degree credentials for improving employment and earnings for those who hold them. The current procedures guiding the accreditation of institutions offering certificate programs are completely inadequate to the task of assuring the quality or validity of the resulting credential. Credentials anchored in industry standards and third-party assessments can drive quality in career education by creating clear, measurable benchmarks for what students need to succeed in a particular occupation.

*Career education students need credentials that capture their skills and abilities and have labor market value. A growing body of research points to the value of non-degree credentials for improving employment and earnings for those who hold them.*

Developing high-quality credentials is a shared responsibility and not something that governments or institutions of higher education can do on their own. Employers have an important role to play in clarifying competencies and developing standards that educators can use as guidelines to develop their programs. Accreditors, in turn, need to establish quality principles for the development of credentials, particularly undergraduate certificates. The American National Standards Institute (ANSI), a quasi-public entity authorized by the U.S. government to develop national standards for a wide range of personnel and product certifications, has developed a set of standards for educational certificate programs that could serve as a guide for regional and programmatic accreditors and state agencies responsible for approving certificate programs.<sup>64</sup> Federal and state governments also should continue supporting research on the prevalence and value of credentials, particularly non-degree credentials like certificates, certifications, licenses, and badges. Institutions

should conduct research on the local labor market value of specific certificates and other non-degree credentials and consider how to embed them in degree programs.

#### **6. Support Alternatives to Seat-Time Measures**

**of Learning:** Competency-based approaches to education, like the certificate program in Industrial Systems Technology from Texas State Technical College, may be particularly well suited to career education. The focus on learning outcomes complements the quality characteristics of career education programs, which should be anchored in job task analyses and industry standards. Career education students, many of whom are older and seeking specific skills, are also likely to appreciate the

opportunity to move through a program of study at their own pace. The more that competencies become the currency of higher education, the easier it will be for students and employers to find the skills and credentials they need. Federal policy reforms that facilitate the development and rigorous evaluation of competency-based approaches, whether through direct assessment, prior learning, apprenticeships, or cooperative education, should be expanded.

Taken together, these reforms all encourage institutions to focus on student transitions out of school, rather than on enrollments and graduations. They will improve the quality of higher education programs for all students, not just those enrolled in career education programs.

### **The Crucial Role of Employers**

While updating federal and state policies governing career education can help improve outcomes for students and communities, building more connective tissue between school and career requires significant employer involvement. Institutions need willing partners to develop curricula and credentials and to provide students with work-based learning opportunities. Tax policy can be a tool for incentivizing employer support for education and training, but it does not have a strong history of success. To the contrary, employer engagement is usually the result of strong leadership (or tradition) at the firm or industry level and a commitment to making long-term investments in employee development.

Some sectors, like automotive and information technology, provide an excellent model for how developing industry standards and related credentials can help guide career education program offerings and improve quality. Siemens' and Toyota's investments in building apprenticeship programs in the Southeast are another example of how employers can effectively drive quality improvements in career education at local high schools and community colleges. The Wisconsin Regional Industry Skills and Education initiative is another example of how strong partnerships between employers and community colleges can improve outcomes for businesses, students, and whole communities.

But policy change cannot force employers to the table; it can only facilitate their participation once they are there. Initiatives that build the capacity of employers to work with community colleges, implement work-based learning models, develop standards, and design credentials are an essential counterpart to state and federal policy reform efforts to improve career education. When large companies like Boeing or Partners HealthCare engage with their education counterparts, it sends an important message. Business schools and consulting firms can also help build awareness among business leaders on the need to partner with education providers, not just think of them as contractors or suppliers.

# CONCLUSION

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College credentials are the price of economic opportunity today. The educational requirements of jobs have been steadily increasing over the last two decades, making postsecondary education a necessity for anyone wishing to avoid a lifetime in dead-end, low-wage jobs. Not surprisingly, as pathways into the middle class have narrowed, the demand for postsecondary education has increased significantly. But a large and growing share of students in college today are not pursuing bachelor degrees. They are enrolling in career education programs at the certificate and associate's degree level that are designed to prepare them for entry into a specific occupation. Taken together, these programs currently award over half of all undergraduate awards.

Despite strong growth in the supply and demand for postsecondary career education, it remains marginalized in higher education and is not well supported by current federal policies. The Higher Education Act provides the lion's share of funding for postsecondary career education programs, but the quality assurance system and eligibility requirements are not designed for students seeking skills and credentials for work. To the contrary, higher education policy makes it too easy for some institutions to provide high cost, low quality programs that generate significant risks for students and taxpayers. The same policies can make it difficult for institutions to develop the partnerships and instructional strategies

known to support successful transitions from school to work.

