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INSIDE HIGHER ED: THE KEY

Episode 81: The Top Federal Higher Ed Policy Maker Speaks

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DOUG LEDERMAN:

Student loan debt forgiveness, free community college, Pell Grants for short-term programs. Those are just some of the higher education issues occupying the federal policy landscape in Washington. Hello and welcome to The Key, Inside Higher Ed's weekly news and analysis podcast. I'm Doug Lederman, editor of Inside Higher Ed and host of The Key. Thanks for listening today. In this week's episode, we're joined by the person at the center of the Biden administration's work on those and other topics. Under secretary James Kvaal is the Education Department's senior official on higher education. Before that, he led the Institute for College Access and Success, and served as a White House and Education Department official under President Obama. In our conversation, he discusses the administration's current thinking about all of the aforementioned issues. He also shares his thoughts on the challenges of operating in a highly partisan environment and on a new law in Florida that could force colleges to change accreditors. Before we go on to the conversation with James Kvaal, a reminder that you can subscribe to The Key on Apple or Google Podcasts, Spotify, or your favorite podcast platform. Here's the discussion with James Kvaal of the Education Department. James, welcome to The Key, and thanks for being here.

JAMES KVAAL:

Thanks so much for having me, Doug.

DOUG LEDERMAN:

So, we'll get to the policy issues that probably everybody's interested, shortly. But I thought I'd start by asking you, well, more generally, how you're doing and how you think things are going in the job and with the administration's work so far.

JAMES KVAAL:

I think things are going quite well. You know, we live in interesting times in higher education, as they say.

DOUG LEDERMAN:

And in politics, huh?

JAMES KVAAL:

And in politics.

(LAUGHTER)

But, you know, we have a president who cares a lot about higher education, sees it as an important vehicle to solve the country's problems, and we have strong leadership in the secretary, and we have a really strong team here of people who are passionate and capable. And, you know, I think that's contributing to us making a progress on a lot of fronts. You know, people say we're trying to do in two years as much as the Obama administration did in eight years.

DOUG LEDERMAN:

I've mentioned the political environment in passing, and I guess I'm interested as somebody who, you worked in the Obama administration, and you've been in around these parts for a while. Is it true that the political situation is, and the lack of partisanship around higher education is worse? Have you seen changes, or is that being overstated?

JAMES KVAAL:

Yeah, I think the environment is a little more challenging. It's a little more polarized. You know, I think that, you know, the town is still struggling with the legacy of January 6th and how to move forward on that, debate on social media and Twitter is a little more polarized, a little less respectful and substantive, and recognizing of honest disagreements or (INAUDIBLE) of opinion. And so, it is a little bit harder to say, OK, we disagree about this issue. We are gonna fight as hard as we can, but the next issue that comes along, you know, we may find ourselves in agreement and able to work together. And, you know, that is a little less common now than it used to be.

DOUG LEDERMAN:

Going into a little bit of specifics on some of the issues that you're wrestling with, and politics probably factor in here in certain ways. But probably the biggest agenda item that the administration started with was Build Back Better, and that got waylaid by political disagreement, in large part. How do you see the administration moving forward from that? Pressing ahead on elements of it, what's, how would you characterize the status of that? And where do you see promise for implementing some of what was in that massive proposal?

JAMES KVAAL:

The administration's American Rescue Plan was one of the biggest investments that the federal government has ever made in colleges. And, in particular, that plan invested a lot in community colleges, historically Black colleges and universities, Hispanic-serving institutions, other minority-serving institutions. And so, we have already made a very big investment in higher education, and particularly, those places that have a mission of being inclusive and that are often underfunded, historically. And it has made a big difference in helping students stay enrolled and helping those colleges perform their mission. Now, the president's proposed some additional, very substantial investments, some in those kinds of institutions, free community college, doubling Pell Grants, the Completion Fund, and we have seen some progress in Pell Grants, in particular. We've seen a \$400 increase this year. And, you know, my hope is the folks at the end of the street will see the wisdom in some of these other ideas. In the meantime, you know, we're really focused on the things we can do with our authority, and, you know, I think we have a lot of projects going that we are authorized to do, that we have the funding to do, and, you know, day to day, that's where our focus is.

DOUG LEDERMAN:

One of the issues that there's questions about how much authority the administration has, is around student debt. The administration has canceled debt for many thousands of students in specific situations or in areas where the administration clearly believes it has the authority, often related to those who were at failed for-profit colleges. There's this larger question, and this is an area where you've taken heat from the left, rather than the opposition we talked about before from Republicans, of how much authority you have to engage in wide-scale, wholesale debt forgiveness. I've heard different things about the administration's purported authority to engage in that kind of policy, with some Senate Democrats asserting that it can absolutely do that and is choosing not to. What can you tell us about the administration's sense of that, and how are you looking at debt cancellation and forgiveness broadly?

