

**Testimony of Scott Pulsipher
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Chairwoman Foxx, Ranking Member Scott, and Members of the Committee, thank you for the opportunity to share my views about the state of American higher education.

My name is Scott Pulsipher; I am a tech entrepreneur, the father of six children, and a deep believer in human potential. I have had the great honor of serving as the President of Western Governors University since April 2016. I came to leadership in higher education through a “nontraditional” path, finding success in a different industry that gave me the skills to succeed in the position I now occupy. WGU’s students have similarly followed a path that is increasingly typical but historically less traditional: rather than being driven to college by their parents immediately after graduating high school, they are paying their own way, working their own jobs, caring for their own children, and often carrying half a lifetime of experience and wisdom with them.

My views on higher education are not often shared by many leaders in academia whose entire careers have been shaped by working inside the system. My perspective is also not the same as those who seek to serve those traditional students for whom the system was built. Having spent most of my career in a high-growth area of the private sector, I have strong, well-informed views on how to design a higher education system that centers around the needs of students and articulates the needs of the workforce. The last seven years at WGU have also given me a deep perspective on all those who are not served, or who are poorly served, by traditional options in higher education—and most individuals fall into those categories. I sincerely hope that my testimony can help this committee to architect what our country so desperately needs: a higher education system that can connect a diverse population of inherently talented individuals with the opportunities of the 21st century, without bankrupting our students or taxpayers.

The State of Higher Education in America

As early as 1787, the Continental Congress noted that “knowledge, being necessary to good government and the happiness of mankind, schools and the means of education shall forever be encouraged.” America’s postsecondary policy framework has evolved, establishing the precedent for public colleges in the Morrill Act in 1862, expanding access with the GI Bill after World War II, and passing the Higher Education Act in 1965.

Each of these advancements has been rooted in the [understanding](#) that expanding access to postsecondary credentials is critical for the United States to maintain a strong labor force, compete in the world economy, and unlock opportunities for its residents to lead rewarding lives. Particularly in today’s technology-driven knowledge economy, it has never been more important to provide America’s diversity of learners a pathway to opportunity. Congress has played a crucial role in driving important evolutions in our higher education system. While our goals may have remained the same, the progression of history and technology mean that the policies we need in order to achieve those goals

must evolve. We cannot let nostalgia impede progress, lest our actions propagate privilege rather than the American dream.

After all, higher education translates to better outcomes, on average, for those who achieve it, and over the long term, better-educated nations are healthier, wealthier, more innovative, and more stable. Those who are able to obtain a college degree earn on average [84% more per year](#) than those who do not, making them [47% more likely](#) to have health insurance, providing an expected [4 to 10 times more annual income during retirement](#), and ranking them consistently among those who report that their view of the [future is optimistic](#).

What Should Higher Education Deliver?

While debates around free speech, academic freedom, college athletics, and culture wars dominate headlines, it is important that leaders in higher education and our partners in government maintain a primary focus on what matters most.

First and foremost, the system should: 1) be accessible and traversable to all individuals, realizing the promise of this country that success should be open to all who are willing to pursue it; 2) create value for students and connect individuals with opportunity; and 3) by extension, be aligned to the needs of our economy, so that we have a strong match between the specific skills demanded by the labor market and the capabilities of our workforce, such that degree-holders are thriving economically and personally and so that our economy can grow.

These overarching objectives are core to our shared ideals as a nation and remain a bipartisan objective—one held not just by our elected leaders but by every parent and every person in this country. Yet sadly, it is increasingly evident that higher education has not yet lived up to its promise as a great equalizer and engine of economic and social mobility. Worse, there is an accelerating decline in the belief that college is accessible, affordable, complete-able, and relevant to the opportunities individuals want to pursue. There are few more disheartening claims than “college is not for me.”

Job 1: Higher Education Must Be Accessible, Traversable, and Equitable

There is no question that our system is leaving human potential on the table and is failing to serve as a catalyst for human progress. While many colleges and universities are innovating to create pathways to opportunity that are accessible to all, equity gaps stubbornly remain. According to the [Pell Institute](#), students who grow up in the lowest income quartile are nearly five times less likely to earn a bachelor’s degree by age 24 than those who grow up in the highest income quartile, and students of color are [three times less likely](#) to pursue a postsecondary credential since COVID-19. Data on postsecondary outcomes show our most vulnerable students are disproportionately likely to leave college with [considerable debt](#) and [no degree](#), or at best one that took [far more than four years](#) to earn; and [post-college earnings](#) for low-income students are generally lower than those of their wealthier peers. Those who do drop out will default on student loans at a rate [three times higher](#) than those who graduate.