Rebuilding the American middle class will require new models for delivering postsecondary education that recognize the need for more targeted career education opportunities. Job seekers, employers, and whole communities are depending upon educational institutions like never before to help them develop the skills they need to thrive in today's fast-paced, competitive economy. Career education programs build strong linkages between educational institutions and the economy, but our education policies do too little to support them at the undergraduate level. We are already paying a high price for our failure to support these students – high debt levels, poor employment outcomes, wasted taxpayer dollars, and employers who still struggle to find workers with the right skills. There is every reason to believe that the demand for postsecondary skills and credentials is only going to increase in the future. The good news is that we know a lot about what makes postsecondary career education work – industry partnerships, structured learning pathways, contextualized instruction, and stackable credentials. Now we need to build the federal, state, and institutional policies to support those practices. The sooner the better.

## Notes

1. See O\*NET OnLine, a career navigation database operated by the U.S. Department of Labor: <http://www.onetonline.org/find/quick?s=medical+assistant.t>.
2. See O\*NET OnLine: <http://www.onetonline.org/link/summary/31-9092.00>.
3. College Navigator is a website operated by the National Center for Education Statistics at the U.S. Department of Education and provides consumer information about postsecondary educational programs and institutions. See <http://nces.ed.gov/collegenavigator>.
4. See 2012 Gainful Information Rates published by the U.S. Department of Education in June 2013 for program cohort default rates at Everest Institute Southfield: <http://www2.ed.gov/policy/highered/reg/hearulemaking/2012/gainfulemployment.html/>. See College Navigator for average student loan levels at Everest Institute Southfield: <http://nces.ed.gov/collegenavigator/?q=everest+institute+southfield&s=all&id=171322#finaid>.
5. See Carnevale, Anthony P., Nicole Smith, and Jeff Strohl. June 2013. “*Recovery: Projections of Jobs and Education Requirements Through 2020*.” Georgetown Center on Education and the Workforce: <https://georgetown.app.box.com/s/tllozkxtopuz45hu21g6>. Also, Manyika, James, Susan Lund, Byron Auguste, and Sreenivas Ramaswamy. March 2012. *Help wanted: The future of work in advanced economies*. [http://www.mckinsey.com/insights/employment\\_and\\_growth/future\\_of\\_work\\_in\\_advanced\\_economies](http://www.mckinsey.com/insights/employment_and_growth/future_of_work_in_advanced_economies).
6. See Bivens, Josh, Elise Gould, Lawrence Mishel, and Heidi Shierholz. June 2014. *Raising America’s Pay: Appendix Data*. Economic Policy Institute. <http://www.epi.org/publication/raising-americas-pay-data/>.
7. Pew Research Social and Demographic Trends: The Rising Cost of Not Going to College. February 2014. <http://www.pewsocialtrends.org/2014/02/11/the-rising-cost-of-not-going-to-college/>.
8. Ibid. See also OECD (2013), *Time for the U.S. to Reskill?: What the Survey of Adult Skills Says*, OECD Skills Studies, OECD: <http://dx.doi.org/10.1787/9789264204904-en>.
9. Associate degree awards have doubled from 2000 to 2012 (569,000 to 1.1 million). Bachelor’s degree awards over the same time period grew from 1.2 million to 1.7 million. See Digest of Education Statistics: [http://nces.ed.gov/programs/digest/d13/tables/dt13\\_318.40.asp](http://nces.ed.gov/programs/digest/d13/tables/dt13_318.40.asp).
10. See Digest of Education Statistics: [http://nces.ed.gov/programs/coe/indicator\\_cvc.asp](http://nces.ed.gov/programs/coe/indicator_cvc.asp).
11. This number includes 60 percent of students attending public two-year institutions (4,072,596), 100 percent of students in private for-profit institutions (1,513,613), and 9 percent of students in private, not-for-profit institutions (247,057). See [http://nces.ed.gov/programs/digest/d13/tables/dt13\\_311.15.asp](http://nces.ed.gov/programs/digest/d13/tables/dt13_311.15.asp).
12. For example, graduation rates of first-time, full-time degree/certificate-seeking students at two-year postsecondary institutions who completed a credential within 150 percent of normal time, by race/ethnicity, sex, and control of institution increased from 30.5 percent in 2000 to 31 percent in 2009. [http://nces.ed.gov/programs/digest/d13/tables/dt13\\_326.20.asp](http://nces.ed.gov/programs/digest/d13/tables/dt13_326.20.asp).
13. Abel, Jaison R., Richard Deitz, and Yaqin Su. 2014. *Are Recent College Graduates Finding Good Jobs?* [http://www.newyorkfed.org/research/current\\_issues/ci20-1.pdf](http://www.newyorkfed.org/research/current_issues/ci20-1.pdf).
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15. According to the New York Federal Reserve study, of students under 30 who borrowed money to pay for higher education, the share of those accounts that have been delinquent for 90 or more days has doubled from 8 percent in 2004 to 16 percent in 2012. The report also found that people with delinquent student loan balances were very unlikely to have originated a home loan.
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17. See Job Openings and Labor Turnover Survey, August 2014, Bureau of Labor Statistics: <http://www.bls.gov/jlt/>.