JAMES KVAAL:

That's something that we're still working through. And, of course, we're working closely with the White House and the Department of Justice to understand the scope of our authorities there. And, you know, it's not a, I think sometimes people think it's an on-off switch or something like that. And, in fact, you know, when we have authority to act, it requires a lot of analysis about what our policy goals are and what our evidentiary support is, and is that connected with intent of the statute. So, these are not easy questions. In the meantime, we're working really hard to get relief to people that are entitled to it. And one of the things we found when we got here was a lot of people who are eligible for loan forgiveness were actually not getting it. And those are people who have permanent disabilities, people in public service, people who were cheated by their colleges. Secretary has now canceled 750,000 of those debts. You know, those cancellations were done in their entirety. Those are policy improvements that, you know, we hope will be long-lasting and serve our students for quite some time to come. So, we're working really hard where we do see clear authority to make sure that we're helping as many borrowers as possible.

DOUG LEDERMAN:

There's the authority question, Can you? There are also questions of Should you? or Would you if you could? And there are people out there who don't necessarily think that wholesale debt forgiveness, especially up at higher levels, would necessarily be the best use of what are always gonna be limited federal funds. So, setting aside the authority question for a second, is there a policy position on whether debt cancellation, wholesale, wide-scale debt cancellation would be the right thing to do, the smart thing to do if you had the authority?

JAMES KVAAL:

Well, the president has said he supports \$10,000 in debt cancellation, if it were passed by Congress. And, you know, I think we do need to be honest about the fact that for a lot of people out there, paying loans is a really significant challenge. We have many more people borrowing than did in past generations, they're borrowing higher amounts, and they're struggling more to repay than students have before. And before the student loan policy, we had a million students a year defaulting on their loans. There are really troubling racial equity questions around student debt. So, I think we need to be quite honest about the shortcomings of the student loan program and to be really aggressive in making sure that when people borrow to go to college, they're making their lives better, not worse.

DOUG LEDERMAN:

How comfortable are you with the ROI focus of... ..in federal policy right now? That, to me, is a really interesting development over the last, you know, few years, and obviously, the focus on ROI, literal ROI in terms of economic return has increased. And I'm curious, how likely do you think it is that we see more and more of that embedded in federal policy? And are there any problems or risks in doing that too much?

JAMES KVAAL:

You know, on one hand, higher education has a lot of goals that, you know, certainly, are beyond career training or something that would be measured by earnings alone. And if you, you know, look, spend some time with the college scorecard data, for example, you can find plenty of examples of colleges that are excellent at their mission, but their mission doesn't necessarily include producing graduates who earn high rates. So, I think we need to be very cognizant of the fact that one of our goal is to give access to all our students, not just those from high-income backgrounds, opportunities for the full breadth of higher education. At the same time, you know, we have come to accept student loans as, you know, a very widespread tool for financing higher education. And people rely very heavily on debt for programs that don't pay off or maybe never intended to pay off, economically. So, I think we do need to grapple with the way our system of financing higher education very much assumes that individuals will get a substantial ROI that will allow them to repay their loans. And, you know, that's often not the case.

DOUG LEDERMAN:

In the last couple days, the Government Accountability Office issued a report examining whether agreements between online program management companies, OPMs, might violate federal rules regarding inappropriate incentive compensation when they share revenues based on student enrollment. Included in that report was a statement in the response from the department that it was looking at that issue. Is there anything you can share about the status of that review and how closely you're looking at the question of whether those revenue share agreements with colleges and universities might violate federal rules? There's a lot of interest in those agreements and how threatened they might be by schools that are operating and wanting to operate online.

JAMES KVAAL:

That is an issue we're studying, and, you know, there have been news reports about particular programs that seem to have very high debts and leave students unable to repay their loans. I know there is a debate raging about whether OPMs tend to drive tuition up or not. That's something that we're looking at. And, you know, of course, there is a cut-and-dried, there's a potential legal issue here, too. So, you know, we're taking a hard look at all of those issues. And, you know, of course, our goal is to give students options that are high in quality, that are good investments, and that's gonna be, you know, kind of our guiding principle as we're working through the OPM issues.

