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Making HEA an Engine of Economic Productivity and Worker Prosperity

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May 18, 2007

The problem. Between 2004 and 2014, 24 of the 30 fastest-growing occupations are predicted to be filled by people with postsecondary education or training (either a vocational certificate or a degree).¹ Yet 42 percent of our current workforce—adults between the ages of 25 and 45—have no more education than a high school diploma or GED.² And two-thirds of our 2020 workforce is already beyond the reach of our elementary and secondary schools.³ Employers in particular sectors and regions already face skill shortages, a fact that has profound implications for our country’s ability to increase economic productivity and for workers’ ability to earn enough to support their families.

The Higher Education Act (HEA) can be a key part of the solution. If HEA is modernized to support economic development and meet the needs of business and workers, it can play a central role in addressing skill shortages. Changes are urgently needed to better align HEA with the realities of working adults’ lives and the needs of employers. These changes will also help students in general, as three out of four undergraduates are now “nontraditional,” penalized by policies written for another era. We need to:

Increase enrollment and persistence by working adults and other nontraditional students by updating financial aid policies and supporting success.

- **Reduce the “work penalty.”** When determining eligibility for federal financial aid, the need analysis should allow single, independent students to keep a significantly greater share of their earnings. Current Income Protection Allowance levels make it too difficult for low-income adults and older youth to support themselves and their families and to go to college. For instance, students with children are allowed to earn only 80 percent of the federal poverty level before their student aid is cut.
- **Make financial aid more responsive to the needs of nontraditional students.** Frequently, working adults find it difficult to attend college in traditional schedule formats because of competing demands of work and family. A pilot project should be undertaken to provide financial aid to undergraduate students pursuing postsecondary education in compressed or modular formats. In addition, students should be allowed to receive a second Pell Grant for summer school, so that they can attend year-round. Funding summer school at degree-granting institutions would help students complete programs more quickly and make more efficient use of college facilities. This is especially important now, as enrollments are growing and many institutions lack sufficient space.

¹ D.E. Hecker, “Occupational Employment Projections to 2014,” *Monthly Labor Review*, 128 no. 11 (2005).

² Working Poor Families Project calculations.

³ Aspen Institute calculations from forthcoming paper.

- **Ensure that every student receiving a Pell Grant is helped to succeed.** Attach a Student Success Grant to every Pell Grant, to ensure that students receive the services they need to stay in college. Too many students fail to complete. For example, six years after enrolling at public two-year colleges, nearly half (44 percent) of Pell Grant recipients do not have a credential and are no longer enrolled.⁴ The Student Success Grant would offset the costs to the college of providing program innovations and student services proven to increase persistence and completion.

Other priorities include:

- **Increase and simplify access to financial aid for adults and other nontraditional students.** Automatically allow dislocated workers to use estimated current-year income when applying for federal financial aid. Extend eligibility for the Simplified Needs Test and the zero expected family contribution to those students who have received means-tested benefits in the past 24 months. The need analysis should exclude the Earned Income Tax Credit, and the maximum Pell Grant should be substantially increased.
- **Strengthen ties between colleges and business workforce needs.** Create a federal Business Workforce Partnerships initiative that funds partnerships between colleges and employers. The partnerships would link credit-bearing college programs to business workforce needs, adapt college offerings to workers' schedules, map and develop career and educational pathways, expand worksite learning opportunities, and assist students with job placement.
- **Increase the number of occupational credentials earned by lower-skilled workers.** Provide Bridges from Jobs to Careers grants to colleges to increase lower-skilled workers' access to and completion of occupational credentials, through bridge programs and other innovations in remediation education.
- **Expand on-campus services that support success for working adults and other nontraditional students.** Increase funding and minimum grants for Student Support Services (part of TRIO), which provides a broad range of academic, personal, and career services to promote success and completion. Expand funding for CCAMPIS (Child Care Access Means Parents in School), to increase availability of on-campus child care for students who are parents.
- **Strike a balance between allowing innovation that effectively serves business and workers and protecting students from continuing problems with fraud and abuse.** Undertake a nonpartisan study of the effectiveness of current HEA policies put in place to prevent fraud and abuse. Before weakening current protections—such as the 90/10 rule, incentive compensation rules, or cohort default rates—Congress should determine which policies work and should be retained, eliminate those that are not needed and that may block innovation, report on the extent to which students continue to be victimized, and recommend new options for preventing these problems.

For full recommendations, visit <http://clasp.org/publications.php?id=7>.

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⁴ U.S. Department of Education, *The Condition of Education 2003*, Indicator 23.