ABSTRACT: America’s national security is founded upon strong economic structures which are, in turn, fed by an equally-strong education system. As a part of that system, America’s higher education effort is a critical component of the United States’ ability to compete in an increasingly globalized world. To that end, current issues confronting our higher education system include career preparation, the need for remediation at the higher education level, rising costs, and spiraling student debt. These four issues include overtones of larger national higher education themes which underscore the need for affordability, accessibility, accountability. Of course, recommendations for solutions to these issues must be considered in the context of overarching constraints within American culture and its higher education environment. America’s higher education system has a strong tradition of excellence, but is in need of reform in order for the United States to remain a world leader. Without reform, the “American Dream” may ultimately become beyond the reach of future generations.

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PLACES VISITED

Domestic

U.S. Department of Education (Washington, D.C.)
U.S. Senate, Committee on Education and the Workforce (Washington, D.C.)
American Federation of Teachers (Washington, D.C.)
American Council on Education (Washington, D.C.)
Council of Great City Schools (Washington, D.C.)
Department of Defense Education Activity (Washington, D.C.)
Early Education Initiative, New America Foundation (Washington, D.C.)
Home School Legal Defense Association (Washington, D.C.)
National Governors Association (Washington, D.C.)
Phoenix University (Washington, D.C.)
Wiley and Sons Textbooks (Washington, D.C.)
Education Testing Service (Washington, D.C.)
American Public University (Washington, D.C.)
Council of Chief State School Officers (Washington, D.C.)
Maryland Department of Education (Maryland)
Maryland Department of Higher Education (Maryland)
Montgomery County Public Schools (Maryland)
Baltimore City Public Schools (Maryland)
Montgomery County Community College (Maryland)
Montgomery County Career and Postsecondary Partnerships (Maryland)
Sylvan Learning Center Headquarters (Maryland)
University of Maryland, College Park (Maryland)
Boston City Public Schools (Massachusetts)
Department of Higher Education (Massachusetts)
Department of Elementary and Secondary Education (Massachusetts)
Massachusetts Institute of Technology (Massachusetts)
University of Massachusetts (Massachusetts)
Northern Essex Community College (Massachusetts)
Virtual High School Collaborative (Massachusetts)
Harvard Graduate School of Education (Massachusetts)
HarvardX (Massachusetts)
Mountain View Alternative High School (Virginia)
Thomas Jefferson HS for Science and Tech (Virginia)
Amidon Elementary (District of Columbia)
Potomac Job Corps Center (District of Columbia)
DC KIPP: KEY Academy (District of Columbia)
Boston Latin School (Massachusetts)
Chelsea City Public Schools (Massachusetts)
Minuteman Regional High School (Massachusetts)
Teacher Panel, Einstein Fellows (Washington, DC)
International

- Ontario Ministry of Education (Ontario)
- Ontario Institute for Studies in Education (Ontario)
- Canadian Forces College (Ontario)
- Father Henry Carr Catholic Secondary (Ontario)
- Central Tech Secondary School, Toronto District School Board (Ontario)
- Ontario College of Teachers (Ontario)
- University of Toronto (Ontario) (Enrollment and Tuition)
- Higher Education Quality Council of Ontario (Ontario)
- University of Toronto - Research and Innovation (Ontario)
- King’s College (London, conducted at National Defense University through a representative)
There is a direct logical correlation between a nation having a successful education system and the overall socio-economic well-being of its citizenry. Given the economic prowess and global influence of the United States, one would expect that the education system in the U.S. would be among the very best in the world.

While there are indeed pockets of excellence in kindergarten through twelfth grade (K-12) education and among various institutions of higher learning throughout the United States, the fact remains that when assessed against the international education standards of the Organization for Economic Cooperation and Development (OECD), America’s secondary education results warn that it is falling behind its contemporaries in providing the skills needed for student success at the post-secondary level. Our K-12 outcomes lead to limitations in students being able to access, afford, or successfully navigate post-secondary education; this, in turn, threatens the productivity of our citizens and our national security.

Skeptics may question the purported decline in America’s educational climate. By all accounts, the U.S. continues to have the strongest and largest economy in the world with a gross domestic product (GDP) of over 16 trillion dollars, a gross national income (GNI) per capita of approximately fifty thousand dollars, and the most influential and capable military in the world. But a closer look into the American education system shows that the achievement gap between the affluent and impoverished is steadily increasing.

Plus, while the U.S. may be successful despite certain inequities in its education system, there is grave concern that in a more globalized world, America will need to improve its overall investment in human capital in order to continue to be innovative and self-sustaining in the future. In other words, without foundational educational reforms, globalization will continue to impact the labor market in ways that will cause an increase in the percentage of unskilled and uneducated Americans, further burdening the nation with increased social programs that will eventually crowd out economic prosperity and accompanying national security needs.

Accordingly, within that overall context of American education, this paper takes a broad, holistic look at higher education in the United States and attempts to identify some key problems and provide viable recommendations that will ensure the U.S.’s continuance as a world leader.

Where We Stand Today

One cannot understand the issues facing higher education without broadening the scope to look at trends in K12 education. The international community has measured educational standings in lower grades for years, and these data points provide indicators for future success at the postsecondary level. One such assessment is the Programme for International Student
Assessment (PISA), which was last conducted by the OECD in 2012. This assessment was completed by over 510,000 random students in 34 OECD member countries to include 31 partner countries representing over 80% of the world economy.2

PISA assesses the extent to which 15-year-old students have acquired key knowledge and skills that are essential for full participation in modern societies. The assessment, which focuses on reading, mathematics, science, and problem-solving, does not just ascertain whether students can reproduce what they have learned; it also examines how well they can extrapolate from what they have learned and apply that knowledge in unfamiliar settings, both in and outside of school. This approach reflects the fact that modern societies reward individuals not for what they know, but for what they can do with what they know.3

In this report, the U.S. ranked 36th in math, 24th in reading, and 28th in science out of the 65 participating nations (see Figure 1).4 These results were lower than its neighbor to the north, Canada, which shares a similar education construct and were vastly overshadowed by its ally South Korea. These nations have much smaller economies than the U.S. and spend less on education per student but are inevitably, according to PISA, better preparing their students for the phenomenon of globalization.

Granted, PISA results alone do not totally account for the failures or the unique circumstances that define the overall U.S. education system. While the PISA results are certainly not without their critics, the test does provide indications that the United States’ ability to prepare its students for the rigors of higher education is lacking, and if these trends continue, this will threaten America’s status on the world stage.

From a more tightly-focused national security perspective, the PISA statistics uncover an unsettling narrative. In 2012, a task force co-chaired by former Secretary of State and National Security Advisor, Condoleezza Rice, and sponsored by the Council on Foreign Affairs, was commissioned to review America’s K-12 education system. Its charter was to provide insight into the current status of the U.S. education system and then comment on its national security implications. Using the results from the 2011 Nation’s Report Card, the task force found that 25% and 27% of

![Figure 1: PISA 2012 Results](image-url)
eighth graders across the nation were below basic comprehension levels in reading and math respectively, while 37% were deficient in science. In addition, 15 of 50 states had below average fourth grade math scores.