Underlying the student loan crisis are sky-rocketing costs. Those that students face, in the form of tuition, have [increased](#) 180% since 1980 (adjusted for inflation). But much of the actual cost of college is paid for by various levels of government. Altogether, during the 2021 academic year alone, [U.S. degree-](#)

[granting postsecondary institutions spent \\$671 billion](#) (in constant 2020–21 dollars). That is [twice the OECD average](#), and yet our educational attainment among 25- to 34-year-olds [ranks only 13th](#).

For a privileged segment of the population, the current cost of pursuing higher education may indeed be worth it. But for individuals from lower socioeconomic backgrounds, traditional college options often present significant risks relative to their rewards. Today’s graduates are no longer guaranteed the economic and social mobility enjoyed by previous generations. Recent college graduates are experiencing an unemployment rate [30% higher](#) than it was in 1997, and these individuals are now nearly [50% more likely](#) to live with their parents in their late 20s due to increasing debt loads. As a society, we must question a system with high costs and uneven, mediocre outcomes.

Indeed, belief in the [purpose of](#) and the potential of college is at an all-time low. Only [48% of Gen Z](#) high school students are considering college as an option, down 20% from May 2020. Since 2019, undergraduate enrollment has fallen [6.6%](#); given that high school graduates are expected to earn [75% less than if they had gone to college](#), this will culminate in a loss of \$3.6T to the U.S. economy over their lifetimes. Higher education has long been on an [unsustainable cost trajectory](#), and everyone—students, the government, and society—is bearing those costs.

Job 2: Higher Education Must Create Value for Students

The current state of higher education is perhaps best summarized by the Post-Secondary Value Commission, supported by the Gates Foundation and the Institute for Higher Education Policy. Their study found that nearly one-third of four-year institutions leave their students with [zero economic return](#) after accounting for the cost of attendance. It is sobering to reflect on the impact this has on all students but devastating to consider how this manifests for students from disadvantaged backgrounds, who must navigate a buyer-beware system without a network of college-educated parents and friends to serve as guides.

A 2020–2021 [Strada-Gallup Education](#) poll of more than 20,000 Americans found that 79% cite the ability to support themselves and their family as very or extremely important in their decision for pursuing their highest level of education. As questions of cost continue to dominate the national discourse, we must remember that regardless of what students pay for a credential, we do them a great disservice if it does not unlock opportunities that translate into economic and social mobility.

Job 3: Higher Education Must Meet the Needs of the Workforce

As an extension of providing individuals a pathway to opportunity, a secondary benefit is realized: workforce needs become aligned with talent supply. The idea that higher education should be aligned to workforce needs is often dismissed by those within academia as ignorant of the “higher” virtues of education. My testimony is not meant to argue that we should do away with liberal arts degrees or live in a world without poets or artists. It is based in the reality that the world we *do* live in is desperately short of teachers, nurses, and other critical professions, and too many credentials aren’t arming learners with the enduring and professional [skills](#) they need to succeed in the workforce.

Sadly, the gulf is wide: In a Gallup poll, 96% of Chief Academic Officers affirmed their programs were adequately preparing students for the workforce, a sentiment only 11% of employers shared. Unaddressed [skills gaps](#) are costing the U.S. economy \$13B per month.

Exacerbated during COVID-19 and only worsening since, the nursing talent shortage, for example, has led to years of walkouts and [27% turnover](#). With [80,000](#) applicants being turned away annually due to a lack of faculty, our education system is serving as a barrier between our nation’s talent and its needs, rather than as a bridge. At the same time, the U.S. is experiencing a teacher shortage, with [36,500 vacancies](#) across the country and another 163,500 positions being filled by teachers with less-than-required credentials. In a situation that self-perpetuates, these underprepared, early-career teachers are being dropped into [understaffed](#), difficult situations and end up leaving the profession, resulting in an increasing turnover rate. We are also seeing the scale of talent demand in cybersecurity rise: Currently, there are [700,000](#) unfilled positions, which is expected to rise to [3.5 million](#) in the coming months. Yet data produced by the National Center for Education Statistics shows that fewer than [100,000](#) students graduated with a degree in IT. These, and other pervasive workforce [shortages](#), are all products of a system of human capital development that is neither “just-in-time” nor “right-sized”.

