



**Written Testimony of Lanae Erickson  
Senior Vice President for Social Policy, Education & Politics, Third Way**

**Before the Committee on Education and the Workforce  
Subcommittee on Higher Education and Workforce Development  
United States House of Representatives**

**“Postsecondary Innovation: Preparing Today’s Students for Tomorrow’s  
Opportunities”**

**Wednesday, June 14, 2023**

Good morning Chairman Owens, Ranking Member Wilson, and Members of the Subcommittee. Thank you for inviting me to speak with you today.

My name is Lanae Erickson, and I am the Senior Vice President for Social Policy, Education & Politics at Third Way, a national policy think tank, where I lead our work to ensure that the nation’s higher education system leaves all students better off than when they started and prepared to contribute to our workforce and our economy.

For too long, the federal government has focused only on increasing college access, without spending enough time asking whether students and taxpayers are getting a real return on their investment. I welcome this hearing and appreciate the Subcommittee’s attention to what today’s students need to succeed in earning valuable higher education credentials that set them on a path to make a good living and pay back their student loans.

In our fast-changing world, innovation is imperative. The needs of college students have changed at lightning speed over the past few years and will continue to evolve at a rapid pace. This is in part due to our notable success in improving access to college. Today’s students are more representative of our nation than ever before:

- Over half are the first generation in their families to attend college, just like I was;
- More than one-third receive federal Pell Grants, just like I did;
- Over 40% are students of color;
- Forty percent are employed while going to school; and,
- One in five are parents.<sup>1</sup>

It is a testament to the value higher education offers that we have seen these powerful shifts in enrollment. Students are working hard to be able to fit college into their lives, and innovative institutional practices can help today’s students reach their educational goals. But innovation is

---

<sup>1</sup> Higher Learning Advocates. “Today’s Students,” <https://higherlearningadvocates.org/todays-students>; National Center for Education Statistics. (2022). College Student Employment. *Condition of Education*. U.S. Department of Education, Institute of Education Sciences, <https://nces.ed.gov/programs/coe/indicator/ssa/>.

not a goal unto itself—improving student outcomes across every federally-funded higher education program must remain our top priority as we innovate and evolve.

We know that a quality postsecondary credential remains the surest way to secure upward mobility and a financially secure life. College graduates earn more than \$1 million more over the course of their lifetime than those without a degree.<sup>2</sup> These economic benefits are exactly why students go to college in the first place: the number one reason students cite for their decision to pursue higher education is to get a good job and move up the income ladder.<sup>3</sup>

Unfortunately, our laissez-faire, blank-check approach to funding higher education has left too many students with little to show for one of the biggest investments they will make in their lifetime. Colleges and universities graduate only six in ten students they enroll, while one-quarter of students from a typical four-year school and 40% of students from a typical two-year school go on to earn less than a high school graduate even a decade after entering college.<sup>4</sup>

It is imperative that we make room for experimentation and innovation, and that we evaluate new interventions so we can see if they prove to get more students across the finish line with a quality credential. But innovation must contribute to, not come at the expense of, ensuring strong student outcomes—especially for those students that have been long underserved by our higher education system.

### **Scaling Innovative Student Support Strategies**

An especially promising step in this direction has been increased federal policy attention to scaling evidence-based student support initiatives that are already proven to improve college completion rates. Models like CUNY ASAP and Bottom Line provide students with comprehensive supports that help them succeed academically, experience a sense of belonging on campus, and navigate personal and financial barriers to earning a college degree. Rigorous evaluations of these programs have shown their effectiveness in helping students persist, graduate, and succeed in the workforce: ASAP has doubled graduation rates at community colleges in geographic environments from New York to Ohio and improved program participants earnings after completion, and Bottom Line has been shown to increase graduation rates at four-year schools in Boston, Chicago, and New York by 9.5 percentage points, among other effects these programs have demonstrated through randomized controlled trial experiments.<sup>5</sup>

---

<sup>2</sup> Carnevale, Anthony P., et al. “The College Payoff: More Education Doesn’t Always Mean More Earnings.” *Georgetown University Center on Education and the Workforce*, 2021. <https://cew.georgetown.edu/cew-reports/collegetpayoff2021/>.

