

A Policy Toolkit to Transform Postsecondary Education

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Stand Together Trust

Stand Together Trust is part of a broader philanthropic community that helps America's boldest changemakers tackle the root causes of our country's biggest problems—driving solutions on education, economic opportunity, health care, bridging partisan divides, and dozens of other pressing issues.¹ Stand Together helps partners transform their results by accessing capabilities such as funding; tapping into a unique network that includes Fortune 50 CEOs, civil rights and civil liberties leaders, and hundreds of nonprofit leaders; and utilizing a playbook for applying principles that are proven to help people thrive.

For any questions or comments about this toolkit, please contact us at EdPolicy@StandTogether.org.

¹ © 2023 Stand Together Trust. All rights reserved. Stand Together Trust and the Stand Together Trust logo are trademarks and service marks of Stand Together Trust. Terms like “we,” “our,” and “us,” as well as “the Stand Together community,” are used here for the sake of convenience. While the individuals and organizations to which those terms may refer share and work toward a common vision—including, but not limited to, Stand Together Foundation, Stand Together, Charles Koch Foundation, Stand Together Trust, Stand Together Fellowships, and Americans for Prosperity—each engages only in those activities that are consistent with its nonprofit status.

A Policy Toolkit to Transform Postsecondary Education

TRANSFORMATIVE EDUCATION

Imagine a society where people are valued based on their dignity and ability to contribute, not by their credentials or the career they pursue.

Now envision a world where we stop romanticizing the bachelor's degree and perpetuating a policy environment that does the same. In this environment, individuals access an array of postsecondary education options aligned with their preferences and goals that equip them with the skills needed to pursue their unique pathway in life.

What we are describing is a transformative education ecosystem that exposes individuals to experiences throughout their lives that enable them to discover their passions, preferences, and interests and unlocks their extraordinary potential by helping them develop and apply their innate gifts to realize mutual benefit and succeed by creating value for others and society.²

Empowering people with the resources to self-actualize along an individualized path of discovery and development in a way that

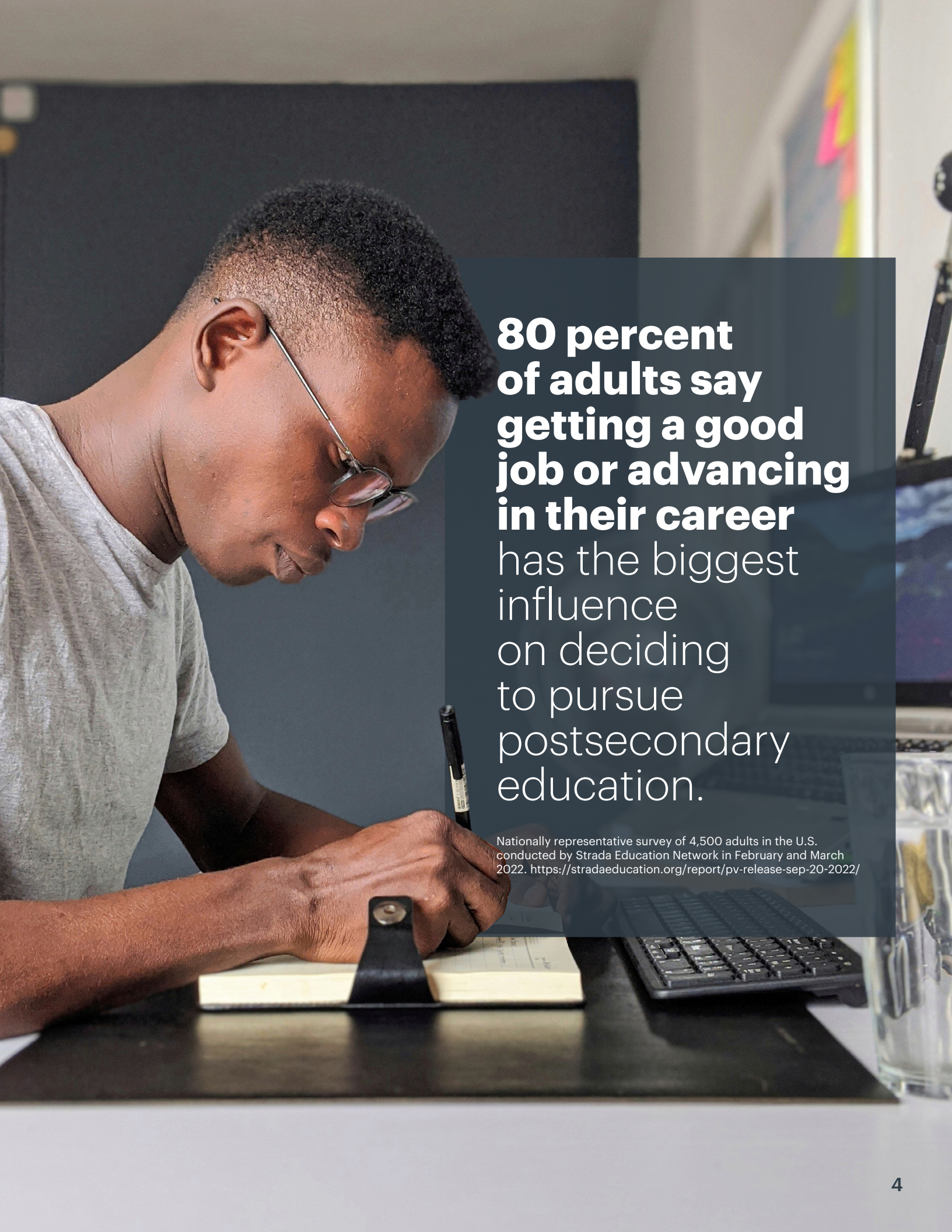
best suits them is essential to supporting a more fluid lifelong educational trajectory.³ For example, an individualized path might include a liberal arts degree, career and technical programs, competency- and skills-based education, experiential learning, civic education, or community engagement. The key is that education must be tailored to the individual, not a one-size-fits-all model designed for the masses.