The WGU Story

WGU is a nonprofit, online university, founded by a bipartisan group of 19 governors 26 years ago to address many of the challenges that continue to vex traditional higher education institutions today. Our founding governors recognized that many were not served well by traditional postsecondary options in their states, including those with some college but no degree, individuals from low-income backgrounds, students who are the first in their families to attend college, students of color, and/or residents of rural communities. WGU was built by states to complement and supplement state systems of higher education, to develop programs that closely align with employer needs, and to bring innovative, flexible, and accessible educational opportunities to individuals seeking a path to opportunity. Today, WGU is the nation’s largest university.

Our Students

WGU proudly serves a diverse student body of approximately 213,000 (FY21), located in nearly every county in all 50 states and at military installations overseas.¹ Last year we graduated more than [43,000 students](#) across four colleges: Business, IT, Education, and Health Professions. [Four out of five](#) WGU students work while enrolled; their [median age is 34](#). They come to us seeking a path to opportunity that can fit in their lives, that can meet them where they are, that allows them to leverage their experience and move quickly when possible, and that will enable them to thrive—financially and otherwise.

Our Model

Talent is universal. Access to opportunity is not. Work, family obligations, military deployments, financial constraints, lack of college readiness, mental and emotional barriers—these are just a few of the things that keep today’s would-be students from pursuing the credential that could benefit their careers, change their lives, and transform their families. With a mission to change lives for the better by creating pathways to opportunity, WGU was built to address these needs, through its affordable, online and on-demand competency-based learning model, workforce-relevant curriculum, and personalized, student-centric faculty support. Annual tuition and fees are [less than \\$8,000 per year](#), and our average cost for a bachelor’s degree is [less than \\$18,000](#)—relative to national average costs of well over [six figures](#). WGU

¹ For more about WGU, please see our annual report.

was created with the vision to be the most learner-centric university in the world. Powered by technology and a tradition of breaking tradition, our model is designed with the student at the center and optimized to deliver tangible value to each and every student, regardless of their circumstances.

Our Outcomes

In the absence of industry-standard accountability metrics, WGU dedicates its own dollars to annually surveying our alumni and the employers who hire our graduates. We will not rest until we know that we have created value for our students, for communities, and for the workforce, and we are innovating and testing ourselves constantly in order to improve.

Data from the [2021 annual Gallup Alumni Survey](#) show that most of our alumni complete their degrees in under two-and-a-half years, and after graduation they carry little debt and move into high-salaried roles. 74% of WGU graduates say their education was worth the cost, compared with 38% of bachelor's degree holders nationally. Money matters but is certainly not all of life nor the sole purpose of higher education. 77% of WGU alumni report they are thriving in their lives, and 44% are engaged in their jobs—both higher proportions than bachelor's degree holders nationally and U.S. adults without a postsecondary degree. The benefits of these outcomes also extend beyond individual alumni, generating billions of dollars for graduates' families and local economies.

Innovation & Accountability: A Framework for Reinvigorating Higher Education's Promise

WGU is unique, but our success in serving students need not be. Our story simply demonstrates what is possible when an institution makes innovation core to its culture and holds itself accountable for delivering strong outcomes. Indeed, many other institutions are delivering incredible outcomes on behalf of students with founding stories and delivery models that look different from ours. Unfortunately, these bright spots are the exception rather than the rule.

To reinvigorate higher education's promise, we need to embrace new models that have the potential to serve students better and be brave enough to depart from traditional models that do not serve students well. Innovations in learning models, college readiness, financial aid and college funding, faculty and student support models, pedagogy and learning methods, assessment, and every other component of education are needed; and data-driven learning science must be part of every institution's business model.

But instead of creating a regulatory framework that enables innovation, the current policy approach to higher education leaves the industry highly regulated as to process and unaccountable to students as to outcomes. Safeguards are certainly needed—innovation without accountability is just a bad idea. But safeguards that regulate inputs often reinforce outdated delivery models and restrict innovation that holds the promise of enabling the very outcomes safeguards intend to secure.

Enabling innovation while ensuring accountability will first require clarity on outcomes. Institutional missions may vary in terms of the specific populations served and what programs institutions provide, but Congress should hold every college and university accountable to achieving the following outcomes, while eliminating distractions and constraints that impede innovation:

1. **Improved completion rates:** Some college, no degree often leaves learners worse off than they were previously.
2. **A strong return on investment:** Affordability matters, but it means little to graduates if the credentials they earn aren't aligned with the future needs of our economy and don't lead to high-quality jobs.
3. **Equity in both access and attainment:** Pathways to opportunity must be accessible to all.

