

California Competes

Higher Education for a Strong Economy

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California Student Aid Commission

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Mr. Chairman and members of the Commission, thank you for the opportunity to share my perspective based on my more than 20 years in higher education policy as part of the Clinton and Obama Administrations, with nonprofit organizations, and in philanthropy. I commend you for exploring the various ways that the Commission might spur better postsecondary outcomes for potential students and for current and future California taxpayers.

Americans are highly skeptical of the quality of distance education, so much so that it has become the topic of comedic social commentary. A Saturday Night Live spoof of an advertisement for “the University of Westfield Online” features a graduate boasting, “I earned my degree sittin’ at home in my pajamas.” The ad describes the college’s curriculum as consisting of lessons in how to avoid telling prospective employers that you attended an Internet college: change the subject, mumble, or “you can just say the name of a place, like ‘Michigan,’ and people will draw their own conclusions.” The idea that online education is of questionable quality is often buttressed by the *real* advertisements we see on buses, on late-night television, and on our computer screens. Like lawyers with billboards, it can seem a little sleazy.

I share the public’s skepticism about the quality of online higher education. Where I differ with the public at large is that I am *equally* skeptical of the quality of the rest of higher education. My

testimony will focus on that issue of quality, with recommendations that apply to all types of programs at any college that wants taxpayers to foot part of the bill.

College leaders have long told us that the degrees they confer signify more than just facts and figures or discipline-specific skills. Their graduates gain general *critical thinking skills* in college; the analytical, writing and complex reasoning abilities that make for creative and adaptable employees, future entrepreneurs, and constructive community leaders and citizens. While as a society we need people to study a range of particular disciplines, it is these more general outcomes that undergirds the strong support for general, widely available higher education.

Researchers recently put to the test the question of how much students at traditional four-year colleges across the country are actually gaining in critical thinking skills. Using a well-regarded three-hour essay examination, students were assessed before they entered a four-year college, after two years, and after four years. The results were not just underwhelming; they were shockingly bad. At the two-year point, 45 percent of the students had shown no improvement at all on the critical thinking measures; after four years, 36 percent had still made no gains. There was a lot of variation, however: some students gain a lot while others showed little or no improvement. The critical factor was time on task, the types of exercises that tax our brains: reading material that requires concentration, writing assignments that call for integration of material and for judgment, feedback and discussions that press students to wrestle with concepts (while, coincidentally, absorbing the facts and figures that surround the ideas). For most students, lectures, videos, and books alone don't do the trick; multiple-choice and fill-in-the-blank tests aren't the types of exercises that build brain muscle.¹

¹ Richard Arum and Josipa Roksa, *Academically Adrift: Limited Learning on College Campuses*, University of Chicago Press, 2011. See related resources at http://highered.ssrc.org/?page_id=158. Good overview at <http://www.miller-mccune.com/culture-society/what-happened-to-academic-rigor-27874/>

In general, a high-quality college education takes substantial reading assignments, frequent writing assignments, feedback that leads to rewriting, and the type of in-class activities that inspire students to put the time and effort into those out-of-class assignments. This is real work for faculty members, and it is also time consuming for students.

The mention of *time* prompts many to assume that students “need to work” in jobs outside of school are necessarily shut out, or that the decline in students’ time on task is caused by increases in students’ outside employment. The amount of outside work certainly affects whether someone enrolls in college, where they enroll, and how many classes they take. But what about after they have made the decision to enroll? My colleague Su Jin Jez, a faculty member at Sacramento State University, analyzed a large national undergraduate data set to assess the relationship between outside work and the time and energy that students put into their studies. She found very little connection.² Outside employment is not a reasonable excuse for us having low expectations of students.

Students put time and energy into education when they are prompted—creatively and specifically—to do so by the faculty and other college support systems. Over the Internet, via a computer program, or in a classroom, students can rise to the level of effort that is (reasonably) expected of them.