This is at the heart of a society that recognizes the dignity of every person, not based on educational attainment or career aspirations but on the recognition that every person can capitalize on their unique abilities and talents to succeed in life and create value for themselves and others.

The Stand Together community believes we need to reframe the policy discussion away from “us versus them” solutions and find common ground to create an education environment that helps all people discover, develop, and apply their unique talents and abilities to achieve extraordinary things.

² Mutual benefit is steeped in the belief that people succeed by creating value for others, motivating them to assist rather than harm one another, and having a deep respect for each person's dignity, goals, interests, and values, and respecting their equal rights as we find areas of mutual benefit.

³ Self-actualization describes the lifelong journey to develop one's aptitudes into skills that create value and help them realize their full potential, which is essential for fulfillment. As one becomes increasingly self-actualized, they will better deal with reality, face the unknown, creatively solve problems and help others succeed.



**80 percent
of adults say
getting a good
job or advancing
in their career**
has the biggest
influence
on deciding
to pursue
postsecondary
education.

Nationally representative survey of 4,500 adults in the U.S. conducted by Strada Education Network in February and March 2022. <https://stradaeducation.org/report/pv-release-sep-20-2022/>

SUPPORT STUDENTS, NOT SYSTEMS

Postsecondary education must adapt from an outdated system designed around institutional subsidies and protections for a status quo higher education model to one that meets the needs of a diverse population of learners who want to access an array of individualized education options throughout their lifespan.

Individuals pursue education to gain new skills and competencies, reach career aspirations, enhance civic participation, and enrich their lives. For some, a college degree might be the best path to achieving these goals and aspirations. However, an apprenticeship, certificate, or certification might be the best option for others.

The current system creates artificial demand for the status quo higher education model through massive government subsidies, protectionist policies and regulations, and outdated public and private sector hiring practices, all of which prioritize degrees and marginalize alternative education options.

More than 70 percent of new jobs require a bachelor's degree, but fewer than 50 percent of workers have one.⁴ Moreover, an estimated 60 percent of new jobs will be in occupations that do not require a typical associate's, bachelor's, or graduate degree.⁵ Policymakers, employers, and educators must work together to remove unnecessary barriers that prevent millions of Americans from realizing their full potential.

Outdated and out-of-touch policies, regulations, and longstanding practices prevent many people from accessing the type of individualized education they deserve. Several reforms are necessary for students to access flexible, individualized pathways designed for their unique trajectory, not a one-size-fits-all higher education model.

We hope this policy toolkit and the ideas that follow will inspire policymakers, educators, business and community leaders, and social entrepreneurs to pursue bottom-up solutions to create the conditions for a postsecondary education environment where every person can discover, develop, and apply their unique gifts and realize their full potential.

The Stand Together community stands ready to assist anyone who shares this vision.

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⁴ <https://opportunityatwork.org/thepaperceiling/>

⁵ <https://www.bls.gov/careeroutlook/2022/article/occupations-that-dont-require-a-degree.htm>



PROMOTE INNOVATION AND INDIVIDUALIZED EDUCATION MODELS

For too long, policies have viewed education as a function of seat time, credit hours, and graduation rates. And employers' recruitment and retention policies and practices have sent mixed signals about the types of credentials learners need to pursue to get ahead. Unfortunately, this has led millions of Americans to pursue the status quo college model when other education options might have better aligned with their preferences, resources, and aspirations.

The answer is not a zero-sum game pitting college against alternative pathways. Instead, we must remove barriers to innovation, allow localized flexibility, and shift the demand signals about the types of credentials society values. This is at the heart of helping individuals discover their aptitudes, develop knowledge and skills based on who they are and what they want to achieve, and empower them to realize mutual benefit by creating value for themselves and society.

Competency- and Skills-Based Education

Most education systems and funding are organized around specific requirements related to the number of hours of instruction

a learner receives in a day, week, and academic year. However, these arbitrary time and credit hour requirements correlate little with learning. Competency-based education (CBE) allows learners and educators to focus on mastery of concepts and skills, regardless of time, place, and pace. In addition, CBE is customizable to meet different learning abilities and enables individuals to demonstrate proficiency in what they have already learned, thereby enabling accelerated credential attainment.⁶

61 percent of U.S. adults say **universities need to change** to meet the needs of today's students.