18. See for example Accenture 2013 Skills and Employment Trends Survey: Perspectives on Training, 2013. <http://www.accenture.com/SiteCollectionDocuments/PDF/Accenture-2013-Skills-And-Employment-Trends-Survey-Perspectives-On-Training.pdf>. Deloitte and the Manufacturing Institute, 2011. *Boiling point? The skills gap in U.S. manufacturing*, 2011. <http://www.themanufacturinginstitute.org/~media/A07730B2A798437D98501E798C2E13AA.ashx>.
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20. For claims that current college graduates lack key skills, see White, Martha. November 2013. "The Real Reason New College Grads Can't Get Hired." Time. <http://business.time.com/2013/11/10/the-real-reason-new-college-grads-cant-get-hired/>. See Osterman, Paul, and Andrew Weaver, 2014, *Why Claims of Skill Shortages in Manufacturing Are Overblown*, on the lack of significant change in underlying skills required for manufacturing. <http://www.epi.org/publication/claims-skills-shortages-manufacturing-overblown/>.
21. Cappelli, Peter. August 2014. "Skill Gaps, Skill Shortages and Skill Mismatches: Evidence for the US." NBER Working Paper No. 20832. <http://www.nber.org/papers/w20832>.
22. See Weil, David. 2014. *The Fissured Workplace: Why Work Became So Bad for So Many and What Can Be Done to Improve It*. Harvard University Press: Cambridge. See also, Atkins, Patricia, et al. June 2011. "Responding to Manufacturing Job Loss: What Can Economic Development Policy Do?" Metropolitan Policy Program at Brookings: [http://www.brookings.edu/~media/research/files/papers/2011/6/manufacturing%20job%20loss/06\\_manufacturing\\_job\\_loss.pdf](http://www.brookings.edu/~media/research/files/papers/2011/6/manufacturing%20job%20loss/06_manufacturing_job_loss.pdf).
23. The emphasis of the report was on fragmentation, duplication, and inefficiency in federal job training programs. A closer look at the federal policy reveals a very different picture. With regard to the 47 programs, most do not amount to much. More than half are very small and aimed at narrowly defined target populations – Native Hawaiians, refugees, migrant and seasonal farmworkers, low-income seniors, and ex-felons. Others, like the Registered Apprenticeship Program, provide no actual funds to either individuals or institutions. Still others, like Job Corps and YouthBuild, are for high school students. The largest of the programs – Temporary Assistance for Needy Families (TANF) – is primarily designed to provide income support to poor parents. Only 8 percent of TANF funds are used for employment and training services. In terms of funds that actually go to help individuals participate in training programs, \$9 billion is closer to the mark.
24. The White House. July 2014. "Ready to Work: Job-Driven Training and American Opportunity." [http://www.whitehouse.gov/sites/default/files/docs/skills\\_report.pdf](http://www.whitehouse.gov/sites/default/files/docs/skills_report.pdf).
25. Over the last decade there have also been a number of federal competitive-grant programs designed to help institutions develop career education programs, including the Trade Adjustment Assistance Community College and Career Training (TAACCT) grants and the National Science Foundation's ATE program. Institutions compete for these funds and while the grants can help institutions create new programs and update existing ones, they are one-off investments and do not help cover the costs of running and sustaining programs over time.
26. The Workforce Innovation and Opportunity Grant was signed into law in July 2014, replacing the Workforce Investment Act of 1998. In both versions of the law, there are four separate titles and Title I provides funding for job training programs for unemployed youth and adults.
27. Wandner, Stephen A., Randall W. Eberts. July 2014. "Public Workforce Programs During the Great Recession." Monthly Labor Review, Bureau of Labor Statistics: <http://www.bls.gov/opub/mlr/2014/article/public-workforce-programs-during-the-great-recession.htm>.
28. U.S. Department of Labor. 2013. Trade Adjustment Assistance for Workers Fiscal Year 2012 Report to the Committee on Finance of the Senate and Committee on Ways and Means of the House of Representatives: <http://www.doleta.gov/tradeact/docs/AnnualReport12.pdf>.
29. See National Postsecondary Student Aid Survey: <http://nces.ed.gov/datalab/powerstats/output.aspx>.
30. See "U.S. Background Information Prepared for the OECD Postsecondary Vocational Education and Training 'Skills Beyond School' Study." U.S. Department of Education, April 2012. This number likely underestimates the number of individuals enrolled in career education programs or those taking specific courses to build their skills. It does not include "noncredit" courses, which often have an occupational focus, but do not show up in federal education statistics. Also, the distinction between terminal and transfer associate degrees is not black and white, as a growing number of certificate and associate degrees aim to prepare individuals to enter the workforce and continue on to a degree. These "stackable credentials" are an important innovation in the design of postsecondary career education programs, but they are hard to capture in existing data on postsecondary credentials. <http://nces.ed.gov/surveys/ctes/pdf/PostsecVET.pdf>.
31. See Miller, Ben. June 2014. *Breaking with Tradition: Making Federal Grant Aid Work for Today's Students*. [http://www.edcentral.org/wp-content/uploads/2014/07/BreakingWithTradition\\_7\\_8\\_2014\\_2.pdf](http://www.edcentral.org/wp-content/uploads/2014/07/BreakingWithTradition_7_8_2014_2.pdf).