There aren’t data that would make it possible for us to analyze the extent to which different colleges in California are demanding the brain attention of their students with writing assignments, reading, and other projects. However, we do have available to us data on the number of hours that students report they spend studying outside of class. I analyzed the low-expectations end of that

² This is after controlling for enrollment intensity, financial need, type of institution, parent’s educational attainment, past GPA, and other factors. In fact, the variation in working explains less than two percent of the variation in studying. Furthermore, the relationship between financial need (net price as a percentage of income) and the amount of time spent working is not statistically significant, all else held constant. Su Jin Jez, forthcoming manuscript, using data from the National Postsecondary Student Aid Survey (NPSAS) 2008.

continuum, essentially asking: In which sector is the faculty assigning so little that students who are supposedly enrolled “full time” are able to get by with no more than five hours of studying outside of class per week? In other words, each weekday the students have two or three hours of class and one hour of studying—like a high school that ends at noon with no further homework. Here’s what the data show:³

Full-time undergraduates who report their college assignments take no more than five hours per week

University of California	11.0%
California State University	14.8%
California Community Colleges	27.8%
Independent Colleges & Universities	10.4%
Degree-granting for-profit colleges	21.7%

Professor Jez reviewed the data to see if online education contributes to low levels of challenge, but she found no evidence that would lead us to believe that that the physical proximity of the student to a faculty member was a factor.

I had thought that the numbers might expose the smart, smug students at the University of California or at Stanford who can whip out a paper and fake it on an exam, especially with faculty who are aloof and focused on their research. Instead, it seems that it is the students at community colleges and for-profit institutions who appear to be most shortchanged in terms of academic challenge. Given their entering skill levels, this cannot possibly be serving them or taxpayers well. (None of these numbers, for any sector, is worth celebrating: the time students spend studying has dropped dramatically over the past few decades. Today, the average is about 13 hours for a full-time

³ NPSAS 2008 computation by the author using NCES Powerstats on 2/20/2012. The findings are consistent with a similar computation by sector nationally.

student. This means the average college student spends less time *in class and studying* than a high school student spends *in class* without including homework.)

How can the Commission substantiate for taxpayers that their funds result in student learning and achievement? I would submit that too often the funds are, in fact, not leading to the intended objectives, even when students are graduating. California higher education has been among the most respected in the world. Our future pre-eminence, in higher education and in our economy at large, is going to depend on our willingness to face up to the severe inadequacy of our current expectations in higher education. Below I outline some steps CSAC or other state policy makers should consider taking, including some that help to address issues with distance education.

1. Insist that colleges that want taxpayer funds make accreditation documents public.

Both the federal and state governments have tended to rely largely on private clubs of higher education leaders to give us the thumbs up or thumbs down on a college. It is no longer enough for us to simply be told that a college is or is not accredited. If government policy is going to continue to rely on accreditation as an indicator of quality, then the details of the accreditation process and findings need to be made available to CSAC and to the public. As a condition for participating in the Cal Grant program, institutions should make available online copies of their most recent self-study, the evaluation or visiting-team report, and any action letters from the accrediting agency. This is not a burdensome requirement: we have been seeking these documents from California institutions and we already have 88 percent of them from the public colleges and universities.

2. Reward high challenge rather than high grades.

Policy makers and scholarship providers often demand high grade point averages in order for students to receive aid or to continue that aid. The purpose of the requirement is to encourage

students to put substantial effort into college and to reward those who have done so, as measured by grades. Unfortunately, GPA requirements often have the effect of driving students to focus too much on grades. In the case of the 3.0 requirement for the Georgia Hope Scholarship, students were found to avoid math and science classes because the grading was tougher – exactly the opposite of what the state needed.

One of the most pernicious developments in higher education are web sites that feature data showing faculty members who give a lot of A's, and who former students rate as "easy." These sites make it easy for students who are too worried about grades to seek out and enroll in the least challenging courses possible. These students are being rational: they want the degree, they need the financial aid, and they are increasing their chances of both by undermining their own education.

Governor Brown has proposed raising the Cal Grant GPA requirements. If cuts of this sort need to be made, the Commission might consider adopting the spirit – but not the specifics – of the Governor's proposal by agreeing to cut out students who aren't putting in enough effort. The revised approach would deny Cal Grants to students who take too many classes rated by former students as "easy." This would have the effect of giving students pause if they are considering the Mickey Mouse route to a degree.