A nationally representative survey of 1,000 U.S. adults conducted by YouGov from August 11-16, 2021. <https://charleskochfoundation.org/app/uploads/2021/08/CKF-August-2021-PSE-%20Poll-Crosstabs-Final.pdf>

In 2022, the **Competency-Based Education Network** (C-BEN) launched the CompetencyXChange Task Force to boost the adoption of high-quality competency-based

⁶ <https://www.brookings.edu/essay/whose-learning-counts-state-actions-to-value-skills-from-outside-the-classroom/>

education. C-BEN convenes stakeholders across policy, quality assurance, research, community organization, education providers, employers, and technology providers to co-create and define the best opportunities to scale competency-based solutions across multiple states.⁷

Federal policymakers must untether federal funding from credit hours and seat time, abolish time-based requirements altogether, and tie funding to validated learning or competency milestones instead. Federal financial aid rules requiring regular and substantive interaction between a student and faculty member stifle innovative models where students learn at their own pace.⁸ Policymakers should update the Higher Education Act and federally registered apprenticeship requirements, so policies and rules reflect the reality of where and how students learn in the modern economy.

Federal regulators at the Department of Education should aggressively utilize Experimental Sites authorities to permit higher education institutions to promote better collaboration between institutions, alternative education providers, and employers to deliver in-demand credentials. Well-developed experiments could pave the way for more permanent federal regulatory changes to remove the red tape that stifles innovative learning models. The Department's Educational Quality through Innovative Partnerships (EQUIP) initiative launched in 2015 sought to do just this. But the process was onerous, and participating schools received little guidance on interpreting the federal rules and guidelines along the way.⁹

State policymakers must untether state higher education funding from credit hours and seat time, abolish time-based requirements altogether, and instead tie funding to validated learning or competency milestones. For example, at least a dozen

states enable students to use state grants at **Western Governors University**, a private nonprofit university that delivers CBE online, no longer forcing students into a traditional education model at a public institution.¹⁰



Education providers must rethink traditional teaching, learning, and assessment approaches to remove barriers created by the current time-based system and eliminate poor proxies for skills that create mistrust and unnecessary requirements to earn a credential and focus on validating competencies and skills acquired regardless of where learning occurs. For example, the **American Council on Education**, which for decades has been evaluating military and corporate education programs for college credit, spearheaded a project in 2021 to evaluate apprenticeship programs and translate the associated experience and learning into college credit equivalencies and workplace competencies documented in ACE-endorsed badges and transcripts. The benefit for worker-learners is a verifiable and portable learning record of workplace competencies that can be used to pursue employment and job advancement opportunities.¹¹

⁷ <https://medium.com/cbe-movement/competencyxchange-the-initiative-and-visionaries-creating-the-agenda-to-scale-cbe-54acb58bc48f>

⁸ <https://whiteboardadvisors.com/wp-content/uploads/2023/01/Competency-Based-Education.pdf>

⁹ <https://www.insidehighered.com/news/2018/04/18/federal-experiment-nontraditional-providers-stumbles-out-gate>

¹⁰ <https://www.wgu.edu/financial-aid-tuition/financial-aid/state-grants.html>

¹¹ <https://www.acenet.edu/Programs-Services/Pages/Credit-Transcripts/Apprenticeship-Pathways.aspx>

Counter Degree Inflation

Far too often, entry-level job postings require a bachelor's degree for roles where it is unnecessary, preventing millions of people from accessing quality employment opportunities. Instead, Americans deserve pathways that do not involve completing a degree program but allow them to demonstrate their knowledge, skills, and abilities through experiences in other life- and career-relevant settings. **Opportunity@Work**, a national nonprofit helping individuals work, learn, and earn to their full potential, launched The Paper Ceiling campaign to raise awareness and spur public and private sector action to end degree inflation.¹²

The Stand Together community, along with partners like **The Cicero Institute**¹³ and **Society for Human Resource Management**,¹⁴

Two-thirds of U.S. adults believe employers **value skills more than degrees when hiring.**

A nationally representative survey of 1,000 U.S. adults conducted by YouGov from August 11-16, 2021.
<https://charleskochfoundation.org/app/uploads/2021/08/CKF-August-2021-PSE-Poll-Crosstabs-Final.pdf>

are working to change the paradigm from “degree required” to one that recognizes individuals acquire knowledge, skills, and competencies in many settings and that all learning should count regardless of where the learning occurred.

A comprehensive public and private approach to ending degree inflation are necessary to shift the demand signals and make it clear to learners and educators that employers value unconventional learning models and new types of credentials. This is at the heart of ensuring all individuals can put their skills to use in the labor market and create value for themselves and society.

Federal policymakers must clarify and provide certainty around the policies, regulations, and laws that pertain to employment and hiring; this is a critical step to remove the uncertainty around legal and compliance risks for employers who take steps to move away from requiring degrees as safe proxies for candidate quality and shift to skills and aptitude assessments.