From a higher education viewpoint, these results become even more sobering. Only 75% of U.S. students graduate from high school in four years, with only 43% of these graduates considered to be “college-ready.” According to the Department of Education, “42% of students at two-year colleges and 39% of those at four-year colleges need to take remedial courses to attempt to relearn what they failed to master in high school.” Finally (and perhaps the most telling statistic with direct national security implications), the study found that 75% of young Americans do not qualify for military service, and of those who do, 30% had deficient scores on their Armed Services Vocational Aptitude Battery (ASVAB), disqualifying them from military recruitment. The task force summarized their overall observations and the national security implications of the current U.S. education system:

The domestic consequences of a weak education system are relatively well known …. A world class education system is vital to preserving not just the country’s physical security but also reinforcing the broader components of American leadership, such as economic dynamism, an informed and active democracy, and a coterie of informed professions willing and able to live and serve around the world… [However, because of the current failed system] students are leaving school without the math and science skills needed for jobs in modern industry. They are too often unable to pass military entrance exams. The State Department and intelligence services lack sufficient linguists and analysts for critical regions. By almost every measure, U.S. schools are failing to provide the kind of education our society will need to ensure American leadership in the twenty-first century.

When considered in light of other serious problems confronting the American higher education system, such as spiraling costs and crushing student debt resulting from post-secondary education, the prospects for continued American global leadership become even dimmer.

**The U.S. Education System in 2030**

Educational trends at the K12 level drive future challenges and developments in higher education. It is worthwhile to review those trends and the azimuth in which we are heading.

As a Constitutional matter, control of the nation’s education system is largely relegated to the individual states and local communities. While federal programs such as Race to the Top and the Investing in Innovation Fund (i3) have been beneficial to some schools, the end result is that education remains a state and local government responsibility. By using property taxes and other forms of revenue to fund school systems within a state, an inherent inequality frequently emerges as school districts in more affluent areas are predictably better able to provide certain resources to students than those in impoverished ones. This ensuing imbalance of education outcomes further exacerbates inequalities. Unfortunately, this decentralized structure, the widening of the income gap, and bureaucratic interplay between federal, state, and local levels will likely operate to stagnate advances in the U.S. education system in coming years.

Such a prediction is borne out by the Hoover Institute’s forecast for American education in 2030. It found that, without reform, the U.S. education system will likely yield the following results:

- Annual K-12 per pupil costs will triple in real dollar terms to about $36,000.
• Bureaucratic regulations will become more complex as external agencies seek to extend their authority over school operations.

• Testing systems designed to hold schools accountable will expand to cover additional grades and subjects.

• Because no one party is likely to control all branches of government, policy innovation will be incremental.

• State and federal courts will bring a broader range of school activities under their jurisdiction, as they mandate “adequate” school funding, protect student rights, and regulate relations between districts and their employees. The Supreme Court will identify a federal constitutional right to an “adequate” education.

• Test scores of those in the last year of high school (seventeen-year-olds) will remain essentially unchanged.

• High school graduation rates will decline from 72 percent to 68 percent of those who entered ninth grade four years previously.

• Schools will remain largely segregated along racial lines.

• The average cognitive skills of minority students will trail those of white students by a margin roughly equivalent to the amount by which white cognitive skills trail those of Asians. (Between 1978 and 2008, the white-Asian gap in eighth grade mathematics grew by 12 points, from 2 to 14 points, whereas the black-white gap narrowed by 4, from 32 to 28 points. If recent trends continue, the two gaps will eventually come to resemble one another.)

• The performances in math and science of U.S. students will remain below the industrial world average.

• The percentage of students classified as disabled will rise from 15 to 22 percent of the school-age population.

• The quality of the teaching force will decline significantly (as indicated by the test score performances of teachers and the selectivity of the colleges teachers attend).

• In sum, more money will be used to hire more people to work in schools, but their efforts will fail to translate into higher levels of student performance.

These predictions drive two specific forecasts for postsecondary education:

• There will be an increased need for student remediation to master basic high-school level skills prior to entrance into a two or four-year institution.

• There will be continued social prejudice towards the expansion of vocational programs.11
These trends speak to an education system that lacks the wherewithal to compete in a changing world, ultimately hindering U.S. leadership in innovation, economics, democracy and other world affairs.

Linda Darling-Hammond, author of the book *The Flat World and Education*, summarizes the familiar and logical nexus between education and globalization:

The world is changing, and … it is increasingly flat. Globalization is changing everything about how we work, how we communicate, and ultimately, how we live. Employers can distribute their activities around the globe based on the costs and skills of workers in nearly any nation that has built an infrastructure for transportation and communications … . As a consequence, education can no longer be productively focused on the transmission of pieces of information that, once memorized, comprised a stable storehouse of knowledge. Instead, schools must teach disciplinary knowledge in ways that focus on central concepts and help students learn how to think critically and learn for themselves, so they can use knowledge in situations and manage the demands of changing information, technologies, jobs, and social conditions.\(^12\)

Globalization is real, and American education is simply not keeping pace … and only by reforming our education system can we avoid 2030’s dismal outlook. In looking at the problem, we cannot simply address the mandatory twelve years of education a person receives prior to age eighteen. Postsecondary education, which spans the remainder of an American’s life, is equally as important.

**HIGHER EDUCATION: A NATIONAL SECURITY IMPERATIVE FOR AMERICA**

In the pursuit of the “American Dream,” a college education is presumed to open doors to an individual’s prosperous post-graduation life. However, higher education is rapidly becoming much more than that – it is an economic and national security imperative.

*The importance of education, generally:* In order to prepare Americans for the jobs of the future and help restore middle-class security, Presidential policy illustrates the important nexus between education and the future national security and economic strength of the United States\(^13\):

The strength of the American economy is inextricably linked to the strength of America’s education system. Now more than ever, the American economy needs a workforce that is skilled, adaptable, creative, and equipped for success in the global marketplace.

America’s ability to compete begins each day, in classrooms across the nation – and … we must comprehensively strengthen and reform our education system in order to be successful in a 21st century economy. The case for the link between the strength of American education and the strength of our economy is a simple one – and it is one that all Americans can agree on. Ensuring that every student in our country graduates from high school prepared for college and a successful career is central to rebuilding our economy and securing a brighter economic future for all Americans.\(^14\)
The importance of higher education, specifically: Through such a lens, the link between national security and higher education becomes a stark reality:

Earning a post-secondary degree or credential is no longer just a pathway to opportunity for a talented few; rather, it is a prerequisite for the growing jobs of the new economy. Over this decade, employment in jobs requiring education beyond a high school diploma will grow more rapidly than employment in jobs that do not; of the 30 fastest growing occupations, more than half require postsecondary education. With the average earnings of college graduates at a level that is twice as high as that of workers with only a high school diploma, higher education is now the clearest pathway into the middle class. In higher education, the U.S. has been outpaced internationally. In 1990, the U.S. ranked first in the world in four-year degree attainment among 25-34 year olds; today, the U.S. ranks 12th. We also suffer from a college attainment gap, as high school graduates from the wealthiest families in our nation are almost certain to continue on to higher education, while just over half of our high school graduates in the poorest quarter of families attend college. And while more than half of college students graduate within six years, the completion rate for low-income students is around 25 percent.15

Furthermore, for the past 10 years the United States has been losing its position as the premier provider of higher education. Once the leader in the world in percentage of citizens with advanced degrees, the United States now is ranked 11th.16 Ironically, this drop in advanced degree ranking has occurred while the demand for higher education has steadily increased. In this light, the current thrust of higher education policy focuses upon key initiatives aimed at improving college affordability, keeping overall higher education costs down, strengthening community colleges across the nation, and improving transparency and accountability for higher education institutions.17 All of this has prompted specific calls for emphasis on higher education, to specifically include a challenge for every American to commit to at least one year of higher education or post-secondary training, as well as a goal that, by 2020, America would once again have the highest proportion of college graduates in the world.18