3. Track employment and earnings for *all* college programs.

Not everyone goes to college with a particular job in mind, but most students enroll in higher education hoping that by doing so they will improve their prospects for a satisfying and well-paying career. For public and private programs seeking access to Cal Grant funds, the Commission should ensure students have access to up-to-date information about the employment and earnings of graduates from the program. Most colleges do not release this information, and too often the

data they do present are questionable.⁴ CSAC is well-positioned to produce these data for public and private institutions and should do so.⁵ The information should be used to assist potential students and advisors, and to contribute to the array of information being used by the state, systems, and colleges in making funding and allocation decisions. Florida and Missouri have both been producing program-specific employment and earnings data for a number of years, and Virginia recently made the decision to begin doing so.

4. Pay attention to which majors are growing and shrinking, and how that may relate to the needs of the state.

We tend to think of students' majors as a matter of choice, the equilibrium of consumer demand and producer supply. Yet workers with the right skills seem to be in constantly short supply: college graduates don't have the skills needed in the workplace and, according to many experts, we are not graduating nearly enough students in STEM (science, technology, engineering and mathematics) disciplines. Indeed, while two million Californians are unemployed, we are importing educated people from other countries to fill well-paying skilled jobs here.

Why the mismatch? One reason is that we finance every enrollment at the same rate regardless of the program. A college that is struggling to meet a tight budget, or eager to make a profit, is going to expand programs that are cheap to deliver while restricting growth in programs that are more costly to deliver. And often the most needed programs are the ones that cost more to

⁴ See Stephen Burd, "Tricks of the Trade: Guide to Manipulating Job Placement Rates," New America Foundation. http://higheredwatch.newamerica.net/blogposts/2011/tricks_of_the_trade_school-57227

⁵ Employment and earnings information is available by matching employee data (unemployment insurance records) held by the state Economic Development Department with lists of recent graduates by college and program. Data on public graduates were being collected by the California Postsecondary Education Commission. Further, the California Student Aid Commission could seek the records from private colleges under its current authority to collect and disseminate "statistical data examining the impact and effectiveness of state-funded programs" [California Education Code section 69514(a) and (b)].

offer. That is one reason so many engineering programs and nursing programs across the state are impacted despite the high demand from students and employers alike.

I am not sure how public policy should address this problem. But CSAC, or another state agency, should start by closely analyzing which institutions are producing what types of degrees and how that is changing over time. Here is what we have found in reviewing existing data.⁶ In California, the independent and private sector four-year colleges are conferring more bachelor's degrees in business, computer fields and art (including animation, fashion design, interior design), while the public institutions have a stronger emphasis on engineering, sciences, and the social sciences (economics, anthropology, political science). The health care field provides a useful example of why it is important to assess degree production across various types of institutions. In 2010, California Community Colleges conferred 12,239 credentials in health fields, nearly half of them for Registered Nurses, which have been in short supply in California. The private (mostly for-profit) institutions conferred 17,366 credentials in health fields, largely in areas that have been less urgently needed and typically earn much less (Licensed Vocational Nurses, medical assistants and office workers). This means that when community colleges cut back on their nursing programs in the face of inadequate budgets, the students who seek out other options are likely enrolling in programs that are much less valuable in terms of future earnings.

One factor that has contributed to problems with online education programs is that it is so easy to add enrollments without attention to quality. Monitoring program enrollments across institutions makes it possible for the state to keep an eye on emerging problems and to consider restrictions on growth when programs have not adequately proven their value.

⁶ NCES Integrated Postsecondary Education Data System, as analyzed by Su Jin Jez.

5. Make sure students know what they're getting into.

Any college with a low graduation rate or a high loan default rate needs to provide students with an opportunity to try-before-you-buy. Too many students, especially in online programs, don't really realize what they are signing up for. Kaplan University and the University of Phoenix have instituted useful free trials in their online programs to give students the opportunity to figure out what approaches do and don't work for them. This prevents students from taking on debt and "failing" before they even get their bearings.

There is a similar need to assess students' needs and interests at community colleges and other institutions that serve students who do not have college-educated family and friends to help them navigate the college options and expectations.

