



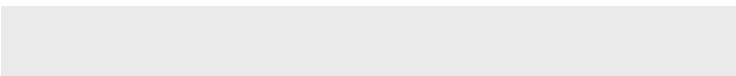
Update on HEA Reauthorization



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Why focus on the Higher Ed. Act?

- Increased skill requirements for jobs, and growth especially in jobs requiring some postsecondary
- Much slower growth in college-educated workers
- Gap between skills needed and skills of future workforce poses a key challenge to economic growth and individual prosperity
- HEA can help businesses and individuals in adapting to change—by far largest single source of federal aid for workforce education

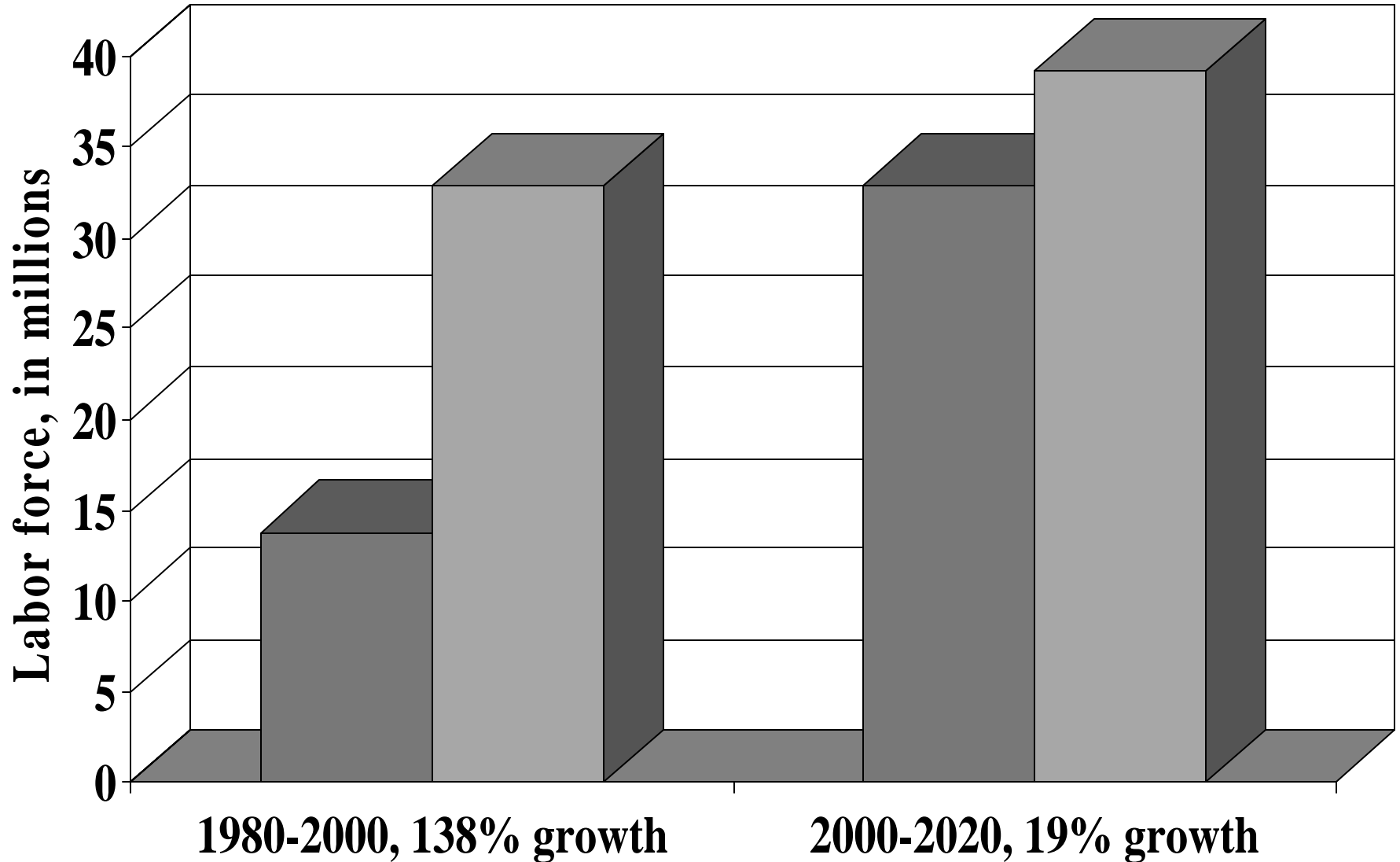
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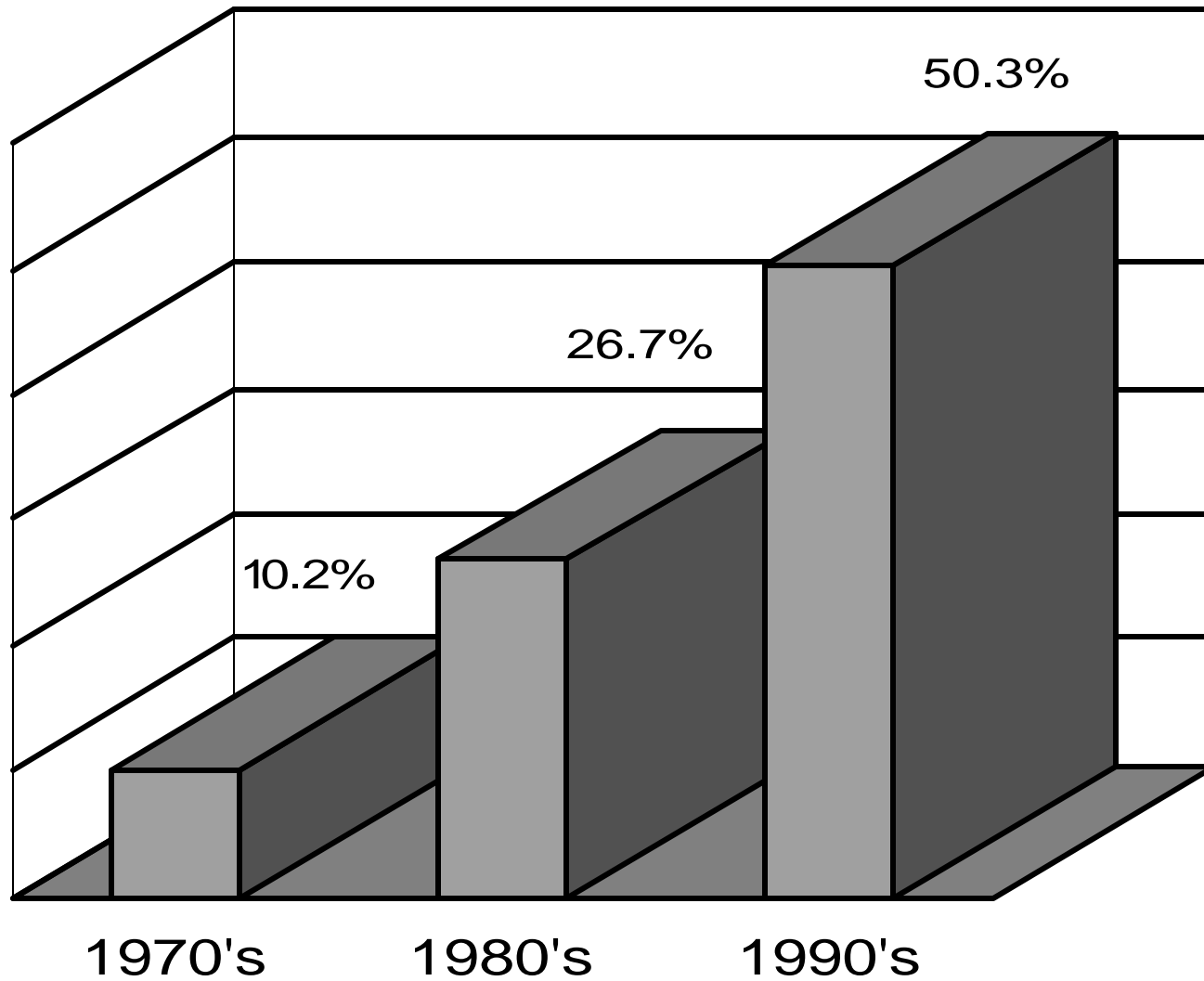
Job skills required vs. skills workers will have