32. 2012 Freshman Survey, published on by the Cooperative Institutional Research Program, part of the Higher Education Research Institute at the University of California at Los Angeles.
33. See Sanburn, Josh. October 2012. Higher-Education Poll: The TIME/Carnegie survey shows the American public and senior administrators at colleges and universities are divided over how to fix higher education. TIME. <http://nation.time.com/2012/10/18/higher-education-poll/>.
34. A recent paper by researchers at Boston University similarly found that “student expectations for completing an undergraduate education tend to be very instrumental and personal, while higher education institutional aims and purposes of undergraduate education tend toward highly ideal life-and society-changing consequences.” See Chan, R., G.T. Brown, and L. Ludlow. *What is the purpose of higher education?: A comparison of institutional and student perspectives on the goals and purposes of completing a bachelor's degree in the 21st Century*. Paper presented at the annual Association for the Study of Higher Education (ASHE) conference. St. Louis, MO: Nov. 15, 2013. [http://www.dal.ca/content/dam/dalhousie/pdf/clt/Events/Chan\\_Brown\\_Ludlow%282014%29.pdf](http://www.dal.ca/content/dam/dalhousie/pdf/clt/Events/Chan_Brown_Ludlow%282014%29.pdf).
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36. Oakes, Jeannie, et al. 1992. “Educational Matchmaking: Academic and Vocational Tracking in Comprehensive High Schools.” Rand Corp.: <http://www.rand.org/pubs/reports/R4189.html>.
37. See Conway, Maureen, Robert P. Giloth, Eds. 2014. *Connecting People to Work: Workforce Intermediaries and Sector Strategies*. <http://www.aspeninstitute.org/publications/connecting-people-work>.
38. See the OECD's review of postsecondary career education in the United States, *Skills Beyond School*, for a more in-depth discussion of the limitations of institutional and peer review accreditation processes for assessing the quality of career education programs. <http://www.oecd.org/edu/skills-beyond-school/askillsbeyondschoolreviewoftheunitedstates.pdf>.
39. See National Center for Education Statistics: [http://nces.ed.gov/programs/coe/indicator\\_cvc.asp](http://nces.ed.gov/programs/coe/indicator_cvc.asp).
40. For more information on the relationship between noncredit education and educational advancement, see Ganzglass, Evelyn, Keith Bird, and Heath Prince. April 2011. “Giving Credit Where Credit Is Due: Creating a Competency-Based Qualifications Framework for Postsecondary Education and Training.” CLASP: Center for Postsecondary and Economic Success. <http://www.clasp.org/resources-and-publications/files/Giving-Credit.pdf>.
41. For more information on the lack of coherence in U.S. credentialing systems, see “Call for a National Conversation on Creating a Competency-based Credentialing Ecosystem.” CLASP. <http://www.clasp.org/resources-and-publications/files/Developing-a-Competency-Based-Credentialing-Ecosystem.pdf>.
42. In order to qualify for the grant and loan portions of the aid program, students must demonstrate financial need, be citizens, not be incarcerated, and have a high school credential. Aid packages vary depending on whether or not the student is paying for his/her education on their own or with help from family, the cost of the program, and its duration. While students can use their loans to pay for any of the expenses associated with their education, grant funds can only be used for specific things like tuition, fees, and some living expenses.
43. See Laitinen, Amy. 2012. *Cracking the Credit Hour*. New America. [http://higheredwatch.newamerica.net/sites/newamerica.net/files/policydocs/Cracking\\_the\\_Credit\\_Hour\\_Sept5\\_o.pdf](http://higheredwatch.newamerica.net/sites/newamerica.net/files/policydocs/Cracking_the_Credit_Hour_Sept5_o.pdf).
44. Ibid.
45. For more information, see Porter, Steven R. March 2014. “Competency-Based Education and Federal Student Aid.” <http://www.thehatchergroup.com/wp-content/uploads/Competency-Based-Education-and-Federal-Student-Aid.pdf>.
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training-certificates.html?pagewanted=all.

