CED Issues Recommendations for Reauthorizing the Higher Education Act

November 15, 2017 – Washington, D.C. – Today, the Committee for Economic Development of The Conference Board (CED) issued 13 recommendations for reauthorizing the federal Higher Education Act (HEA). The recommendations, released today at the organization’s fall conference, aim to make college more affordable through Lifetime Learning Accounts and other innovations, while enhancing accountability.

As the policy brief details, today’s global economy puts a growing premium on education beyond high school, even as the cost of college rises beyond the reach of many families. For Americans and the American economy to prosper in the 21st century, our higher education system will have to educate more Americans to higher levels of skills and knowledge, while doing so at lower cost per person. CED’s recommendations to achieve these goals include:

Affordability
- **Create Lifetime Learning Accounts.** These tax-free accounts would serve as the “bank account” for all student aid, including grants, scholarships, and student loan lines of credit.

- **Transfer management of federal student aid to the Department of Treasury from the Department of Education.** At $1.3 trillion, the federal student loan portfolio is larger than those of most banking institutions. Transferring this portfolio to Treasury, with its expertise in debt and banking, may yield better management of the portfolio as well as the potential to simplify how Americans apply for and repay student loans.

- **Increase Pell Grants.** Fund an increase in the maximum annual award by eliminating both the in-school interest subsidies on federal student loans and the federal income tax incentives for higher education expenses.

Innovation
- **Fully authorize competency-based education and allow student-centered models of higher education.** Competency-based approaches promote quality by tying credentials earned to mastery of skills and knowledge, rather than “seat-time.” The HEA should provide the maximum possible latitude for this and other innovations in higher education, while still providing accountability for taxpayer dollars.

Accountability
- **Improve the information available to students and families by having higher education institutions publish standardized cost and outcome measures.** While the current federal College Scorecard is an improvement, it could go further in reporting employment outcomes, student satisfaction, and the time and cost of earning a degree.

- **Supplement today’s accreditation system for higher learning with a set of new quality assurance entities (QAEs).** QAEs would cover a broader range of providers of postsecondary education, training, retraining, and workforce development. Their accreditation would focus on student outcomes, such as employment and earnings, and would serve to qualify these providers as places where Americans could spend their Lifetime Learning Accounts (in addition to traditional colleges and universities).

View the new CED policy brief, How to Reinvigorate Higher Education for the 21st Century, here.

About the Committee for Economic Development: Founded in 1942, the Committee for Economic Development of The Conference Board (CED) is a nonprofit, nonpartisan, business–led public policy organization that delivers well–researched analysis and reasoned solutions to our nation’s most critical issues. CED’s work is grounded on seven core principles: sustainable capitalism, long–term economic growth, efficient fiscal and regulatory policy, competitive and open markets, a globally competitive workforce, equal economic opportunity, and nonpartisanship in the nation’s interest. Learn more at www.ced.org.

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