<sup>3</sup> GALLUP. “Why Higher Ed?” *Strada-Gallup Education Consumer Survey*, <https://news.gallup.com/reports/226457/why-higher-ed.aspx>.

<sup>4</sup> Itzkowitz, Michael, et al. “The State of American Higher Education Outcomes in 2023.” *Third Way*, Feb. 2023, <https://www.thirdway.org/report/the-state-of-american-higher-education-outcomes-in-2023>.

<sup>5</sup> MDRC. “CUNY ASAP Doubles Graduation Rates in New York City and Ohio.” Feb. 2021, <https://www.mdrc.org/publication/cuny-asap-doubles-graduation-rates-new-york-city-and-ohio>; Carr,

Leaving college with a degree or credential in hand makes all the difference in achieving the benefits higher education can offer. College graduates are equipped to fill high-demand jobs in the workforce right away and have significantly lower rates of student loan default than non-completers. Congress recognized the tremendous potential of proven student success models like these through its investment in the Postsecondary Student Success Grant program, which helps institutions invest in data-driven reforms to improve retention and completion rates. The grant is currently funding five innovative projects at four-year schools and community and technical colleges in four states, and the Department of Education has received \$45 million in funding for Fiscal Year 2023 to expand the grant program. Sustained and increased funding will allow these types of innovations to reach many more students and pave the way for fruitful experimentation and evaluation of promising practices—building out an even bigger library of effective strategies that are proven to provide return on investment to students and taxpayers that institutions can draw from.

### **Safeguarding Student and Taxpayer Investment in Higher Education**

Several other innovative models may show promise, but they are not yet proven in terms of student success. These innovations require Congress' due diligence in evaluating the evidence behind them and ensuring key quality assurance measures are in place so that students and taxpayers' best interests are prioritized, rather than the whims of non-evidence-based hypotheses about what students need. There are many routes through which to gain more information on such strategies, notably the experimental sites authority provided through the *Higher Education Act*, which can be used to conduct pilot studies in a limited context and provide evidence of improved outcomes so that policymakers can justify the investment of federal dollars.

#### *Short-term Pell Grants*

There has been significant interest from Congress in expanding Pell Grants to support programs shorter than the current minimum standard of 15 weeks in length. The Pell Grant is the federal government's bedrock investment in federal student aid for students from low- and moderate-income backgrounds, and it is essential that any changes to its structure be driven by sound data—especially given its voucher-like nature that can flow to any program: good, bad, or ugly. An experimental site study on expanding Pell Grants to short-term occupational training programs commissioned by the Department of Education's Institute of Education Sciences did not examine whether there were positive returns on labor market outcomes for students enrolling in short-term Pell Grant programs, and little other conclusive data exists to demonstrate the need for or benefit from programs shorter than 15 weeks being supported by taxpayer-funded higher education dollars.<sup>6</sup> Given these unknowns, if Congress intends to expand billions of dollars a year in taxpayer support to these programs, policymakers must craft careful guardrails to protect students and the taxpayers who are supporting them from predatory programs that could leave all of us worse off.

---

Andrew C. & Benjamin L. Castleman. "The Bottom Line on College Advising: Large Increases in Degree Attainment." Oct. 2021, <https://www.edworkingpapers.com/ai21-481>.

<sup>6</sup> Thomas, Jaime, Naihobe Gonzalez, Andrew Wiegand, et. al. "The Effects of Expanding Pell Grant Eligibility for Short Term Occupational Training Programs: Results from the Experimental Sites Initiative." *Institute of Education Sciences*, 2020 December, <https://ies.ed.gov/ncee/pubs/2021001/>.