STEM’s importance to national security: STEM initiatives play an important role in our national security future. In that regard, President Obama has set forth a specific challenge regarding science, technology, engineering, and mathematics: “Reaffirming and strengthening America’s role as the world’s engine of scientific discovery and technological innovation is essential to meeting the challenges of this century, that’s why I am committed to making the improvement of STEM education over the next decade a national priority.”19 STEM education is not just crucial for the U.S. economy, but also for national security - as contained within the National Security Strategy: “The United States of America faces a broad and complex array of challenges to our national security… . Our focus on education and science can ensure that the breakthroughs of tomorrow take place in the United States.”20

In this way, STEM embodies a pipeline of human capital that will grow our emerging and future innovators in both the economy and, importantly, all aspects of the economy that support the national security enterprise. The President’s initiatives take on a central level of importance when one realizes that “the primary domestic source of STEM labor in the United States is the education system.”21

To remain competitive in the future, we must be willing to identify our challenges and transform now. The investments and adjustments to our education system that will enable our nation to be prosperous and competitive twenty years from now cannot be achieved overnight.
CHALLENGES FACING AMERICAN HIGHER EDUCATION TODAY

The drumbeat is steady and loud on the need for our education system to adapt to remain competitive in an advancing, globalized world. This section outlines the higher education structure in the United States today, and outlines some of the most critical issues facing it.

Higher education in the United States is vast, with more than 4,726 degree granting institutions and 2,527 non-degree granting institutions. These institutions are divided into numerous categories to include: public, private nonprofit and private for-profit, two-year and four-year universities and colleges, community colleges and junior colleges. The institutions are of varying size and concentration, as large as 60,000 full-time, four-year students to as small as 100 part-time, single-credit hour students. The institutions offer a full spectrum of instruction for associate’s, bachelor’s, master’s and doctor’s degrees as well as certificates below the associate’s degree, such as job training and general instruction. This variety is a tremendous social benefit, in that it provides multiple opportunities for access to higher education.

However, the broad range of higher education institutions in the U.S. vary greatly in selectiveness and quality. The most elite U.S. colleges and universities are among the best in the world. A 2014 worldwide ranking of colleges and universities by The Times Higher Education resulted in a field-topping 26 U.S. colleges and universities placing among the top 45 in the world, based on performance indicators of teaching, research, citations, industry outcome and international outlook. America’s best colleges and universities appeal to students, professors, researchers and industries throughout the world. At the same time, poorly performing institutions suffer from low degree completion rates, high student loan default rates, and questionable educational outcomes.

Students choose to enroll in a broad range of post-secondary institutions for a variety of reasons. In years past, the ultimate goal of higher education was to prepare people to be good human beings that cared, understood and were interested in seeking the truth as good members of families and communities. Today however, many institutions of higher education are shifting their focus more towards career development and the education of world competitive skills that are believed to facilitate bright, productive thinkers and good jobs that provide for families. In order to meet societal needs, there is a strong argument that higher education must now function more as a “training ground for advanced vocational and professional skills.”

National initiatives to improve higher education in America are frequently discussed in terms of one or more of three broad categories – affordability, accessibility, and accountability related efforts. While there are dozens of issues concerning higher education across these categories, four challenges are particularly important to our nation’s future. These four issues include: Career Preparation -- educating the future workforce to be competent and competitive; Remediation -- providing pathways for students not prepared to perform at the post-secondary
level; Tuition Costs – keeping higher education affordable for all Americans; and Student Debt – minimizing economic burdens created by student borrowing.

**Challenge: Career Preparation**

Large numbers of youth in America will not attain a four-year degree – it is simply a matter of capacity for our four-year universities. At the same time, there will likely continue to be a significant need for workers across widely varying jobs throughout our society. Reconciling these concepts and simultaneously meeting the needs of America’s entire future workforce while also providing viable economic avenues to middle-class success is a complex and large-scale challenge. Failure to meet this challenge simply ignores the economic and educational needs of large numbers of Americans and their families. Even though post-secondary training is becoming more and more of a prerequisite to success in our globalized economy, it is vital for educational policies to recognize that such training is not limited to four-year university educational institutions.

Initiatives to that end include addressing many of the classical problems regarding the accessibility, accountability, and affordability of higher education overall. Notably, national efforts in higher education currently include efforts to re-envision career and technical education (CTE) programs. Currently, as recognized by the Office of the President and the U.S. Department of Education, additional effort is necessary in order to align CTE programs with college and career standards, as well as the needs of employers, industry, and labor organizations.28

If successful, these initiatives will give large numbers of post-secondary students the skills to combine rigorous academic and technical content with strong employability skills and work-based learning opportunities and realistic career development. Such efforts must also specifically contemplate immigration issues which are confronting educational and governmental leaders at all levels. The current federal initiative to that end includes the “Blueprint for Transformation of the Carl D. Perkins Career and Technical Education Act,”29 which reflects the current administration’s plan to give more high school students the needed preparation to succeed in a CTE environment.

That said, the Administration’s efforts (and others like them) require support – not only through federal channels, but also through state and local governments, education professionals, and the American public. Such support will necessarily require additional financial resources and shifting cultural paradigms within American society.

In addition to governmental efforts to address CTE, for-profit corporations have also identified a gap in career-preparation and adult education services, and have attempted to establish themselves as viable options to fill that need. These schools fill a niche that caters to working adults seeking to better themselves and/or change careers. This “non-traditional” population now makes up 38% of the post-secondary population, and is expected to grow to a majority by 2019.30 They generally gear themselves to meet the challenges of adults encumbered with life responsibilities, to include providing flexible learning schedules that allow students to meet work and family requirements while also attending schools. During the last two
decades enrollment at for-profit schools has grown significantly, and now makes up about 12% of the post-secondary population.\textsuperscript{31}

Despite the growing popularity of for-profit institutions, students attending these schools have shown less successful outcomes in terms of future job placement and income (as measured by student loan-payback rates), when compared to other schools. As of 2010, 43% of all student loan defaults came from students who had attended for-profit schools, even though they consume only 24% of student loan dollars overall.\textsuperscript{32} There could be numerous reasons for the higher default rate, to potentially include poor quality of education for some for-profits, low reputation of a for-profit degree in the competitive workforce, or an inability for a student to translate the lessons from school into a profitable career. However, it is clear that the high default rate in for-profit loans exposes a high level of risk that is assumed by both students and the government. In all, the rise of the for-profit higher education model has presented multiple opportunities – and corresponding challenges – for consumers as well as education professionals.