Enhanced data on student outcomes is necessary to enable greater transparency and accountability. The current college reporting system is [burdensome on institutions, yet provides little practical information for students and families](#) due to significant gaps in college data reporting. Congress should continue to advance endeavors that increase the accuracy, clarity, and transparency necessary to inform student choice and enable accountability at the institution and program level.

With outcomes clarified and data on those outcomes collected, Congress should reinforce accountability mechanisms that have historically lacked focus on outcomes. Accreditation, for example, has [long been recognized](#) as in need of “transformation,” given, among other shortcomings, the lack of focus on student outcomes. Congress should consider more effectively utilizing accreditors to capture and monitor both institutions’ goals and progress against those goals for student success and outcomes, thus improving alignment with societal objectives for education that are effectively underwritten by federal student aid and taxpayer dollars. In addition to safeguarding federal dollars, the shift from defining quality based on inputs to outcomes would foster and support innovation necessary to better meet the needs of today’s learners and the future workforce.

Guideposts for Delivering Value

Shifting the policy approach to regulate outcomes should help institutions determine which activities to prioritize without imposing restrictions on *how* colleges and universities deliver value. At WGU, we have shown that the following activities are critical for achieving these desired outcomes: expanding access, improving the relevancy of credentials, personalizing the learning journey to increase the probability each individual succeeds, and lowering costs. It’s up to Congress to create proper incentives for institutions to innovate along these mutually reinforcing dimensions, which together will ensure our higher education as a whole delivers greater value to learners and society.

Policymakers should also consider the unintended consequences of policies that may in fact disincentivize colleges and universities from pursuing innovations that enhance value. For example, loan cancellation² efforts may reduce some of the risk students face from experiencing a low return from their investment, but this does nothing to motivate institutions to deliver higher-quality credentials with greater workforce alignment. Indeed, it risks a situation whereby taxpayers lose, [institutions gain](#), and students are left with a credential of little value and an income too low to thrive on—certainly not the goal of either public or individual investments in education.

² It is also worth mentioning how policies like this can create a “[moral hazard](#)” for students. With the knowledge that individuals may not need to face the full cost of their education thanks to Income-Driven Repayment plans, for instance, students may elect to borrow more.

1. Expand Access

Reinventing higher education starts with reimagining access. Today the [majority of learners](#) are part of a diverse group of individuals who share one thing in common: they are typically excluded in both existing and new program design. Often over age 22, who work at least part-time, likely pay for school independently, have limited discretionary budgets, or live in education deserts³, these individuals aren't looking for a coming-of-age experience but rather a path to economic prosperity, with the flexibility to learn on their schedule.

As WGU and others have demonstrated, online learning has the potential to dramatically expand access to meet the needs of today's learners. [64% of our students](#) are from one or more of the following underserved populations: students who are the first in their family to attend college, students from low-income backgrounds, students of color, active-duty or veteran military service members and their families, and/or residents of rural communities. To date, we have graduated more than [300,000 students](#)—and we're far from done.

However, despite years of research documenting the potential benefits of online learning and [surveys](#) consistently showing that most students would like to take online courses in the future, policies continue to define quality based on learning modality, constraining the potential of tech-enabled learning to dramatically expand access. Perhaps it is time for a Morrill Act for the digital age. If enabling access in the 19th century demanded land, enabling access in the 21st demands the provision of resources to leverage technology to meet the needs of today's learners.

Reimagining access also means acknowledging that learning is no longer a one-and-done journey with graduation as the end goal. Higher education must be an accessible tool to upskill and reskill throughout an individual's life. It must serve as an investment that propels learners forward to completed credentials and new opportunities.

Specific policy recommendations with examples of relevant innovations are included in the Appendix.

2. Improve the Relevancy of Credentials

To ensure students derive real value from their credentials, institutions must be held accountable for designing programs and learning outcomes that are aligned with the rapidly changing opportunities of our future economy. At WGU, for instance, we offer only degree programs and industry certifications that can lead to in-demand careers, drawing on a large volume of data that points to where the workforce is going and which skills are needed for specific roles. We then validate these findings with our advisory councils and work with domain experts in the field to help us design our curriculum, associating those skills with high-value, assessable workforce competencies.

WGU confirms that students are competent through our high-quality assessment program, so employers can confidently trust that WGU students are able to perform the skills and competencies that we claim they can. We are also partnering with other stakeholders to build a common language around skills so educators, employers, and job seekers all mean the same thing when communicating through job listings and course descriptions.