Federal regulators and the Equal Employment Opportunity Commission (EEOC) should provide guidance specific to eliminating degree requirements in hiring to give employers clarity and certainty regarding the policies they implement to end degree inflation.

¹² <https://opportunityatwork.org/thepaperceiling/>

¹³ Cicero Institute received a grant from Stand Together Trust in 2022 to educate policymakers and other stakeholders about how degree inflation prohibits millions of Americans from accessing fulfilling employment and elevate strategies to remove unnecessary degree requirements for public sector jobs in at least five states.


¹⁴ SHRM Foundation received a grant from Stand Together Trust in 2022 to survey its US-based membership and conducting a landscape analysis to identify perceived versus actual policy, regulatory and legal barriers to dropping unnecessary degree requirements for jobs. SHRM and its grassroots network of members will educate policymakers on why reforms are needed to mitigate the inadvertent exclusion of talent because of degree inflation.

State policymakers must eliminate unnecessary degree requirements for public sector jobs; this can be done quickly through executive orders and codified through legislation. States employ thousands or tens of thousands of people in each state, and lawmakers can signal to private employers that to compete for talent in the state, dropping unnecessary degree requirements is necessary. For example, Colorado, Maryland, Utah, Pennsylvania, and Alaska governors have already taken bold steps to remove unnecessary degree requirements for state jobs and serve as exemplars for other states and private employers to follow suit.^{15, 16, 17, 18, 19} The mutual benefit of the policy change in Maryland is already evident, with a 41 percent year-over-year increase in non-degree holders getting hired in administrative, IT, and customer service roles.²⁰

Employers should update hiring policies and practices to eliminate unnecessary degree requirements for jobs where a degree is not required for certification, licensure, or similar requirement. The **American Opportunity Index** is a corporate scorecard that measures how well major employers (top 50 Fortune 250 companies) foster economic mobility for workers by attracting workers without college degrees and helping them move up the career ladder.²¹ This list needs to grow rapidly to address current talent issues faced

by the structural labor shortage. To make this change, companies must review job descriptions and change outdated hiring policies and practices to remove unnecessary degree requirements.

Education providers should view the shift from “degree required” to skills-based hiring not as an effort to devalue the college degree but as an opportunity to combine faculty’s disciplinary expertise with industry collaboration to embed career-relevant teaching strategies and workplace-relevant experiences into the curriculum.²² A growing number of colleges are doing this by embedding stackable credentials into existing programs so students can take advantage of more immediate work opportunities.²³ Colleges need to update transfer credit policies and practices to award appropriate credit towards a degree for students’ prior learning, which includes stackable credentials and learning acquired outside the traditional classroom.²⁴



¹⁵ <https://www.colorado.gov/governor/news/7741-gov-polis-takes-innovative-action-attract-new-skilled-talent-state-workforce>
¹⁶ <https://governor.maryland.gov/2022/03/15/governor-hogan-announces-elimination-of-four-year-degree-requirement-for-thousands-of-state-jobs/>
¹⁷ <https://governor.utah.gov/2022/12/13/news-release-gov-cox-launches-skills-first-hiring-initiative-for-state-government/>
¹⁸ <https://www.cbsnews.com/pittsburgh/news/gov-josh-shapiro-first-executive-order-state-government-jobs-college-degrees/>
¹⁹ <https://gov.alaska.gov/governor-dunleavy-champions-economic-opportunities-for-alaska-workers-orders-removal-of-four-year-degree-requirements-for-most-state-jobs/>
²⁰ <https://www.washingtonexaminer.com/restoring-america/community-family/we-need-more-skills-rather-than-degree-based-hiring-practices>
²¹ <https://www.americanopportunityindex.org/stories>
²² <https://www.acenet.edu/News-Room/Pages/Institutions-Should-Support-Faculty-in-Enhancing-the-Career-Relevance-of-Curriculum-Says-New-ACE-White-Paper.aspx>
²³ <https://www.brookings.edu/blog/brown-center-chalkboard/2021/02/02/stackable-credentials-can-open-doors-to-new-career-opportunities/>
²⁴ <https://www.acenet.edu/News-Room/Pages/Transfer-Task-Force-Releases-Report.aspx>

The inflexible federal higher education financing model places many education options out of reach for learners who would instead pursue a non-college pathway but are **forced into a college program because of restrictive student aid policies.**



IMPROVE COST AND VALUE THROUGH INNOVATIVE FINANCE

The current model for financing postsecondary education is steeped in misaligned incentives that benefit the bottom line of colleges and universities and do little to control costs. Government subsidies contribute to skyrocketing college costs, which has left more than 40 million Americans holding a collective \$1.7 trillion in student debt.²⁵

The inflexible federal higher education financing model places many education options out of reach for learners who would instead pursue a non-college pathway but are forced into a college program because of restrictive student aid policies. Not only is the current funding model limiting for students, but students have been misinformed by some institutions about the actual cost and debt associated with the education programs in which they are enrolled.²⁶

The answer is not more federal spending. The federal government already has too heavy of a hand in financing postsecondary education, which has distorted the actual cost of education and skewed true demand for higher education alternative pathways. Instead, we must give more serious attention to innovative financing models with mutually aligned incentives that bring about greater cost control and accountability to deliver positive academic and employment outcomes for students, regardless of the education pathway they choose.