**Challenge: Remedial Education**

To achieve a vision of a nation filled with a highly educated population, leaders at all levels must address the challenges of the post-secondary performance gap and remedial measures to bridge that gap. As previously noted, nearly half of the students who start a post-secondary program fail to complete a degree within six years. These students earn significantly less than their college graduate peers and face a much harder pathway to the middle class.\textsuperscript{33}

Remedial education, also known as developmental or basic-skills education, are below-college level classes taken at post-secondary institutions in order to raise academic performance to the college level.\textsuperscript{34} Many students going from high school to college, or returning to the classroom after a break, are simply not prepared to perform college-level work. Many of the students who fail to complete a degree require remedial education: between 28% and 40% of first-time undergraduate students (depending on how the statistic is measured – one variant is at Figure 2\textsuperscript{35}) enroll in at least one remedial course, and community colleges may require remedial classes from more than 50% of their students.\textsuperscript{36}

There is no common understanding of what constitutes being college-ready, and no common standards for placement into below-college level preparatory courses. Instead, post-secondary students are placed into remedial courses depending on their performance on a variety of standardized exams. Some institutions use a score from the SAT

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\textbf{Figure 2 – Student Completion Rate.}
or ACT college admission exams, while others use the Accuplacer or COMPASS placement exams. Neither the type of test, nor the cut-off score that determines enrollment into college-level courses, is standard across or even within state institutions. What one college considers remedial may be deemed as on-level at another institution.\textsuperscript{37}

The overall outcome of remedial coursework has been mixed. According to recent statistics, only 27\% of those who enroll in remedial math go on to complete a degree; and only 17\% of reading remediation students eventually graduate.\textsuperscript{38} These outcomes have led some researchers and policy analysts to conclude that traditional developmental coursework is not effective.\textsuperscript{39} However, other researchers caution that conclusions cannot be neatly drawn due to inconsistencies in metrics and data measurement across studies.\textsuperscript{40} Undoubtedly, the entire issue of remedial education points to systemic challenges in both K-12 as well as higher education. Resolving these issues takes on a particular sense of urgency when one considers the considerable costs associated with remedial coursework, within the overall framework of rising costs across the spectrum of higher education.

**Challenge: The Rising Cost of Higher Education**

Spiraling tuition costs are threatening access to higher education, quickly outpacing median family incomes in America (Figure 3).\textsuperscript{41} Between 2007 and 2012, tuition at public four-year institutions increased by more than 15\% in 40 states, with 18 of those states raising by more than 25\%, seven states raising by more than 50\%, and, incredibly, public university tuition in California and Arizona growing during this period by more than 70\%.\textsuperscript{42}

A primary reason for the rise in costs is that the amount of legislative contributions to public higher education plummeted in the last decade because of serious state budgetary shortfalls. Because 80\% of U.S. students enrolled in degree-granting, nonprofit colleges attend publicly-funded institutions, tuition increases in these schools had an immediate effect on a large swath of students; thus, it is no surprise that trend lines between student tuition costs and legislatures’ decisions to redirect public funds elsewhere correspond with the spike in student loan outlays.\textsuperscript{43} Moreover, this phenomenon has not been restricted to public higher education. When tuition began to increase in the public sector, that fact was not lost on private universities; in part because of a desire to maintain prestige and accumulate revenue, private institutions raised their tuition as well.\textsuperscript{44} Since many elite private schools turn away huge percentages of their annual applicants,\textsuperscript{45} they arguably have “no reason to lower tuition and every reason to continue raising it.”\textsuperscript{46}
To address the issues of rising costs, President Obama has implemented more policy changes by way of individual and institutional financial aid programs and incentives than any other President in recent history.\textsuperscript{47} One such policy reform encourages institutions to control tuition prices by threatening to reduce or take away federal aid funds from institutions with unreasonable tuition increases while providing additional funds to institutions that better control tuition and provide exceptional value to disadvantaged students.\textsuperscript{48} Another policy known as The Race to the Top: College Affordability and Completion, includes a $1 billion investment to encourage education reform within the States. Specific areas encourage reforms to state financing for higher education, alignment of K-12 and college standards to increase on-time completion, maintaining consistent long-term funding to address causes of tuition increases, and motivating governors and state legislatures to use innovation and technology to keep costs down.\textsuperscript{49} Examples of innovative ideas to that end include the use of technology and online education (such as MOOCs, or Massive Open Online Courses) which can both reduce costs as well as reduce the amount of time it takes to get a degree or certification.\textsuperscript{50}

Additionally, in an effort to provide better information to allow higher education consumers to make better value related school choices, President Obama has also directed the development of decision-making tools for families that are easy to understand. These tools include a College Scorecard designed to compare different colleges based on student needs, price affordability, and best aligned with their career and educational goals, and an updated version of the Financial Aid Shopping Sheet that makes comparing different financial aid packages. Finally, the government will begin to collect earnings and employment information for previously graduated students, so that prospective students can gain a better prospective on possible outcomes following college completion.\textsuperscript{51}

These efforts will incentivize states and institutions to control costs, and will allow individuals to make better value comparisons, so they can more wisely spend their education dollars. Efforts to control costs through on-line technology is promising but is still in initial stages.

However, to fully address rising tuition costs, policies on individual financial aid and student loans must be reconsidered. Current financial aid approaches arguably create a market failure, as student access to financial aid dollars without an understanding of the long-term costs undermines competitive conditions. With no economic disincentives for borrowers, an environment can develop where there is no real check on rising tuition costs – especially when public funding is being redirected elsewhere because of more pressing social needs. The ensuing spiral is a predictable one, where rising tuition costs are fed by an increasing supply of personal student debt.

\textbf{Challenge: Student Debt}

Federal participation in higher education lending stems from the mid-20\textsuperscript{th} century, when the aptly-named National Defense Education Act of 1958\textsuperscript{52} authorized loans to higher education students in order “to strengthen the national defense and to encourage and assist in the expansion and improvement of educational programs to meet critical national needs” (emphasis added).\textsuperscript{53}
Since then, federally-supported lending has increased steadily, but it surged dramatically in the decade from 2003-2013; during that period, federal lending nearly doubled.\textsuperscript{54}

Student loans’ outstanding amounts have now topped $1 trillion.\textsuperscript{55} This sum is still growing, and has even exceeded the total amount of credit card debt in America.\textsuperscript{56} Moreover, 11.5% of the debt is more than 90 days delinquent or in default,\textsuperscript{57} with one in ten borrowers defaulting in their first two years of repayment and one in seven defaulting in the first three years.\textsuperscript{58} Overall, this is the highest delinquency rate for all forms of American debt, and the only form of U.S. consumer debt that has risen consistently since 2003\textsuperscript{59} (see Figure 4\textsuperscript{60}). Because of high levels of indebtedness, many borrowers are delaying or declining to engage in major life and economic decisions such as getting married, having children, purchasing a home,\textsuperscript{61} or even starting a small business\textsuperscript{62} until they are in a more secure financial situation.

Even more troubling, student loan debt is increasingly wide-spread. A full 42% of American millennials\textsuperscript{63} report that they, or someone in their household, have student debt, and 57% feel that student loan debt is a major societal problem.\textsuperscript{64} Such opinions are understandable, given that the average student debt of a new college graduate is about $30,000 today,\textsuperscript{65} compared to just $17,233 in 2005.\textsuperscript{66} These sums can be particularly daunting for the increasing numbers of young adults who are encountering difficulties finding productive post-graduation employment.\textsuperscript{67} In fact, the number of recent college graduates who are unemployed or underemployed has risen steadily since 2001, and the quality of their jobs has declined as well, with recent graduates increasingly taking low-wage or part-time positions.\textsuperscript{68} Student loan debt can be outright devastating for the nearly 50% of college students who drop out of college before earning their degree,\textsuperscript{69} because they incur substantial financial obligations without the economic benefit of an additional academic credential.