³ A study published in 2018 estimated that more than 41 million adults, or 17.6 of the adult population, “live more than 25 miles from a broad-access public university.”

WGU does these things to ensure students derive real value from their credentials. The process of creating value is not simple: It involves everything institutions do to help students succeed academically, progress toward completion, design programs that align to workforce needs, and equip students with the skills to thrive in their chosen industries and to have resilience as those industries change over time. These institutional design decisions are unique to each institution, to the population of students they serve and the needs of those students, and to the specific programs that institutions offer. But despite this diversity, there are tangible policy levers that can enable innovation towards these ends and incentivize institutions to prioritize value and credential relevancy.

Specific policy recommendations with examples of relevant innovations are included in the Appendix.

3. Lower Costs

The crippling level of student debt in this country is the symptom of a larger problem: Too many learning experiences are not designed to be affordable. While there is a role for government subsidy, institutions must be incentivized to address the underlying factors that are contributing to this cost crisis. Policies that enable innovation and hold institutions accountable for maintaining or lowering costs can help. Costs can be shifted (e.g., from student to taxpayer), but they still exist—rather than focus on who should pay, Congress must use its power to make higher education more affordable.

WGU and others have shown it's possible. To keep tuition low, WGU aggressively controls costs and focuses marginal spending on investments that can contribute positively toward student outcomes. Whereas private nonprofit and public schools on average devote just less than one-third of their spending on course delivery and instruction, we devote roughly 60% (inclusive of our investment in teaching and learning technology). The university also employs a unique tuition model that recognizes how constraints around cost and time intersect. WGU allows students to take as many courses as they would like over a six-month period for one flat fee.

It is worth noting that there is no incentive through accreditation, the Higher Education Act, the Department of Education, or any other governmental entity for institutions to keep costs low. If WGU were to double its tuition tomorrow, our students would simply borrow more from the federal government and carry more debt throughout their lives. WGU would have twice as much money and would quickly find ways to spend it—as do institutions whose tuition is seven times ours. There is no trophy for doing what WGU has done; in fact, the Inspector General for the Department of Education audited WGU and in 2017, suggested WGU repay over \$700 million in federal aid to the government. This suggestion was more fully reviewed by the Department and subsequently dismissed. However, in its audit, the OIG noted that “whether the school’s model was improving educational quality or expanding access to higher education” was irrelevant to their findings. Understanding that the Department’s audit standard is federal law, the auditor’s statement makes clear that our current law has little priority on costs and outcomes and is instead focused on controlling “inputs.”

Specific policy recommendations with examples of relevant innovations are included in the Appendix.

Conclusion

Despite good intentions, our nation's higher education system is failing to keep up with the varying needs of America's diversity of learners and leaving untapped potential on the table. There's no doubt that colleges and universities face innumerable constraints that propagate the status quo and make innovation challenging—regulatory prescriptions, competing priorities, and antiquated notions of how best to serve students are just a few. But WGU and others are demonstrating what is possible when an institution is clear about its purpose and singularly focused on delivering value to students.

By centering policy on enabling innovation while ensuring accountability for outcomes, Congress can provide clarity of purpose and direction for the system. Policies that enable access, incentivize institutions to improve the relevancy of credentials, and focus on reducing costs can build out an education system that makes opportunity work for everyone.

At WGU we believe in the inherent worth and ability of every individual and unapologetically advocate for the transformational changes needed to reinvigorate the promise of education as the surest pathway to opportunity. We want every learner—not just every WGU student—to succeed. To that end, we are committed to partnering with Congress and other higher education institutions to remove the barriers that keep learners from achieving their dreams. Together, we can empower this generation and future generations to tap into their potential and make our nation stronger than ever.

Thank you, once again, for the opportunity to testify before you today. I welcome any questions you may have.

Appendix: Specific Policy Levers

1. Expand Access

Policy Lever 1A: Reduce Friction towards Tech-Enabled Learning

Tech-enabled learning has the potential to dramatically expand access and improve outcomes. Whether at fully online universities or brick-and-mortar campuses, both the substance of learning and the delivery method can be improved by leveraging technology. Tech-enabled learning empowers faculty to enhance the quality of their courses and tailor to their students' unique needs. Readily available data on how students are engaging with learning resources also enables faculty to adapt and personalize learning materials and experiences through timely, relevant interventions. All learners can benefit from online learning, but especially working learners and rural learners for whom online learning may be the only option that will fit in their lives.

