



RECAP: SOLUTIONS 2020 EDUCATION POLICY WORKING GROUP MAY 2019



Business Forward conducted a Solutions 2020 Education Policy Working Group briefing on Thursday, May 30, 2019, led by Lanae Erickson, Senior Vice President for the Social Policy and Politics Program at Third Way.

Erickson highlighted the importance of a college degree for upward economic mobility, explaining why the federal government spends \$120 billion on student loans every year. However, she also explained that most Americans incorrectly assume that their investments in education will naturally produce good outcomes. Presently, taxpayers are writing blank checks to institutions without demanding a return on their investment. The federal government sees the importance of enrolling students, but lacks the necessary emphasis on obtaining success.

The Problem

- 1. Completion - students do not receive the credential they signed up for.** About half of the students who start higher education never finish and the federal government does not require institutions to help students acquire a degree. Every year taxpayers send \$106 million to schools that graduate fewer than 1 in 10 students enrolled in their programs. Obtaining a degree is highly correlated with employment outcomes and the ability to repay loans.
- 2. Employment outcomes - students do not increase their employment opportunities.** Taxpayers send \$808 million per year to institutions that leave more than 75 percent of their students earning less than a high school graduate. If an institution cannot add value to a students' earning potential, should we encourage students to take federal loans and spend federal grant money there?
- 3. Loan repayment - students are not making enough money to pay down their loans after graduation.** If we encourage students to take out loans, we should ensure they can pay them back. The federal government sent \$1.9 billion to institutions where 3 in 4 students cannot pay back even \$1 on their principal five years after graduation. These institutions do not give students

or taxpayers the ROI they wanted.

The Solution

Six policy ideas to save taxpayers money and improve outcomes for students:

1. Produce better higher education outcomes data
2. Create a federal bottom line on completion
3. Create a federal bottom line on loan outcomes
4. Pair new funding programs with strict accountability
5. Create transparency around equity gaps
6. Make accreditors accountable for outcomes

Considerations from the Working Group

1. Broaden the definition of education to include and reverse **skilled trades and entrepreneurship** in order to prepare the U.S. workforce in the areas of construction, manufacturing, IT, plumbing, and overall business building. Not all students can or should attend four-year institutions. Apprenticeships and cross-community collaborations can be used to find innovative solutions to local problems. **(Camille Jamerson, Southfield, MI)**
2. Increase **access to higher education** as new accountability standards are implemented. We must not penalize universities that accept students from a wide variety of backgrounds, especially low-income students and students of color. Monitoring enrollment rates and performance in the same way forces institutions to meet **both thresholds**.
3. Re-align higher education to be more **current and forward-looking** so that students are equipped to think critically, innovate, and problem solve in the information age. We can no longer train students to do one job for their entire career. We need to teach them how to problem solve together, starting at the K-12 level. **(Dan Lubar, Boulder, CO and Dan Curran, Waynesville, NC)**
4. Create more **efficiency and economies of scale**. There is unmet potential for federal-state partnerships at public institutions. We should incentivize states to reinvest in higher education to mitigate rising tuition costs. **(Leslie Talbot, New York, NY)**

With the help of more than 60 of America's most respected companies, Business Forward is making it easier for more than 100,000 business leaders from across America to advise Washington on how to create jobs and accelerate our economy. More than 650 mayors, governors, members of Congress, and senior Administration officials have participated in our briefings.

Business leaders who have participated in our briefings have seen their suggestions implemented in the Affordable Care Act, the JOBS Act, the Clean Power Plan, the Toxic Substances Control Act, three trade agreements, and the President's budgets. Many have also shared their recommendations with their representatives in Congress and through phone calls, op-eds, and interviews with local media. Ninety-eight out of 100 business leaders who have participated in a Business Forward briefing would be interested in participating in another one.

SOLUTIONS2020@BUSINESSFWD.ORG

BUSINESSFWD.ORG

1155 CONNECTICUT AVENUE NW

SUITE 1000

WASHINGTON, D.C. 20036

202.861.1270