Education and Skills Savings Plans

Education and skills savings accounts can transform education by incentivizing tax-free co-investment from multiple sources—individuals, employers, philanthropy, education providers, and government—to

allow learners greater funding portability to pursue education options that meet their distinct needs and preferences.

Directly funding learners enables them to make proper trade-offs between higher education and alternative options. It addresses misaligned incentives where colleges receive billions in government subsidies with little motivation to control costs. Education and skills savings plans flip the paradigm by restoring individuals' purchasing power in an open marketplace.

Education and skills savings plans can include fully flexible or conditional funds from public and private sources held in an account for the learner's benefit. Because of the custodial nature of these plans, there are guardrails in place to ensure funds are spent on pathways aligned with a funder's intent. The benefit to the learner is they have a diversified portfolio of funds in a single account they can use to pursue a myriad of education options.

Federal policymakers should shift means-tested subsidies like Pell Grants away from institutions and directly to learners by making block grants to states to disburse aid to individuals' savings accounts when they intend to use the funds. Policymakers should also incentivize employer investment in education savings plans by updating Section 127 of the federal tax code to permit increased investment by employers in their employees' education; this can help shift the funding model away from taxpayers and towards private investment in postsecondary education.

State policymakers should adopt some form of postsecondary education or lifelong learning or skills savings accounts to encourage individuals to save for future education costs and enable students to pursue education pathways best aligned with their preferences and goals. These accounts can transform education by incentivizing tax-free co-investment from multiple sources and

²⁵ As of autumn 2022

²⁶ <https://www.gao.gov/products/gao-23-104708>

shifting state resources to direct-to-student rather than direct-to-institution funding. The **National Governors Association** suggests adapting existing 529 education accounts into continuous learning household accounts or 529(c) accounts. Such accounts could include a mix of individual savings or low-interest loans, employer education benefits, and public funds from WIOA (Workforce Innovation and Opportunity Act), SNAP (Supplemental Nutrition Assistance Program), or unemployment benefits, providing flexible funding for household members to pursue various education options.²⁷

Employers should invest in education-as-a-benefit—beyond tuition assistance and reimbursement—to include skills-based pathways while negotiating competitive deals with education providers to maximize value for worker-learners and employers and create mutually beneficial incentives for providers. For example, **Guild Education** is an entrepreneurial company that manages education as a benefit for many prominent companies. A notable aspect of the Guild model is they negotiate tuition discounts between employers, such as Chipotle, Target, and Walmart, and a growing list of schools to align mutually beneficial incentives for employees, employers, and education providers.²⁸ As a result, employees can earn a free college degree, employers retain workers, and schools attract students they might otherwise not have reached.

Social entrepreneurs serve a key role as gatekeepers or custodians of public funds for the benefit of individual learners. They help individuals navigate using the mix of personal, public, and private funds in their accounts to pursue their preferred pathway. **Earn to Learn** is a matched savings program

that incentivizes individual savings for low-to-moderate-income students, helping them save up to \$500 each year and providing an 8:1 match using public-private dollars.²⁹ Earn to Learn has a proven model that decreases, and in some cases, eliminates the need to borrow for college. Best of all, students interact with an easy-to-use platform to watch their savings grow and access the available funds while Earn to Learn manages disbursements. In 2022, Earn to Learn garnered support from Arizona state lawmakers and a bipartisan group of federal policymakers.^{30, 31}

Outcomes-Based Student Loan Alternatives

Innovative risk-sharing finance options can make postsecondary education more accessible and affordable and enable alternative education providers to compete on equal footing with colleges and universities. And there is growing bipartisan support for innovative risk-sharing finance models.³²

Models like outcomes-based loans and income share agreements (ISAs) maximize the return on investment for students, funders, education providers, and taxpayers by coupling funding with demonstrated post-completion outcomes. These funding options give learners access to a broader array of education providers,



²⁷ <https://www.nga.org/futureworkforce/pathways/innovate-financing-mechanisms-for-lifelong-learners/>

²⁸ <https://www.forbes.com/sites/alexandrawilson1/2021/08/06/how-rachel-carson-has-built-guild-education-into-a-tool-for-employee-retention---and-a-500-million-fortune/?sh=631984c37971>

²⁹ www.earntolearn.org

³⁰ https://tucson.com/opinion/local/local-opinion-student-debt-workforce-development-need-attention/article_9c113764-5393-11ec-928e-7fd800b02eea.html

³¹ <https://thecollegepost.com/earn-to-learn-bill/>

³² <https://www.forbes.com/sites/prestoncooper2/2023/01/03/three-bipartisan-higher-education-reform-ideas-for-the-new-congress>

incentivize providers to lower program costs and improve outcomes, and turn the tide on traditional student loan borrowing. This “skin-in-the-game” approach is unlike any other education financing tool.