It is important to understand, however, that neither online, nor in-person, nor hybrid, nor experiential learning is inherently of higher or lower quality; deliberate design is what ultimately matters. Customers do not shop at Amazon because the retailer is online; they do so because of its vast selection and availability, because it is convenient and trusted, or because shopping there affords some other benefit that's lacking elsewhere. It is how the retailer employs the technology through deliberate design that creates a valuable customer experience. The same is true in higher education—it is how institutions use the tools available to them to make learning more personalized, flexible, relevant, and ultimately valuable that matters, and it is along those dimensions that we should be assessing our nation's colleges and universities.

With that in mind, [policies](#) should no longer define quality based on learning modality, instead following the lead of the recently proposed PELL Act (HR 496), which defines quality based on outcome measures that matter. Congress should also identify opportunities to eliminate the disparity of treatment based solely on the academic delivery model. For example, since its inception in 2008, the Post-9/11 GI Bill has supported Veterans in their pursuit of higher education. This support has included tuition, fees and housing support. However, the [military housing allowance \(MHA\)](#) levels are currently reduced by half for students taking distance education courses compared to students taking in-residence courses. There is no support to justify this disparate treatment between those taking in-residence courses and those taking distance education courses, and, as such, the difference in MHA should be eliminated.

Policy Lever 1B: Enhance Transparency and Accountability for Credit Transfer

Outdated credit transfer policies and practices can create unnecessary barriers to access. Of the 2.9 million undergraduate students enrolled in fall 2019, a projected [1.1 million](#), or 38%, will transfer to another institution within six years. While these students should be able to apply most, if not all, of their prior credits at a transfer institution, the reality is far more complicated. A GAO report estimates that transfer students lose about [40% of their earned credits](#). Students can incur additional costs and debt recovering these lost credits.

Congress can implement policies that improve the transfer process by increasing transparency and holding institutions more accountable. Leveraging existing data gathered by the National Center for Education Statistics (NCES), Congress could require the creation of an online credit portal, where

transfer data for all institutions, programs, and courses can be accessed by current and future students. Institutions receiving Title IV funds would be required to participate, and those where students frequently lose transfer credits would be penalized.

Policy Lever 1C: Embrace Innovation in Credential Design

While it is estimated that [two-thirds of jobs](#) require postsecondary education, not all of that education must take the form of a degree. But degree-denominated learning [dominates](#) our investments in education, leaving our nation underinvested in non-degree credentialing opportunities. There is a growing [demand for high-quality skills education](#) and certification programs that offer the flexibility and relevance for students and employees and the learning outcomes valued by employers who are doing the hiring. Federal Pell Grants could be leveraged as a transformative tool in connecting individuals from low-income backgrounds with the millions of unfilled jobs across the country. However, current restrictions on the use of federal Pell Grants do not allow shorter-term credentials to qualify.

As is the case with degree programs, there is variation in terms of the value provided by short-term programs. To ensure that federal funding is targeted to short-term credentials of value, Congress should provide quality guardrails based on program outcomes as opposed to proscribing inputs or discriminating as to provider type. The Promoting Employment and Lifelong Learning (PELL) Act, recently introduced by members of this committee, proposes outcomes-based eligibility criteria, including completion rates and a positive return on investment metric.

Policy Lever 1D: Deliver Student Aid through Lifetime Learning Accounts

To enable student aid to align with a broader range of credential pursuits, Congress should deliver student aid—grants, scholarships, and loans—through a new system of Lifetime Learning Accounts. Individuals could use the funds in their personal Lifetime Learning Account for a wide range of higher learning, including coding boot camps, badges, credentials, and other relatively short education opportunities, so long as the provider is accredited by a quality assurance entity. Lifetime Learning Accounts would be tax-free accounts, similar to Health Savings Accounts, which every American would have and could use for education, study, or coursework at any eligible provider of higher learning. For each individual, the account would serve as the depository of funds from a wide range of sources, including grants (e.g., Pell Grants, grants from other sources, Forever GI Bill Veterans Benefits, and military and employer tuition assistance) and loans, from both governmental and private sources. The funds would belong to the individual, would grow at a tax-free rate, and could be rolled over to other family members, thereby encouraging cost-conscious use of the funds.