The Commission should consider a requirement that prompts students to pause and consider their options when they are enrolling at a college with low graduation rates. A try-before-you-buy program would automatically qualify the college to receive a student's Cal Grant, while a low-graduation-rate college without such a program would be required to ensure that students talk with an independent advisor before signing an enrollment contract. Advisors who can offer at least a minimal level of college shopping advice are available for free from the federal government's 1-800-4FED-AID hotline.

6. Check to see whether anyone would buy that degree if they didn't have a government voucher.

In the early days of the University of Phoenix, many of the students were working professionals whose employers were paying the tuition or who could support their own education. The need to satisfy this set of full-pay, more sophisticated consumers and employers meant that the

program had to maintain its quality as it grew, and it needed to be priced reasonably. By requiring ten percent of a college's revenue to come from somewhere other than the U.S. Department of Education, the 90-10 rule was supposed to institutionalize the accountability that comes from the need to appeal to at least a few full-pay customers.

The 90-10 rule was an adaptation of a GI Bill rule affirmed by the U.S. Supreme Court as a “free market mechanism” designed to “minimize the risk that veterans' benefits would be wasted on educational programs of little value” by “weed[ing] out those institutions [which] could survive only by the heavy influx of Federal payments.” As the Senate Committee on Veterans' Affairs found in 1976, “if an institution of higher learning cannot attract sufficient nonveteran and nonsubsidized students to its programs, it presents a great potential for abuse...” The rule avoids government micromanaging while creating an incentive for programs that are offered at a reasonable cost and that lead to employment and earnings outcomes that satisfy graduates and employers.

Unfortunately, the Education Department version of the rule was poorly drafted, allowing colleges to enroll 100 percent federal-aid students as long as they charge them more than the aid available so that at least ten percent of total revenue comes from other sources. Furthermore, some colleges are using Cal Grant and GI Bill funds as part of the 10 percent requirement to make the institution eligible for Federal funding. Obviously, these loopholes defeat the purpose of the rule because they mean it does not require any full-pay students at all.

The state should consider restricting Cal Grants to institutions or programs that can demonstrate that someone without government vouchers is willing to pay for it.

7. Help people find ways to bypass traditional higher education if it's not what they want.

Not every discipline or every person needs a classroom environment to develop and demonstrate college-level skills and knowledge. Many people are much more likely to grapple with brain-strengthening and knowledge-building activities if they can do so on their own or, especially, in the context of the workplace with occasional expert guidance. Yet employers have inadequate incentives for creating these opportunities for employees. Further, employers and students lack reliable, affordable and respectable methods of validating the degree-equivalency of that learning. Online and adult-focused college programs offer a certain type of convenience –instead of sitting in classes several times a week students squeeze the same number of in-class hours into marathon evening or weekend sessions at a nearby office park, or take courses online. But it's an enormously expensive and wasteful credentialing system for any student who felt they already had the smarts of a college student or could gain what's necessary on their own without the expensive instructors and courses.

The Commission should develop ideas for ways the state could encourage methods of credentialing for learning outside of the traditional colleges.⁷ This should include examining how to use job training funds available to employers, to adapt them in ways that increase opportunities for employees without college degrees to advance and to get college credit.⁸

⁷ There are efforts afoot to make do-it-yourself learning more common. *The Edupunk's Guide to a DIY Credential*, by Anya Kamenetz, 2011, describes the various ways that people have built their own college degrees. <http://www.scribd.com/doc/60954896/EdupunksGuide>. See also this story in the New York Times: http://www.nytimes.com/2011/08/25/education/25future.html?_r=2&emc=eta1

⁸ Possible programs include the Employment Training Panel funds (<http://www.etp.ca.gov/program.cfm>) generated through the unemployment insurance system, and the Workforce Investment Act funds provided to the state by the federal government.

I appreciate the leadership role that the Commission is playing to explore the various ways that the state might expand opportunity and improve outcomes in higher education. Thank you again for the opportunity to testify.

The goal of *California Competes: Higher Education for a Strong Economy* is to offer non-partisan and financially pragmatic recommendations for improved policies, practices and financing so that Californians can gain the postsecondary education and training that will meet the demands of the emerging economy. California Competes is a project of Rockefeller Philanthropy Advisors, Inc., and receives support from a number of foundations.