### *Distance and Online Education*

More and more students are drawn to online education in our post-COVID world, with nearly half of all undergraduates now enrolling in some kind of online higher education during their studies. Online courses and degrees are now solidly embedded in the present and future of postsecondary education, and Congress and the Department of Education must work to ensure that quality is maintained across online programs. Decades of research indicate that high-quality online education entails regular and substantive interaction with instructors and peers, ongoing opportunities for feedback and discussion, and class activities designed to promote engagement between students and faculty.<sup>7</sup>

We all experienced the crucial nature of that interaction during school closures of 2020 and beyond, where parents were exposed to how insufficient some online learning can be, and researchers demonstrated that it is simply insufficient in some venues. As we have all learned so acutely during prolonged COVID-induced school closures, it is clear that online education must continue to be subject to robust oversight to ensure that students are getting the real teaching and learning that is required for them to succeed—at all levels of education.

Congress and the Department must also work in tandem to continue addressing emerging concerns around the largely unregulated Online Program Management (OPM) industry. OPMs are largely private, for-profit third-party entities that contract with institutions of higher education of every sector to provide a range of services involved in operating and recruiting students for online programs. At least 550 colleges are known to have entered into contracts with OPMs to support nearly 3,000 degree and certificate programs; and while OPMs often position themselves as essential to online education because of the technical expertise they offer to schools, a Government Accountability Office report last year noted that the primary services they were contracted to provide were in fact primarily student recruiting and marketing activities.<sup>8</sup> Congress has raised questions about the growing size of the industry and financial incentives embedded in OPM contracts with federally-funded institutions, and the Department of Education has begun reviewing concerns. We urge further oversight of this evolving industry by all policymakers who prioritize return on investment for both higher ed students and US taxpayers.

### *Income Share Agreements (ISAs)*

With student debt levels continuing to grow and impact students' interest in pursuing higher education, Congress must also prioritize thoughtful oversight of newer financing models like Income Share Agreements. The Department of Education and Consumer Financial Protection Bureau have issued clarification on how institutions should consider ISAs and private loans and the required disclosures to be provided to students.<sup>9</sup> It is essential that students receive clear,

---

<sup>7</sup> Ortagus, Justin. "What We Know About the Cost and Quality of Online Education." *Third Way*, 2 Sep. 2020, <https://www.thirdway.org/report/what-we-know-about-the-cost-and-quality-of-online-education>.

<sup>8</sup> "Higher Education. Education Needs to Strengthen Its Approach to Monitoring Colleges' Arrangements with Online Program Managers" (GAO-22-104463). *U.S. Government Accountability Office*, Apr. 2022, <https://www.gao.gov/products/gao-22-104463>.

<sup>9</sup> U.S. Department of Education, Federal Student Aid. "(GENERAL-22-12) Income Share Agreements and Private Education Loan Requirements." Mar. 2022, <https://fsapartners.ed.gov/knowledge->

consistent information about the financial products they use to fund their education, and any experimentation with the ISA model must prioritize these safeguards—as well as ensuring that students are not deprived of important existing consumer protections that have wide bipartisan support and may not be applicable to ISAs.

### **Ensuring Greater Transparency for Higher Education**

Across the board, more and better data are needed to allow us to truly understand student outcomes across institutions, sectors, and credential levels, and to ensure that innovation is being embraced in ways that serve students and grow our evidence base of what works in higher education through robust evaluation. The bipartisan *College Transparency Act* would take a pivotal step to provide students, researchers, and policymakers in Congress with student-level data to inform decision-making while also streamlining current reporting requirements on institutions. Expanding the availability of vital student outcomes data while taking all necessary precautions to ensure student privacy is thoroughly protected would significantly strengthen our higher education system’s capabilities in serving postsecondary students and preparing them to succeed in tomorrow’s workforce.

The purpose and potential of the *Higher Education Act* has historically been and still should be providing a pathway to success, economic mobility, and financial security for all students. Congress—and all of us—must do more to deliver on that promise for today’s students.

Thank you for the opportunity to join you today, and I look forward to your questions.

---

[center/library/electronic-announcements/2022-03-02/income-share-agreements-and-private-education-loan-requirements.](#)