2. Improve the Relevancy of Credentials

Policy Lever 2A: Improve Transparency on Value to Enable Informed Choice

Just as students need clarity on costs, they also should have clarity on the value they can expect in return for earning a credential. There is a substantial amount of variation among programs and institutions in terms of the value provided to students. And yet, information on the wide variation in value among programs and institutions is not made readily available to students. While the College Scorecard provides data on costs, as well as median earnings and median debt by program of study, the information is difficult for an individual to translate into a return-on-investment metric. This makes it harder for individuals to identify high-value programs and institutions that could have a transformative

impact on their lives and that of their families. At worst, it leaves students vulnerable to scams and predatory institutions.

The focus of accountability policies at the federal level has generally been limited to the low end of that distribution, aimed at protecting students from the negative consequences of enrolling in low-financial-value programs. While that is an important place to start, Congress should take action to incentivize a broader set of institutions to orient to value. Congress could require that ROI metrics for programs and institutions be published in the College Scorecard or similar transparency tool. Similar to providing transparency on cost, this information should be made readily available to students at relevant points-of-entry, like the FAFSA.

Policy Lever 2B: Accountability for Value

Transparency is a powerful tool, serving to orient institutions to value; however, it is insufficient to prevent taxpayer subsidization of programs that leave students with zero economic return after accounting for the cost of attendance. In addition to cutting off financial aid eligibility for such programs, through enforcement of provisions such as [gainful employment](#), Congress should require institutions to have “skin-in-the-game” when it comes to the loans they expect their students to take out. If their graduates are unable to repay, the financial burden should not fall squarely on taxpayers. Ensuring all providers of higher education have a financial stake in their students’ success will go a long way to align the incentives of institutions more closely with the outcomes that students and taxpayers care about – namely, degree completion and employment attainment.

Policy Lever 2C: Support the Development of LER Technology

The skills students accumulate through their education or work experience mean little without a way to talk about them and a mechanism to verify them. Learning and Employment Records (LERs) give individuals ownership of their verified skills and credential attainment, allowing them to seamlessly share their know-how and can-do with prospective employers and academic institutions.

LERs take in data from learning and work and translate between those two worlds, providing a comprehensive view of the human capital individuals possess and which additional skills and learning achievements are needed for new roles. Crucially, in an era of massive economic displacement, they can help individuals who must or want to change industries understand how their skills translate in entirely new contexts.

In recent years, WGU partnered with other members of the White House’s American Workforce Policy Advisory Board, including IBM, Salesforce, and Walmart, to run multiple pilots to build out the feasibility of LERs. Those successful pilots represented an unprecedented collaboration among the government, higher education, and the workforce.

Policymakers should continue to collaborate with educators and business leaders to create a standard definition of skills and participate in funding, building, and adopting the infrastructure for the future of work. In addition, Congress should use its broad reach to facilitate and incentivize skills adoption across the various sectors of the learning and working landscape.

Policy Lever 2D: Authorize and Promote Competency-Based Education (CBE)

CBE is a powerful tool to increase credential relevancy and value because alignment with workforce needs is baked into the design. The hallmark of CBE are the competencies—the clearly defined skills and knowledge that students will master—which are aligned with the skills and knowledge students will need in the workforce. WGU strongly advocates Congress’s full recognition of CBE in federal policy frameworks so that all interested institutions of higher learning can pursue a method that allows for a more student-centric focus. In part due to its role in enhancing the student experience through personalization and flexibility, CBE has a long, proven record of achieving excellent outcomes for students. Permanent recognition of CBE in the statute can incentivize and accelerate the use of this student-centered instruction methodology in higher education. The ultimate result will be more educational offerings closely aligned with student and workforce needs.

The flexibility of CBE means that it is frequently misunderstood and disadvantaged by outdated laws and institutional practices that focus on time instead of learning. For example, financial aid is often tied to credit hours, such as requirements about the number of credit hours a student must be enrolled in to maintain aid, and it may have requirements about the pace at which a learner must progress. CBE is intentionally designed without a set calendar for progression and does not fit the outdated financial aid model. Today’s broadband technology also gives students access to high-quality, affordable CBE no matter where they live or their life circumstances.

Policy Lever 2E: Round out How We Measure Success

Not all value is economic: WGU is also invested in seeing our graduates thriving and engaged. WGU has partnered with Gallup to track and report these metrics, which provide a more holistic picture of the value we are providing to students beyond financial return and completion. Orienting to student voice is key to student-centered design; measuring and tracking student and alumni experiential data can serve as a key data point informing efforts to improve relevancy of credentials. Congress should require institutions to collect and report student and alumni experiential data, including student and alumni wellbeing, whether students would recommend the program to others (Net Promoter Scores), and graduates’ feelings of preparedness for the real world. While collecting these data would represent a significant new reporting requirement, the impact could be transformative. Orienting to customer voice and satisfaction through tracking and reporting experiential data has transformed the way businesses think about value and deliver services and it has the potential to do the same in higher education. The most significant cost would be borne by those not already gathering student satisfaction data; however, it could be argued that gathering student satisfaction data should be standard practice for colleges and universities.