The sheer volume of student borrowing has caused the entire business cycle of lending, repayment, and debt collection to rapidly grow into a large-scale financial enterprise. In this regard, it is important to note that the collection process for defaulted student debt can have serious repercussions for borrowers; student loan defaulters enjoy no statute of limitations protections on the underlying debt,\textsuperscript{70} and they become subject to special penalties\textsuperscript{71} through collectors with unique authorities to seize some borrowers’ paychecks, tax refunds, and Social Security benefits without a court order.\textsuperscript{72} All of this has caused critics to describe student loan debt collectors as wielding widespread “power that would make a mobster envious.”\textsuperscript{73}
Tragically, the entire situation is poised to worsen in coming years. This is because the full effects of modern student loan indebtedness are not yet fully realized. Tremendous numbers of students with the largest debt balances have not yet graduated with their degrees, and therefore have yet to get their first job, or make (or miss) their first student loan payment. These new graduates will have to struggle mightily in order to repay their student debt, and they may not be able to do so at all.

These current trends in the areas of career preparation, remediation, rising costs and student debt all point to the rise of a future workforce increasingly encumbered with large amounts of student debt, yet unprepared to complete college-level work and lacking the technical skills needed for the future job market. Reversing these trends will require action now.

**LIMITATIONS ON CHANGE:**

**CONSTRAINTS WITHIN AMERICA’S HIGHER EDUCATION SYSTEM**

Clearly, the need for change in our higher education system is both real and urgent. That said, there are certain foundational aspects of our higher education system that place constraints upon initiatives for change.

*Important aspects of American life and culture – as manifested in higher education*

Certain discrete aspects of America’s social culture have a direct impact upon our higher education system – specifically, the central importance of individual success, our pursuit of happiness, the freedom of individual choice, and the reality of income inequality. Clearly, certain aspects of individualism (arguably the core of American values), self-sacrifice, and hard work are rooted deeply in early American traditions. The value of individualism has permeated every corner of American society and of the American psyche - placing great value on self-reliance, especially in view of education and expectations on education’s output.

In many ways, these aspects of individual freedom have been powerful engines of economic production and social upward mobility. Motivated by a desire for self-improvement, many individual Americans have made powerful contributions to the U.S. and world economies. At the same time, there have been social costs associated with these individually-focused perspectives. After all, personal economic self-interest can easily become a priority over more generalized efforts at social improvement. Self-interests and an emphasis on individual freedom of choice in educational systems can waste precious educational resources during those times when individual students seek out their own educational/professional goals over a period of years – or even decades. In other words, self-determination and freedom of educational choice can come at great social and personal cost.

Even so, these “American” ideals are unlikely to change, and they must be carefully considered in light of any efforts to change U.S. educational systems. In other words, Americans may not be receptive to higher education reform efforts that do not fully appreciate such traditional American concepts of individualism and choice. At the same time, a corollary is true
as well: changes to American higher education can best be accomplished when they are framed within these classically American traditions.

**Limitations on federal influence**

The challenges of federal influence over education in the United States are many and the debate about who should steer education has existed since the founding of our nation. In fact, by omission in the U.S. Constitution, it is often noted that the federal government was never intended to have any control over the education system.

Congress has further solidified this idea of keeping the federal government out of education through Title 20 section 1232a of the U.S. Code:

No provision of any applicable program shall be construed to authorize any department, agency, officer, or employee of the United States to exercise any direction, supervision, or control over the curriculum, program of instruction, administration, or personnel of any educational institution, school, or school system, or over the selection of library resources, textbooks, or other printed or published instructional materials by any educational institution or school system.74

By leaving education to state and local control, existing laws make an over-arching federally-mandated educational construct extremely unlikely. Even though this arrangement creates difficulties in the areas of standardization of educational standards and curricula, decentralized control has certain benefits, such as increased opportunities for innovation and rapid change.

**State legislative control and taxation structures supporting our public higher education system**

About 80% of U.S. students enrolled in degree-granting, nonprofit colleges attend publicly-funded institutions,75 which are supported, in part, by funds from state legislatures. As a result, state governments exert significant control over a majority of higher education institutions, and that status is not likely to change. However, this overall constraint upon change must be viewed through the appropriate lens: there are certain discrete aspects of this relationship that are in flux.

Nonetheless, in the eyes of some, state governments are becoming less important to the fiscal lives of their respective public institutions of higher learning, providing only about one-third of public colleges’ revenues.76 These funds’ availability generally enables institutional imperatives like faculty/staff salaries,77 and they are therefore absolutely critical to the institutions’ successful and continued operation. However, such fiscal support has a recent history of erosion in the public higher education sector – an extremely important consideration.78 Even in view of its far-ranging impact upon a broad swath of higher education students, state funding has plummeted in recent years. The loss of state aid has caused tuition and fees to increase exorbitantly. The end result is a so-called “state-to-student” shift of college costs, likely putting an affordable college education increasingly out of reach for Americans.79

Despite this climate, state legislatures continue to exercise significant amounts of control over state public institutions – even if they are no longer paying previous amounts of operating costs. Of course, the specific internal environments of various states differ greatly, but there are some general trends in this regard that are useful for consideration, in a strategic sense. Specifically, the interplay between a cadre of relatively inexperienced legislatures and increased
party polarization has been a topic of increased discourse among higher education professionals, underscoring the importance of communicating key issues and priorities.

The odd dynamic of limited experience (at the start of 2013’s legislative sessions, the collective state of policy making experience among legislators was at a historic low; more than one-half had been in office for two years or less),\textsuperscript{80} lessening amounts of state financial support for higher education, and static levels of legal oversight/control over higher education institutions will doubtlessly create a challenging dynamic for all involved parties. At the same time, public colleges and universities are operating in an increasingly politically-charged environment, with “divided government” (where the governor is from one party but the legislature is controlled by another) at historic lows.\textsuperscript{81} This near-monopoly of political influence may create a climate of politically-charged agendas and the potential of overly-expeditious passage of legislation – a trend that may continue for several years to come.

Importantly, state support of higher education operates against the backdrop of discretionary funding. A significant part of state legislatures’ budgets include “mandatory” spending items that must be supported at specified minimum levels which are mandated by state or federal law or by judicial decisions. In such situations, funding cuts can result in the loss of federal funding – with predictably impacts upon state legislators’ constituents. Of course, public higher education does not enjoy this preferred status. Instead, public higher education is generally a discretionary budget item that can be reduced without harsh penalties or consequences from federal or judicial authorities.\textsuperscript{82} The unpredictability of state budgetary contributions to higher education is a reality within which our higher education system must operate. In fact, given the economic challenges our country faces, reductions in state contributions to higher education may become the norm.

\textit{Structures within higher education institutions}

At the institutional level, constraints come from the accountability structures that establish the institution’s direction and creditability. Accountability is derived from governing boards and from accreditation. Depending on the state and type of institution, public colleges and universities may act semi-autonomously, or may be overseen very exactingly through governing boards. Private and for-profit institutions act in accordance with private trustee and alumni board guidelines, or based on the profit expectations of owners and shareholders.

American institutions of higher education are regionally accredited, in order to ensure that each individual institution is held at an acceptable level of quality. Accreditation in the United States involves close work between non-governmental entities as well as governmental agencies. Independent accrediting agencies are responsible for developing relevant evaluation criteria and for conducting evaluations to assess whether or not those criteria are met, as a precondition to accreditation by that particular agency. Unless reform attempts are intended to specifically remedy alleged accreditation shortcomings within the higher education system, any such attempts will necessarily operate within the existing accreditation process.

Understanding the cultural, governmental and structural barriers to change is necessary in order to plan a path for realistic reform. The U.S. is unlikely to institute some programs that have been successful in other high-performing nations, such as a National Ministry of Education or a rigid “track” system that steers students to either vocational or academic programs early in
their student life. However, there are areas that can be addressed now that will greatly assist in correcting current negative trends in career preparation, remediation, rising costs, and student debt.