DOUG LEDERMAN:

The OPM issues are related to larger questions around the role of online education, and we've obviously seen a significant increase the last couple of years, by necessity, in institutions engaging in online education. Does the administration have any kind of overarching view of, sort of, the appropriate role of online education? Or are you looking at it more generally as we need to make

sure whatever programs colleges offer are of high quality? Is there anything special about, sort of, digital, the role of technologically-delivered higher education that's different?

JAMES KVAAL:

Obviously, online education is a big part of the future of higher education, and even before the pandemic, we saw a lot of demand for these kinds of programs. And I think the likelihood is that students are gonna want to learn differently going forward, just as we all want to live and work differently after the experience of the pandemic. There are some very high-quality online programs. We see some evidence that some programs do very, very well. At the same time, you know, online may not be suitable for all students or for all kinds of programs. Some of the strongest evidence is around hybrid programs. So, I think it's a much more complicated question than is it good or bad, but rather, you know, what are the right ways to use it and to creating good opportunities for students.

DOUG LEDERMAN:

Higher education tends to look, and policy, sometimes, tends to look skeptically at new offerings, and online education isn't new, but there's still people who view it as lesser than. There's a similar sort of debate raging around certain alternative credentials, and there's a policy proposal in Congress right now that would allow the use of Pell Grants for very, very short term programs, some of which are, you know, non-degree and, quote, "alternatives". I'm curious if the administration has a point of view on the use of Pell Grants for very short-term programs, a sort of short-term Pell, as we call it. I don't know if there's been a formal position, but I'm curious if there's anything you can share about that.

JAMES KVAAL:

A lot of these programs that are shorter than a traditional semester do have a lot of value. They don't all. You can see some that have very strong career outcomes. In other cases, you know, some of these programs have disappointing graduation rates, especially for being so short, and don't necessarily produce high earnings gains. In some cases, there are equity issues when you look at who is (INAUDIBLE) into the high-value programs and who is not. So, we do think there's a lot of potential here to invest in the high-quality, short-term programs. Of course, I've seen some colleges doing that with their American Rescue Plan funds in Chicago and Vermont and other places. There's a lot of funding coming through our workforce system and our career education system, and, you know, Pell is another issue that people have suggested, and, you know, could be some merit to that. And what we wanna make sure is that we are funding, you know, high-quality programs with Pell dollars.

DOUG LEDERMAN:

So, is that a decision that won't be made until legislation comes close to hitting a president, the president's desk, conceivably? Is that when we would likely get some clarity on that question?

JAMES KVAAL:

You know, I think we are talking through the different options and working with the evidence, and sharing some of what we see privately with legislative staff, and that's likely where we'll be for the foreseeable future.

DOUG LEDERMAN:

Probably last question. This takes us a little bit outside formal purview of your office, but we've been seeing a real upturn in state legislation that addresses issues in higher education. And I don't know if there's any formal implications for the department, but I guess I'm curious whether you view some of the, call it activism, that we've seen around critical race theory, all sorts of things, accreditation. We've seen legislation in Florida. Maybe that's got much, maybe more relevance to you. I'm curious, what do you make of the, sort of, state activity we've seen, and particularly this Florida legislation?

JAMES KVAAL:

You know, you spoke a little bit earlier about, you know, the increasing divisiveness and divide in our society, and unfortunately, higher education does not seem to be immune from that. It certainly would be very short-sighted for policymakers to run the risk of jeopardizing the fundamental mission of higher education, which contributes so much to our economy and to opportunity for people. You know, I think that it's really important that colleges and universities are places that are dedicated to the pursuit of truth, where everyone feels safe, and I wouldn't want politics to intrude on that. You know, you mentioned the Florida accreditation legislation, and we're watching that very carefully. And if it appeared to us that there was an effort in Florida, or anywhere else, for institutions to change accreditors in order to avoid certain standards or to prevent accreditors from playing their quality assurance role, you know, that would be of real concern to us. So, we're looking at that very carefully.

DOUG LEDERMAN:

That was James Kvaal, under secretary of education in the Biden administration, talking about some of the issues roiling the federal post-secondary policy landscape right now. You can hear a good bit of an, on one hand, this, on the other, that, approach in his answers, which reflects not only that many of the questions are being debated and decided right now, but also the volatile political environment that Kvaal spoke about. It'll be interesting to see how much the Education Department tries to get done before November's midterm elections when the administration's margin for error could shrink if its control of Congress slips away. James Kvaal referred to the administration, arguably, trying to do as much in two years as the Obama administration did in eight. The clock on those two years is clearly ticking. That's all for this week's episode of The Key. I'll be back next week with a discussion about what we've learned about digital education over the last two years. I'm Doug Lederman, and until next week, stay well and stay safe.