Jobs for the Future is building a coalition of policymakers and influencers through its Financing the Future initiative to support innovative postsecondary education funding options that promote opportunity and access through financing models like ISAs that reduce the need for government subsidies and minimize student debt.³³

Federal and state policymakers must codify the operating environment for innovative finance providers to compete fairly with traditional student loans. Policymakers should provide sensible guardrails for emergent finance models like income share agreements and outcomes-based loans and rein in efforts by bureaucrats to overregulate these models in a way that makes it counterproductive to offer these options to students. In 2022, a bipartisan group of senators introduced federal legislation, the ISA Student Protection Act,³⁴ to strengthen the framework for ISAs by creating legal and regulatory certainty for ISA providers while creating guardrails for students who benefit from this emerging student loan alternative. The bill would have clarified a very ambiguous regulatory and legal environment for ISA providers where federal regulators have almost free rein to create and apply rules for this emerging finance sector.

Federal regulators at the Consumer Financial Protection Bureau (CFPB) and the Department of Education need to work with the innovative finance industry to understand what they need in the regulatory space to operate and compete fairly with traditional student loan providers. Regulators cannot overregulate

these emerging models before they can prove themselves worthy competitors to student loans. Students deserve more flexible options to finance postsecondary education, including much-needed competition against the federal government’s taxpayer-funded student loan monopoly, which limits the pathways students, especially those with limited resources, can pursue.

Social entrepreneurs like outcomes-based lenders and ISA providers must coalesce around industry best practices for outcomes-based underwriting, consumer guardrails, and alignment of incentives for funders, students, and education and training providers to inform sensible regulatory approaches rather than regulators determining what is best for the innovative finance sector. For example, **Social Finance**, a national impact investing and advisory nonprofit, which helps learners access educational opportunities to pursue work in in-demand sectors, is shifting the national dialog around outcomes-based funding in education. Through its innovative Pay for Success model and tools like the Career Impact Bond, Social Finance improves the return on investment (ROI) for unemployed or underemployed learners pursuing education to quickly gain the skills to enter the modern economy. Social Finance minimizes the risk of an uncertain outcome, requiring learners to repay program costs only if they land a job earning a family-sustaining wage.³⁵

Pell Grants for College Alternatives

Interest in college alternatives is increasing among learners, workers, and policymakers. Half of U.S. parents want their children to access alternative postsecondary education pathways such as noncollege-based skills training programs, apprenticeships, specialized technical training, and trade

³³ JFF received a Stand Together Trust grant to bring together innovative finance providers to develop ISA gold-standard criteria and generate research reports and policy briefs to educate regulators and policymakers on how innovative finance models can be used to upskill the workforce.

³⁴ <https://www.congress.gov/bill/117th-congress/senate-bill/4551?s=1&r=29>

³⁵ <https://socialfinance.org/what-is-pay-for-success/>

schools if employers recognize them.³⁶ Short-term, more flexible credentials often cost less and can be earned more quickly than a traditional degree. In addition, alternative education options can lead to fulfilling careers and be stepping-stones to career advancement, higher pay, and contribute to individuals' self-actualization.

Unfortunately, federal student aid policies are steeped in protectionism and misaligned incentives that favor colleges, limit individuals' freedom and ability to pursue alternative education options, and undermine human dignity by deciding for learners the types of education pathways they can pursue.

Federal policymakers must allow learners more flexibility to use their existing Pell Grants (and other federal aid) to pursue short-term education and skills development programs without restrictions on time, modality, or other characteristics. This is not a call for increased federal intervention in education or more Pell Grant funding, but for policymakers to shift the federal Pell Grant to a defined contribution provided directly to the learner or an account on their behalf to use when and where they choose to pursue their education.

³⁶ <https://news.gallup.com/poll/344201/nearly-half-parents-noncollege-paths.aspx>



LEVEL THE PLAYING FIELD THROUGH FAIR ACCOUNTABILITY RULES

The growth in credentials outside of college degrees and increasing demand among learners to pursue individualized education pathways is spurring debate about accountability in postsecondary education. Unfortunately, cronyism among the old guard of education providers has led to the government unfairly applying rules and protections and limiting funding for education providers based on tax status or accreditation. Accountability reforms must shift to a fairer system encompassing a diverse array of education providers and pathways competing on equal footing.

Credential Engine, a nonprofit whose mission is to map the credential landscape with clear and consistent information, has documented more than 1 million credentials in the U.S., from high school equivalencies, badges, course completion certificates, licenses, certifications, apprenticeships, and degrees.³⁷ Strada Education Network found 65 percent of people who completed a non-degree program said their education was worth the cost, and 49 percent said it helped them achieve their goals, compared to 59 percent and 43 percent, respectively, of associate degree holders.

Creating a level playing field for traditional degrees and alternative credentials to compete in the education marketplace does not mean more regulations and red tape. Instead, existing rules and laws must be clear and consistent and designed for mutual benefit to ensure a diverse array of education providers can compete in a fair, open marketplace where learners have unrestricted access to multiple education options and helpful information about how these options help them achieve their future goals.

Outcomes-Based Accountability

Improving transparency about quality and outcomes could lead to a greater understanding of and trust in both traditional and alternative credentialing pathways. The recent growth in alternative providers and education options necessitates new, more relevant ways to measure the quality of learning pathways and non-college programs and their associated outcomes. Notably, the quality of credentials should be measured by the outcomes aligned with individuals' motivations, preferences, and expected outcomes.