**RECOMMENDATIONS TO MEET AMERICA’S CHALLENGES IN HIGHER EDUCATION**

Education is critical to retaining our nation’s competitiveness and increasing Americans’ economic mobility. President Obama has repeatedly spoken of the importance of higher education as the “gateway to a middle class life” and the way to “retain our workers for the jobs of tomorrow,” plus he has set a goal for the U.S. to have the highest proportion of college graduates in the world by 2020.

The common and consistent challenges confronting higher education include comprehensive approaches to career preparation, increasing requirements for remediation at the post-secondary level, the rising cost of tuition, and the resulting increase in student loan debt. The following recommendations are based on the Education Industry Study seminar’s visits in Maryland, Virginia and the District of Columbia, various guest speakers, individual research, and meetings with education professionals in Massachusetts and the Province of Ontario.

**Recommendations: Career Preparation**

Encourage/incentivize apprenticeship programs that start at the high-school level and carry over to community colleges or vocational training programs.

There is a regrettable stigma in America regarding vocational training. Unfortunately, it is often viewed as a last resort option for students who are not at the forefront of their academic endeavors. Such a view is antiquated and could not be further from the truth. The American labor market will always have a need for talented auto mechanics, electricians, carpenters, plumbers, veterinary technicians, culinary experts, and cosmetology experts … skills that cannot be readily outsourced offshore. Additionally, it is a simple fact that not everyone needs to attend a four-year university right out of high school for a variety of reasons: financial issues, poor grades, family situation, etc. Plus, given the state of the economy for many recent university graduates and their ballooning student loan debts, a university degree does not make economic sense for many students … despite many pervasive American cultural beliefs to the contrary.

In coming years, upward social mobility and economic security will not necessarily be tied to a four-year university education. Accordingly, biases against vocational programs need to be confronted head-on, in elementary and secondary schools through direct and candid communications with stakeholders – to specifically include parents and students. While postsecondary institutions may provide a final gateway to career preparation, we cannot wait until then to expose our future workforce to the fundamental skills (and especially STEM skills) they will need for career success. Although such initiatives are certainly not commonplace, our Industry Study examined specific instances where early exposure to vocational education greatly
assisted individual students and met community needs; for example, Minuteman High School in Massachusetts tied specific aspects of its curriculum with local industries’ requirements in order to expose students to workplace issues, even if those students intended to proceed to a college or university setting.

**Encourage/incentivize more community college-industry partnerships (CCIPs).**

Strong CCIPs develop around local and regional economic needs. Local employers oftentimes need a workforce with more than a high school education, but less than a four-year postsecondary degree. CCIPs meet the needs of the local industry and provide real economic benefits to their local community as well as incentives to its future students. State and local governments should place increased amounts of emphasis in these areas in order to ensure that there are additional options available for individual students, while also ensuring a steady supply of educated workers in those specific technical areas where needs will be greatest. As is the case of the recommendation above, such an effort will necessitate adjustment of certain classic areas of American thought regarding what constitutes “success” in our society. Simply put, many in our society – to specifically include parents, teachers, and prospective students – need to fully grasp and implement an educational philosophy that there are multiple pathways to a successful middle class lifestyle … and not all of them are through a four-year university.

**Develop other measures of success for community colleges other than graduation rates.**

Due to strict reporting requirements, community colleges often find themselves making choices between the students’ success and their own. If a community college is graded on how many students they graduate with a two-year degree, the incentive may be to counsel a high achiever to not transfer after one or two semesters, if within the reporting system, that early transfer will look like a “failure” for the community college. Local community colleges need the flexibility and adaptability to define success via the community and customer base they serve. Inflexible metrics often frustrate the “best interests of the student” standard, and have unintended consequences for many students.

Granted, current efforts to improve higher education institutions’ accountability measures are important parts of the current administration’s higher education initiatives. As these accountability measures gain additional traction and acceptance over coming years, they will undoubtedly deserve some additional changes in order to accommodate the needs of various higher education institutions and the students they serve.

**Recommendations: Remedial Education**

**Develop standard expectations and assessments across the educational spectrum.**

While developments in defining and delivering remedial education are promising, gaps still exist between high school and higher education standards, expectations, and assessments. Policymakers should look to standardize remedial assessments, and link these assessments to Common Core standards.
To better address academic expectations and transitions between K-12 and higher education systems, states should consider organizing their education departments into umbrella PK-20 organizations rather than maintaining separate stove-pipes for each level. At the local level, community colleges should partner with feeder high schools to develop early assessment programs so students have time to improve in problem areas before they graduate. It will undoubtedly be difficult to implement a national set of standards to this end; but, organizations such as the National Governors’ Association and the U.S. Department of Education can certainly encourage collaboration and sharing of best practices in order to gain consensus and lessen the need for post-secondary remediation.

Address educational difficulties earlier in the education system.

Gaps in educational attainment begin as early as pre-kindergarten, and disproportionately affect students with socio-economic challenges. Improving education at the lower levels will go a long way to eliminate the need for remedial education. Improved achievement in low-performing students is unlikely to occur without individual students having a strong foundation and an environment that fosters learning. Solutions will likely require providing disproportionately more resources to at-risk, low-income schools – as well as involvement of governmental entities beyond education-related ones (to include housing, labor, and medical needs). Such an approach recognizes that comprehensive “wrap around” services, directed at the pupil’s entire environment, are frequently necessary in order to address systemic subject matter mastery. By recognizing that such measures require substantial financial investment, state educational systems must make funding for such efforts a budgetary priority.

Encourage innovations to delivery of remedial education.

To improve remedial outcomes upon enrollment in college, some colleges are admitting all students directly into college-level courses rather than placing them in remedial courses, instead providing supplemental labs, tutoring, or other academic supports to provide additional instruction as needed. Data indicates students in these programs receive passing grades at a much higher rate than others taking traditional prerequisite remedial courses. Programs like these should be encouraged. However, despite promising innovations, it is clear that no silver bullet has been found to fix the problems in developmental learning. Thus, federal and state policymakers, as well as establishments such as the Gates Institution, should continue to encourage colleges to conduct research and develop better practices in remedial education.

Recommendations: The Rising Cost of Higher Education

Promote on-line learning programs such as MOOCs, in order to reduce tuition costs.

In their short history as learning platforms, MOOCs have already made significant contributions to global educational access. Although students are not currently authenticated and it is difficult to conduct assessments which could award credit towards degree completion, establishing for-credit MOOCs could provide amazing opportunities and innovation in post-secondary education.
Of course, there are significant disincentives to such a development – to include the fact that institutions of higher education would be producing a product (high quality educational materials) while likely receiving little (or no) payment for that service. Nonetheless, the overall social benefit to be gained from such wide-ranging access to rich educational materials is tremendous. In this way, policies regarding payment, recognition, assessments, and accreditation of MOOCs (all of which are currently non-existent) comprise an area that is ripe for creative development.

**Unite the higher education community to build consensus for continued implementation of President Obama’s College Scorecard.**

The ability for parents and students to receive instantaneous information relating to their respective college of interest in terms of costs, graduation rates, average defaulted loans, average amount borrowed and potential employment after graduation is a step in the right direction. Although some tweaking may be required, the scorecard is a great mechanism to allow families to make informed decisions on high performing and cost effective institutions. Creation of a consumer-friendly information database on higher education with useful, reliable information on institutions would enable students, parents, policymakers and others to weigh and rank comparative institutional performance.