3. Lower Costs

Policy Lever 3A: Turn off the Spigot of Unlimited Loan Eligibility

Congress should cap or eliminate Parent PLUS and Grad PLUS Loans and allow for more flexibility in borrowing at the undergraduate and graduate level. For example, Congress could allow for more variation in borrowing amounts based on the economic returns of a credential. Without loan limits, institutions have no incentive to hold down expenses when students and families can borrow up to the full cost of attendance with very little creditworthiness test. Parents of dependent students are saddled with enormous debt without the personal benefit of wage gains from higher learning for themselves, paying off their children’s education debt instead of saving for retirement. Unscrupulous institutions, regardless of tax status, can price their postbaccalaureate degrees much higher than actual cost because

graduate students have no limits on borrowing, resulting in little to no return on investment for many graduate program students.

Policy Lever 3B: Stop Paying for Time; Start Paying for Learning

Quality assurance mechanisms tied to institutional eligibility for federal student aid are centered on time-based measures, including the credit hour, full-time faculty, and number of hours of instruction. Such prescriptions can create barriers to adoption of innovations that could lower costs and better meet students' needs, including competency-based education and leveraging technology in design and delivery. Congress should create alternative measures to the credit hour focused on evidence of student learning—what students actually know and can do. Legislation to enshrine competency-based education in law—instead of continuing to regulate it as an experiment—has come before Congress for over a decade, most recently in the CBE Act of 2022 (H.R. 7461). This type of legislation is essential to expand proven innovation that can drive down costs for students and focus institutions on equipping students with workforce aligned skills.

Policy Lever 3C: Improve Transparency on Costs to Enable Informed Choice

For many students, investing in their education is the biggest financial decision of their lives. There is no reason for students to be making that decision based on false indicators like US News and World Report—we can give them better data. Congress has already taken a critical step to address these efforts by introducing legislation such as the College Cost Transparency and Student Protection Act (H.R. 9429). In addition, transparency tools like the Department of Education's College Scorecard are a great starting point. The key is providing students access to such information at *points of entry* into the financial decision-making process.

These critical points of entry include the Free Application for Federal Student Aid (FAFSA) and financial aid offer letters sent to students directly by institutions. Congress could require that transparency tools like the College Scorecard be embedded within the FAFSA. This would enable students to use the comparison tool to review student outcomes for each of the colleges they list on the FAFSA and help them make an informed decision when considering the college financial aid offer.⁴

These offers are used by students and families to make key education and financial decisions. Unfortunately, a recent [GAO report](#) found that most colleges are not following best practices for providing clear and standard information in their financial aid offers. According to GAO's review of offers from a nationally representative sample of colleges, nearly two-thirds of colleges follow half or fewer of the 10 best practices. For example, according to best practices, a college should estimate the net price—how much a student will need to pay to attend that college—by deducting only grants and scholarships from all key costs. However, GAO found that an estimated 91% of colleges do not include or understate the net price in their aid offers. GAO recommended that Congress consider legislation requiring colleges to provide students financial aid offers that follow best practices for providing clear and standard information.

⁴ Transparency on costs should be paired with transparency on time-to-graduation and completion rates to enable students to make more realistic estimates. Students are likely budgeting four years of costs while a more typical pathway to graduation may take five or six. Nontraditional students take seven years to graduate on average.

Policy Lever 3D: Improve Transparency on the Implications of Borrowing

Policymakers and institutions can help learners understand both the cost of their education and their return on their investment through financial literacy and responsible borrowing policies. WGU's [Responsible Borrowing Initiative](#), for instance, demonstrates the power of transparency. All students who apply for financial aid receive a personalized Financial Aid Plan, which recommends that students borrow only their “unmet direct costs”—tuition and fees minus any grants or scholarships. The personalized plan includes information about the total cost of attending WGU, their estimated monthly student loan payment after graduation, as well as links to financial aid tools and other useful resources. Since 2013, the average debt at graduation has decreased by more than 30%. Currently 65% of borrowers accept the recommendation to borrow less, and another 10% decline loans altogether. By simply providing useful information at the point in time when deciding how to pay for college, WGU is able to significantly change student behavior and reduce unnecessary borrowing.