Accountability reforms must shift to a fairer system encompassing a diverse array of education providers and pathways competing on equal footing.

Learners can benefit from data about the value and relevance of a learning experience or credential tied to measurable outcomes, such as how it positions them to succeed in future work and learning opportunities. For example, employment is a key reason many students pursue further education. And providing information about employment

³⁷ <https://credentialengine.org/resources/counting-u-s-secondary-and-postsecondary-credentials-report/>

prospects and projected wage and earnings data could be a valuable decision-making tool for students and an accountability metric for policymakers to assess the ROI of taxpayer-funded programs.

Texas Public Policy Foundation is enhancing consumer-driven accountability in higher education through research and new data on program outcomes that will improve outcomes' transparency and inform students' decision-making. In addition, this will incentivize higher education entities to respond to market signals based on program cost and post-graduation earnings data.³⁸

Federal policymakers must shift away from the ineffective one-size-fits-all, protectionist accountability regime that is the current accreditation system; it has repeatedly proven insufficient to protect students before colleges and universities close, leaving taxpayers to clean up the mess after the fact. Congress should eliminate accreditation as the gatekeeping mechanism for Title IV student aid purposes, instead delegating accountability to the states, which are already required to authorize higher education institutions to operate within their states. States are better positioned than the federal government to determine the outcomes that align with the needs of stakeholders in their state.

State policymakers should reassert the state's quality assurance and accountability role and implement market-based approaches to hold education programs that receive public funding accountable for delivering outcomes aligned with the respective state's education and workforce priorities. Market-based approaches should incentivize higher education and alternative education providers to respond to market signals regarding cost and quality and equip policymakers with information about the value of taxpayer-subsidized programs.

39 percent of adults not currently enrolled in postsecondary education **lack confidence that enrolling in an education program will lead to better career outcomes.**

Nationally representative survey of 4,500 adults in the U.S. conducted by Strada Education Network and Gallup in February and March 2022. <https://stradaeducation.org/report/pv-release-sep-20-2022/>

The Cicero Institute is educating lawmakers across several states about the benefits of performance-based funding models that allocate state public higher education funding based on the post-graduation earnings of an institution's students.³⁹

Employers are a crucial variable missing from the current accreditation system. They must engage more deeply with education providers and social entrepreneurs to influence, validate, and provide continuous quality improvement for assessing competency and skill attainment aligned with labor market opportunities and demands. Further, employers play a critical role in shaping how policymakers think about and regulate the quality of education programs; a strong employer voice is necessary to

³⁸ TPPF received a grant from Stand Together Trust to expand the available outcomes data on its College Earnings and Debt web tool (<https://www.texaspolicy.com/college-earnings-and-debt/>), which allows students, parents, and policymakers to assess the return on investment of academic programs at publicly funded higher education institutions.

³⁹ <https://ciceroinstitute.org/research/earnings-weighted-funding-higher-education-funding-for-lasting-student-success/>

ensure quality assurance is designed to meet the needs of students and employers, not bureaucrats.

Social entrepreneurs need to develop novel ways to assure the quality of programs, measure outcomes, and provide transparent signals to students, educators, employers, and policymakers about the cost and financing options and expected earnings and labor market outcomes to assess the return on investment of individual programs; these proof points are necessary to show policymakers the viable alternatives to accreditation. For example, **Postsecondary Commission**, formerly College 101, is a nonprofit creating a new postsecondary education accreditor to evaluate colleges based on student outcomes and economic mobility. Their goal is to lower the barriers to new school entrants that will outcompete traditional institutions for students by offering programs that better meet their individualized needs.⁴⁰

Higher Education Accountability Regulations

The current higher education environment includes several unfair and highly protectionist accountability regulations that treat higher education providers differently based on their tax status. Over several decades, trade groups and influential lobbying organizations have influenced policymakers and regulators to draw unfair lines between institutions of different tax statuses. But this type of cronyism polarizes the accountability debate, pitting one sector of higher education against another, and distorts the marketplace by sending a signal to students that public and private nonprofit institutions are preferable to others, such as for-profit education providers.

Conversely, when laws and regulations treat all higher education institutions fairly and are applied equally, it improves access and choice for families to make informed decisions about the available education options.

Federal policymakers must establish as the norm that higher education accountability regulations be fairly and equally applied in procedure and substance across all sectors of higher education. Congress must update the Higher Education Act to clarify to regulators their statutory role in fairly and equally applying accountability regulations such as the gainful employment rule and borrower defense to repayment to all providers and programs that receive federal taxpayer funding regardless of taxpaying status. **Urban Institute** has developed leading research to inform the debate on fair-minded approaches to the gainful employment rule and educate regulators on the impact of the untested proposed regulations.⁴¹

Federal regulators should use the existing statutory authorities to protect the interests of the United States and provide quality assurance as provided for in the Higher Education Act to apply similar accountability rules, such as gainful employment and borrower defense to repayment, to all public and private nonprofit institutions, not only taxpaying institutions. **The Foundation for Research on Equal Opportunity** has published extensive data on college program outcomes and recommendations surrounding gainful employment and fair practices to hold institutions accountable for positive outcomes.⁴² As regulators update rules, they must do better at including broad viewpoints in the negotiated rulemaking process and understanding their proposed rules' full weight and impact on affected parties rather than promulgating untested rules with potentially disastrous outcomes.