**Continue to allow federal aid to pay for remedial courses, but promote less expensive alternatives that accomplish remedial courses’ goals.**

Schools who serve underprepared populations should not be financially penalized for accepting students who because of their background may be less likely to graduate or take a longer time to complete a degree. States and colleges should look to find cost-saving measures in remedial course delivery, to include developing co-requisite courses that do not add to the time a student is enrolled, and grouping remedial courses at the community colleges rather than providing them at all institutions. Most importantly, schools should strive to keep remedial education fees contained within those programs, and not used to offset more expensive elements of the college.

**Continue to incentivize efforts to cap rising education costs.**

Current Administration policies that use federal aid funds as carrots or sticks to encourage institutions to control costs are promising, and should be continued. Race to the Top challenges on college affordability provide additional incentives to inspire best practices and innovative ideas to control costs. These fiscal policy measures cost relatively little but provide a needed drive toward desired behavior.

**Recommendations: Student Debt**

The spiraling issue of student debt is one of critical importance to our future competitiveness as a nation. The current system weighs down students with excessive debt, but without the economic means to repay their loans and similarly without the legal mechanisms to avoid repaying them. Because they cannot realistically seek the protection of personal
bankruptcy, these borrowers’ personal economic situation will likely continue to deteriorate, with predictable consequences for an already-anemic job market and an American economy that continues to sputter.

The economics of the current student debt crisis (so-called by numerous practitioners in the field, based upon the nexus between surging costs and legions of borrowers’ subsequent inability to repay the loans) will require substantial legislative responses in order to achieve workable solutions. The two recommendations listed below contemplate such legislative action— but hopes for success must be tempered by the rapid turnover of legislators at the state and federal level, and the fact that many of them lack significant experience with education policy (one of the educational system’s constraints discussed above).

**Repeal 11 U.S.C. § 523(a)(8) in order to relieve bankruptcy discharge restrictions applicable to student loan debt.**

One particular aspect of the student loan crisis has been largely overlooked from a policy perspective: student loans are made without regard to the borrower’s future creditworthiness. Advocates of this policy argue that a creditworthiness-blind system permits access to higher education for those members of society who need it the most, especially when young borrowers have little or no personal credit history. However, by relying upon a lending scheme that ignores differences in borrowers’ future debt repayment abilities, our current student loan system undoubtedly leads many individual borrowers to take on far too much debt when compared to the amount of real financial value on return. It is a simple reality that some college graduates earn much more than others soon after graduation, while some graduates struggle to find any employment at all. In fact, the difference in earning power between one undergraduate major and another can be more than 300%. It simply follows that lending decisions for the pursuit of higher education should, at some level, be made with a candid financial assessment in mind.

President Obama has also developed policy to attempt to get relief to the ever-growing student loan problem. In August 2013, the White House proposed a plan to make college more affordable, which provides ways for those with existing (or future) debt to manage their obligations. The plan provides for expansion of income-driven repayment plans that allows for more flexible repayment terms, and recommends allowing all student borrowers to cap their federal student loan payments at 10 percent of their monthly income. However, these plans do not address the overall amount of the loan, and reduced monthly payments can result in longer payment terms, which increases the overall amount of interest paid.

To create real transformation in the student debt issue, policymakers should consider changes to American bankruptcy law. Current bankruptcy laws intentionally set an extremely high bar for the discharge of student loans. In that regard, the statutory language of 11 U.S.C. § 523(a)(8) is explicit: “unless excepting such debt from discharge … would impose an undue hardship on the debtor and the debtor’s dependents” (emphasis added), a bankruptcy discharge will not relieve a debtor from any debt that originates from “an educational … loan made, insured, or guaranteed by a governmental unit” or “any other educational loan that is a qualified educational loan.”
In application, a change to § 523(a)(8) can play an extremely important role. If lenders (whether private lenders or the federal government) begin to realize that some students might be unable to sustain future repayment and perhaps obtain a lawful discharge through bankruptcy, those lenders will become more prudent in their lending habits. For example, lenders might decide to increase interest rates in order to account for additional risk inherent in some underlying loans. In any event, if students are unable to secure high amounts of student loans at a low interest rate in order to pay high tuition amounts to universities, those students will have to decide whether to opt in favor of lower-cost educational options, or to pursue an educational goal which a lending agency will fund on acceptable terms. In either event, the end result would put welcome pressure on universities in favor of reduced student costs.

Implementation of a system that evaluates individuals’ future creditworthiness would, of course, necessitate administrative mechanisms for equitably risk-assessing students’ academic performance and income prospects throughout the life of the loan. As daunting as that may sound, it is certainly possible to accomplish … and, it may be the best way to ensure the longevity of our student loan industry. After all, the modern lending industry already utilizes such a process when it requires prospective borrowers to make their case for a small business loan or for the purchase of a home. Given the dollar amounts at stake for individual higher education students today, it is not at all unreasonable to require student borrowers to prove – with clarity – how their future educational plans and academic performance will likely translate into solid employment and debt repayment.

Ease financial burdens on students by permitting student debtors to refinance student loans at lower interest rates.

Senator Elizabeth Warren has recently introduced legislation which would provide other assistance to borrowers. Specifically, it would allow borrowers who hold federal student debt to refinance the loans at a lower current rate, an alternative which is currently not permitted. The intended goal of her legislation is to both lower borrower payments and make student loans more affordable for borrowers after the borrowers enter the job market.

Instead, it is very reasonable to question the wisdom of a system where borrowers can refinance home loans and car loans, but not student loans. If passed, Senator Warren’s legislation would make many borrowers’ loans more affordable and therefore more likely to be repaid. It would also ease financial burdens on already-struggling borrowers, and enable them to participate more fully in the economy. Of course, lower interest rates (and lower repayment amounts) through such a refinancing process would logically reduce the value of the underlying loan – at some point, this loss of revenue would have to be paid for by some other revenue stream from the federal government. In other words, Senator Warren’s legislation will require some form of financing – a likely principal obstacle to the legislation’s passage in the current Congress.

Continue regulatory control and monitoring of the high risk category of For Profit Schools.

Recent Department of Education policies will directly impact the poor performance and high student loan default issues that are associated with For Profit institutions. For example,
proposed regulations cut off federal funding for career programs that are not appropriately accredited, or that have more than a 30% default rate for former students. In addition, the College Scorecards will provide students information to make informed decisions. As the regulatory environment changes, for-profit revenues are dropping, and nonprofit institutions are beginning to expand into more flexible and/or online programs that may serve as a viable alternative for working adults, at a more competitive price point. Stricter regulation, coupled with market forces, may serve to improve accountability and cost in the non-traditional education segment, while still providing educational opportunities for all potential students.

Another regulatory solution would be to tie Title IV funding to graduation rates and gainful employment statistics within the for-profit industry. Since a majority of students who attend for-profit universities are over 30 years old, mandate schools set a minimum credit score for students who seek loans for their programs. This should lower student loan default rates, and would require for-profit universities to refocus their marketing strategy away from higher-risk students.

There is no “silver bullet” to addressing the challenges in higher education. Some recommendations, such as the continuation of incentive programs such as Race to the Top, are relatively easy to perpetuate, while others, such as the establishment of standardized expectations and assessments for “college-ready” work will require extensive consensus-building across stove-piped organizations. Likewise, a recommendation for legislative change such as modification to the federal bankruptcy code becomes increasingly difficult to adopt within a politicized environment with multiple and varied interest groups. Although these barriers to implementation can be difficult, none are insurmountable, and they will greatly assist in placing our population on a more competitive and prosperous footing in the world.