- 40% of the job growth in this decade is in jobs requiring postsecondary education; jobs requiring an Associate Degree will grow fastest
- The rapid growth in skills of the workforce seen over the last 20 years will slow dramatically
- Immigrants are expected to account for all net workforce growth between now and 2020
- If want to address this “skills gap” have to change who gets access to and succeeds in postsecondary (most 2020 workers already beyond K-12 system)

Workers with education beyond high school



Share of Workforce Growth Due to Immigration



Higher ed. context for HEA reauthorization

- Surge in enrollments, esp. at community colleges
- Substantial cuts in state spending on higher education, leading to tuition increases, students turned away
- Increasing diversity of students, almost $\frac{3}{4}$ of American undergraduates now nontraditional in some way—
 - More than half (51%) financially independent
 - 39% adults (25 years and older)
 - Almost half (48%) attend part-time
 - 39% worked full-time
 - About 1 in 5 had kids (22%); 13% were single parents.
 - Most of these characteristics are linked to a greater risk of leaving college before completing a degree

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Federal context for HEA reauthorization

- Major shift away from grant aid to loans
- Pell shortfall—rumored to be around \$2.5 billion (out of \$13 billion program)
- Frozen appropriations after ten years of increases
- Reauthorization proposals viewed in light of projected federal budget deficit of \$550 billion
- Major postsecondary organizations see current programs as successful and functioning well
- Administration concerned about accountability

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Where HEA reauthorization stands

- House has held numerous hearings, primarily focused on tuition costs, access, and accountability
- House Republicans have not yet introduced comprehensive bill on student aid issues (likely early 2004); do have several others, e.g. for-profit schools, tuition costs
- House Democrats have introduced a bill focused on student aid issues, HR 3180, also one on tuition costs
- Senate has held two hearings and Senate Democrats have introduced a bill addressing some student aid issues, expanding Hope scholarships
- Unlikely Congress can complete this in 2004

House Republican bills

- HR 3039 would expand access to federal higher education assistance for for-profit trade schools
 - The bill would also ease restrictions on distance education (eliminate 50% rule)
 - Creates mechanism for a commission to study and make recommendations on simplifying aid application
 - Expands the list of means-tested programs that would qualify for current simplified aid application
- HR 3311 primarily focused on tuition costs and would sanction colleges whose tuition exceeds index
 - Also has detailed requirements about transfer of credit

House Democratic bill

- HR 3180 College Opportunity Act for All
 - Doubles the maximum Pell grant
 - Allows students to keep more of their earnings (increases the Income Protection Allowance)
 - Eliminates the drug conviction ban
 - Increases funds for TRIO, Work-Study and SEOG
 - Creates a pilot program for year-round Pell grants
 - Eliminates tuition sensitivity
- HR 3276 21st Century Job Opportunities Act

How HEA can help businesses, workers respond

- Allow students who must work their way through school to keep enough of their earnings to live on; simplify forms
- Make sure financial aid is available when needed
- Increase federal outreach efforts so that low-income families and working adults realize college is possible
- Increase supportive services to help nontraditional students—first-generation, reentry, etc.—succeed
- Support local efforts to create for-credit programs businesses and students want—career-oriented programs, flexible scheduling and delivery modes

How HEA can help businesses, workers respond

- Make sure federal policy “does no harm” to state efforts to increase affordability—e.g. Tuition Sensitivity, federal tax credits/IRAs vs. Sec. 529 plans—and look for ways to strengthen federal incentives like LEAP
- Use HEA grant funds to spur innovation that improves areas key to college access and success for nontraditional students—e.g. developmental education, flexible delivery modes, linking literacy/ESL with postsecondary
- Increase funding for campus-based programs, have dollars flow based on where low-income students are enrolled
- Fight for adequate funding, especially for Pell grants. Consider best ways to use limited resources—e.g. “front load” Pell increases?

Perkins Act Reauthorization

- While federal HEA student aid funds are substantial, go to individuals, not institutions.
- Perkins funds are one of very few sources of flexible funds that supports workforce development mission of colleges. Critical for developing infrastructure—e.g. creating occupational curricula, flexible delivery modes, etc.
- Congress not too far along with Perkins reauthorization.
- Debate so far dominated by Admin. proposal from early 2003—nearly one-fourth cut in budget, refocused dollars on high school academics, allowed states to transfer dollars to No Child Left Behind. Appears to be moderating position now, details likely early in 2004.

Perkins Act Reauthorization

- Options for strengthening postsecondary role of Perkins
 - Create separate performance indicators for funds spent at the postsecondary level
 - Place more emphasis on postsecondary goals and the transition between high school and college
 - Create a set-aside for postsecondary
 - Reward labor market outcomes in a way that is consistent with other workforce programs (such as WIA)

For more information . . .

- For a side-by-side of HEA proposals from the National Association of Financial Aid Administrators, see www.nasfaa.org.
- Detailed recommendations for HEA reauthorization from the Center for Law and Social Policy can be downloaded at http://www.clasp.org/DMS/Documents/1055350135.28/HEA_comm0203.pdf
- For more information on the future skills gap in our workforce, see *Grow Faster Together. Or More Slowly Apart* from the Aspen Institute at http://www.aspeninstitute.org/AspenInstitute/files/CCLIBRARYFILES/FILENAME/0000000225/DSGBrochure_financial.pdf