⁴⁰ <https://postsecondarycommission.org/>

⁴¹ Urban Institute received a grant from Stand Together Trust in 2022 to examine the impact of the U.S. Department of Education's proposed high-school earnings test and provide a "first-look" at how a fairer tuition-to-earnings ratio would function compared to a proposed debt-to-earnings test.

⁴² <https://freopp.org/accountable-or-not-evaluating-the-biden-administrations-proposed-gainful-employment-framework-a49231683263>

GOOD POLICY FRAMEWORK

The Stand Together community engages in public policy to advance sustainable and transformational education. We believe policies should move society toward an educational environment with a wide array of options—not just higher education—that allows every learner to discover, develop, and apply their unique talents and skills in society for mutual benefit.

There is no single solution to “fix” postsecondary education. In some cases, simple reforms are sufficient to remove barriers. In other cases, this involves rethinking entire policies that shape the postsecondary education ecosystem. Educators, business and community leaders, social entrepreneurs, learners, and families know the issues and barriers people face and often know which solutions are working (or not) for their needs. We believe policymakers and regulators must look to bottom-up solutions rather than force top-down approaches on individuals and communities.

Sustainable, transformative education policies, rules and laws, and practices must

respond to the values and needs of learners and priorities of communities and families while adhering to as many of these principles as possible:

- Rely on the belief that every person is capable of self-determination.
- Inspire mutual benefit for individuals and their contribution to society.
- Encourage innovation that leads to a diverse array of educational options.
- Allow learners to pursue individualized education pathways.
- Ensure funding is attached to and controlled by the learner.
- Eliminate policies and subsidies that favor certain types of education.

We are open to any community-led effort to spur bottom-up solutions that lead to a more learner-centered education ecosystem that makes a diverse array of postsecondary opportunities accessible to learners.

PROPER ROLE OF GOVERNMENT

The purpose of government should be appropriately and strictly constrained to protecting people’s equal rights. Government makes mutual benefit more likely when it does not create special privileges for some groups or incentivize cronyism and protectionism through force of government. When government oversteps its appropriate role, it creates barriers in individuals’ lives across the other key institutions of education, business, and community. In education, when government promotes—through subsidies,

policies, and regulations—a one-size-fits-all model instead of individualized approaches, it creates misaligned incentives and distorts supply and demand of education options available to learners. But when government creates space for educators, businesses, and communities to experiment and innovate, it fosters a system of mutual benefit and creates an educational environment that enables everyone to discover, develop, and apply their gifts in society.

CALL TO ACTION

Most policy efforts have focused on marginal improvements to an outdated system that privileges degree attainment as the normative pathway for learners. Even when forward-thinking policymakers enact well-intentioned policies sold as transformational, these often fall flat and are slowly but surely absorbed into the existing system through hundreds of innocuous changes that reinforce the status quo. Government reforms alone are insufficient. Educators and business leaders also need to examine and update their policies and practices to remove barriers to people realizing their full potential.

Policymakers

Policymakers must shift their paradigm away from seeing college as the only reliable way to prepare for a life of purpose based on mutual benefit. Instead, policies must enable an environment where every learner can access an individualized education to discover and develop their unique abilities and apply them in society to live meaningful and productive lives. Policymakers inhibit or enable progress based on their actions. We implore you to use policy to remove barriers and empower learners with self-agency to pursue education in an open marketplace where providers compete for learners (and their funds) based on undistorted market signals about the value and relevance of educational options.

Regulators

Regulators must incentivize experimentation and innovation by eliminating outdated and unnecessary regulations and red tape. Overregulation stifles progress and the potential of experimental models to succeed. So, regulators need to make applying for

and receiving regulatory waivers easier to allow emergent models to collect the necessary proof points to demonstrate their effectiveness. Regulators need to restore fairness and trust in higher education accountability by fairly applying rules and not distorting the marketplace by granting special favor to some education providers.

Educators

As educators consider how to serve learners along a more porous trajectory in and out of formal and informal education settings, they must develop relationships with traditional and alternative education providers and employers to enable learners to move to and through learning and work pathways throughout the lifespan more easily. It is also incumbent upon educators to respond to the needs of today's learners by building a groundswell of support for reforms that policymakers and regulators cannot ignore to remove barriers that limit the ability to experiment and innovate with new education models.

Employers

Employers must shift their paradigm from privileging degrees to valuing alternative education credentials as much as traditional degrees, which requires changing hiring and promotion practices. If employers continue to privilege degrees over competencies and skills, they risk losing a vast pool of talent who possess the requisite skills to succeed and realize mutual benefit through their contribution to the workforce. In addition to changing the demand signals for hiring, employers should support skills development by prioritizing non-degree pathways as part of education benefits available to employees.

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