CONCLUSION

The challenges to higher education addressed in this paper – Career Preparation – Remediation – Rising Costs—and Student Debt – encompass the challenges Americans face as we strive to remain competitive in a rapidly globalizing world. American students, parents, and educational institutions are grappling with how to best provide cost-conscious, academically-realistic, and economically-relevant programs while also attending to graduates who must shoulder tremendous student debts. The success or failure of our approach to these challenges will be borne by our future workforce, who will either enter the global economy ready to compete and prosper, or with significant disadvantages. In addition, our trials in higher education are not missed

Figure 5 – “Wordal” Graphic showing the words most commonly used in this paper, linking national security and higher education; font size reflects frequency of the word’s use.
in the international community, who may advocate within their own nations for a different, more efficient approach that is unrestricted by our internal constraints (see Appendix 1 for an international perspective of this topic).

Unless and until American educational policies can address these four topics in a comprehensive fashion, other initiatives to address affordability, accessibility, and accountability will inevitably fall short. Due to the pace of economic globalization and America’s place as a world leader, education-related reforms are taking on a new sense of urgency. The above recommendations offer potential solutions to these problems, and underscore the fact that the time for action may soon pass us by.

Our education system is too important to ignore, and the future of American higher education may well carry with it the fate of America’s economic well-being and our national security.

Reform is possible … and doing nothing is not an option.
Appendix 1:
A VIEW FROM ABROAD:
A NATIONAL SECURITY PERSPECTIVE ON AMERICAN EDUCATION

(In the study of American education, a candid and objective evaluation is often difficult to obtain. The following is a perspective voiced by an international student at the National Defense University in 2014. The author is a very senior military leader in his home nation, a strong ally of the United States.)

Introduction

In a globalized world where international economies are becoming increasingly interdependent and mass migrations of peoples is becoming the ‘accepted’ norm, fewer and fewer countries can lay claim to a truly homogeneous population. Instead, multicultural diversity now characterizes most countries - one factor that underlines the need for cultural and political education across the academic spectrum in schools and universities in order to help shape the thinking of future leaders and generations.

In the U.S., such a form of education should be government-sponsored and its aim should be to broaden students’ knowledge with respect to other countries’ cultures and political systems. Such an education would encourage students to start revising the narratives of two fundamental issues within American society: First, why is the U.S. education system falling behind those of other countries? For example, is it because it has decreased in quality, or is it because education systems of other countries have improved so markedly over the past three decades? Second, how does the notion of “American exceptionalism” fit in? Does the idea that Americans are a unique and superior nation actually contribute to the problem of education? Does it still have any relevance in today’s world? Has it become little but a political slogan over the past 30 years?

American Exceptionalism: Worth Re-thinking?

Critics can easily advance the following arguments that the U.S. education system has entered a self-destruct mode. It has become a deep source of revenue for many business firms, and it has arguably become over-politicized and over-unionized. Education firms are tempted to take advantage of the ignorance of both parents and students. Unions, driven by their own agendas, frequently frustrate changes to the status quo. Politicians are often more concerned with their personal political gains than they are with fixing problems. The general feeling among many observers is that there are far too many negative externalities that are undermining the system. If these criticisms are true, it is, therefore, not surprising that the United States is falling behind the systems of many less developed, much smaller, nations.

In contrast to the case in both Europe and Asia – where there is mandated and unified governmental oversight over both the inputs and the outputs of their education systems – a
problem with the U.S. system is that the responsibility for writing curricula and composing
textbooks is left to local authorities within each state – a reflection of an inherent anti-statist
bias that exists within American society and comes from America’s historical underpinnings.
This, though, is arguably an unhealthy concept for long-term educational success on the global
stage, as it reflects a lack of cohesive national will to take ownership of education outcomes.
Quite arguably, the system puts entirely too much power into the hands of local entities who are
too often empowered to manipulate the system to their own political advantage. This suggests
that, in the absence of radical change, there is essentially no chance to draw a coherent national
strategy for American education, and brings into question whether local authorities would put
students’ interests and, therefore the nation’s interests, at heart when it comes to devising
appropriate curricula and setting standards for student achievement.

Unsurprisingly, American education-related industries usually follow the proverbial
“money trail.” Some might even take advantage of misinformed parents and students out of a
motivation to maximize profits for their shareholders. Too often, education-related industries are
empowered to grow their businesses through the American education system’s constantly-
shifting environment that (perhaps naively) accepts that the country needs “a continually
evolving system that prepares graduates for a globalized and competitive job market.”

Similarly, a philosophy of having an education system which prepares students for the
task of growing the national economy through competitive innovations is both noble and
commendable. It not only strengthens the economic component of national power but it also
provides the means to protect the nation’s security. National power, however, is not all about
strong economy. Diplomatic and informational levers of power can be just as important. These
two components require a broad, culturally-rich type of education – something that is currently
lacking in the American system.

A Genesis of Certain Problems

Because of inherent American cultural philosophies, many Americans are taught at a
young age that certain American values are enduring and should serve as an example to the rest
of the world. This assertion is often presented as a fact to non-American students of U.S.
culture. Further, such a way of thinking is not necessarily inconsistent with public statements
made by U.S. political, economic, and social leaders on the national and world stage. Critics
might challenge this view, though, by arguing … how was it possible then for former Empires to
develop and rule half of the world, before the creation of the United States, and is there an
important piece missing in the U.S.’s history curricula that makes it even more imperative to
introduce cultural and political education at its schools and universities?

In Total …

The American education system is being undermined by multiple negative externalities
that are causing it to operate off-balance and, as a consequence, fall behind systems of other
nations in terms of both quality and output. The absence of a unified governmental influence
over its inputs gives way to market competition that places inappropriate and counter-productive
inputs to both its functions and its true purpose. This situation often takes the form of careful
manipulation aimed at creating, and then sustaining, a subtle instability within the system that enables those who work in the education industry to yield maximum financial benefits. This instability is often disguised as ‘disruptive innovations’.

This artificially-created status, especially when coupled with concepts of “American exceptionalism” produces an overall education system that is needlessly unstable, resistant to reform, and discouraged from true introspection and improvement. At some level, it is simply counterintuitive that the American education system is told that it needs to “constantly change” in order to keep pace with new developments, and simultaneously that it does not need to change because of “American exceptionalism.”

Until these two ideas are reconciled under competent and unified federal leadership, the American educational system will likely not change.
1. The World Bank, “World Development Indicators,”


3. Ibid.

4. Finbar Sheehy, The PISA 2012 Results Infographic, (December 7, 2013),


6. Ibid., 20.

7. Ibid., 21.

8. Ibid.


10. Ibid., ix-x.


18. Ibid.


26. Ibid.


37. Ibid.

38. Ibid., 2.


43. Ibid.

44. Ibid.


48. Ibid.

49. Ibid.


51. The White House, Office of the Press Secretary, “Fact Sheet on the President’s Plan to Make College More Affordable: A Better Bargain for the Middle Class.”


53. Ibid.


65. Ibid.

66. Halah Touryali, “$1 Trillion Student Loan Problem Keeps Getting Worse.”

67. Levin.


75. Zimmerman, 20.


77. Ibid.
78. Zimmerman, 21.


81. Ibid.


86. Ibid.


89. 11 U.S.C. § 523(a)(8).