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49. See Choitz, Vickie, Julie Strawn, and Marcie Foster. March 2012. "FAQs on How the Loss of Ability to Benefit Options in Federal Student Aid Affects Those Without a High School Diploma." CLASP: Center for Postsecondary and Economic Success: <http://www.clasp.org/resources-and-publications/files/Ability-to-Benefit-FAQs.pdf>.
50. The private, not-for-profit sector is subject to the same rules as the for-profits, but they deliver a relatively small portion of postsecondary career education at the sub-baccalaureate level.
51. Digest of Education Statistics: [http://nces.ed.gov/programs/digest/d13/tables/dt13\\_303.20.asp](http://nces.ed.gov/programs/digest/d13/tables/dt13_303.20.asp).
52. In 2011-2012, for-profits institutions awarded 56 percent of all postsecondary CTE credentials, including 21 percent of all associate degrees, and 44 percent of certificates below the associate degree level.
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54. See Digest of Education Statistics: [http://nces.ed.gov/programs/digest/d13/tables/dt13\\_330.40.asp](http://nces.ed.gov/programs/digest/d13/tables/dt13_330.40.asp).
55. That number would likely be even higher were it not for a rule that required that federal funds not exceed 90 percent of an institution's revenue stream.
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57. The Institute for College Access and Success. March 2014. "Quick Facts about Student Debt." [http://projectonstudentdebt.org/files/pub/Debt\\_Facts\\_and\\_Sources.pdf](http://projectonstudentdebt.org/files/pub/Debt_Facts_and_Sources.pdf).
58. Neither the law, nor the rule, provides an actual definition of what constitutes a gainful employment program, beyond that it prepares an individual to work in a "recognized occupation." Since many college programs prepare students for careers, it can seem more than a bit arbitrary. But using the term gainful employment allowed the Department of Education to limit the scope of the rule to institutions that fit the definition of either a proprietary institution of higher education or a postsecondary vocational institution. That is, for-profit colleges and universities and public community and technical colleges and universities.
59. Personal interview with Marianne Krismer, H2P Consortium national director.
60. Stephen Steigleder and Louis Soares present a persuasive case for reforming and reorganizing federal workforce development and career training policies to support a comprehensive approach to building the country's human capital. The argument presented here is similar, but focuses on reforms to the higher education policy as the key to building a comprehensive and integrated system for skills development. See Steigleder, Stephen and, Louis Soares. June 2012. *Let's Get Serious About Our Nation's Human Capital: A Plan to Reform the U.S. Workforce Training System*. Center for American Progress: <http://www.americanprogress.org/issues/higher-education/report/2012/06/19/11721/lets-get-serious-about-our-nations-human-capital/>. See Louis Soares and Steven Steigleder – "Human Capital"
61. U.S. Departments of Labor, Commerce, Education, and Health and Human Services. 2014. "What Works in Job Training: A Synthesis of the Evidence." Washington, DC. <http://www.dol.gov/asp/evaluation/jdt/jdt.pdf>.
62. For more, see Harmon, Timothy, and Neil Ridley, with Rachel Zinn. April 2014. *Workforce Results Matter: The Critical Role of Employment Outcomes in Improving Transparency of Postsecondary Education and Training*. CLASP: Center for Postsecondary Education Success: <http://www.clasp.org/resources-and-publications/files/2014-04-29-CLASP-Workforce-Results-Paper.pdf>.
63. For more on the student unit record ban, see Laitinen, Amy, and Clare McCann. March 2014. *College Blackout: How the Higher Education Lobby Fought to Keep Students in the Dark*. New America: [http://newamerica.net/publications/policy/college\\_blackout](http://newamerica.net/publications/policy/college_blackout).
64. See ANSI Accreditation Services: <https://www.ansica.org/wwwversion2/outside/CAPgeneral.asp?menuID=212>.



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