

Here's Where Betsy DeVos Can 'Start Fresh' With Higher Education

Secretary of Education Betsy DeVos stated during a speech in Salt Lake City on Tuesday that instead of reauthorizing the Higher Education Act, lawmakers should consider a "fresh start."

Yes, Congress should consider alternatives to the Higher Education Act, which authorizes all federal higher education spending such as student loans and grants.

Enacted in 1965 under President Lyndon Johnson, the Higher Education Act has undergone countless amendments that pass problems on to future generations. As the secretary said, "Why wouldn't we start afresh and talk about what we need in this century and beyond for educating and helping our young people learn?"

Indeed, higher education badly needs to be adapted to the changing requirements of the American workforce. Here are just a few ways Congress can give the higher education sector the fresh start it so badly needs.

Decouple Federal Financing From Accreditation

The federal government's control over our accreditation system is not a particularly popular topic, but it has dramatic consequences on the ability of American universities to thrive and innovate.

The federal government currently has sole discretion in the recognition of accreditors, who then serve as gatekeepers of federal student aid and other institutional financing. This solidifies the federal government's ability to determine which

education is worthy of accreditation and which is not. Unfortunately, this de facto federal system of accreditation has limited the ability of the higher education sector to grow and adapt to the changing needs of our workforce and the economy.

Sen. Mike Lee, R-Utah, and Rep. Ron DeSantis, R-Fla., have put forward the Higher Education Reform and Opportunity Act (HERO), which would allow states to opt out of the current federal accrediting structure.

States could recognize their own accreditors, including members of the business community. The legislation would also allow states to break apart the current binary accrediting model, and let the business community, trade groups, nonprofits and other entities to put their stamp of approval on individually credentialed courses or curricula.

These reforms would give students a better idea of the market value of the education they are receiving, grant more flexibility with student loan dollars, and create a pipeline between the universities and the job market.

Consolidate Federal Lending

Under the Obama administration, the federal government dramatically increased its role in originating and servicing student loans. The near-monopoly that the federal government now has over the student loan market presents many problems, the most pressing of which is mounting evidence suggesting federal aid leads to increases in college tuition.

As my colleague Jamie Hall and I discuss in our recent report, the five current federal loan programs should be collapsed into a single loan option under the current terms of the Graduate Stafford Loan. Additionally, Congress should place an annual and lifetime cap on student lending, thereby restoring fiscal responsibility to the loan program. We anticipate such reforms would lead to savings of \$33 billion over the next 10

years.

Remove Burdensome Regulations

Under the Obama administration, several burdensome regulations were placed on institutions of higher education, particularly those in the for-profit sector.

Regulations should at the very least be sector neutral in their application, but a better approach would be to remove these barriers to innovation altogether.

Borrower defense to repayment, for example, opens institutions up to being sued by students who feel they have been defrauded by their university (a potentially slippery slope in the future). While longstanding institutions with large endowments may be better insulated from this regulation, new actors who are trying to build their business will have trouble coming up with the line of credit required to protect against such suits.

This is just one example of the many ways that burdensome regulations drain resources from universities and distract from the business of educating students.

In considering the reauthorization of the Higher Education Act, policymakers should follow DeVos' advice and develop new policy proposals that will help improve the quality of higher education while putting downward pressure on prices. These reforms would be a significant step in achieving that goal.
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