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LEVELING THE PLAYING FIELD:
POLICY OPTIONS TO IMPROVE
POSTSECONDARY EDUCATION AND CAREER OUTCOMES

A HAMILTON PROJECT POLICY FORUM

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College and Career Pipeline for Disengaged Students:**

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P R O C E E D I N G S

MR. RUBIN: Good afternoon and welcome. On behalf of my colleagues at the Hamilton Project, I welcome you to today's program, "Leveling the Playing Field: Policy options to improve postsecondary school education and career outcomes.

I'm just going to make a few comments -- brief comments so that we can reserve our time for this outstanding group of authors and panelists who will be with us today.

We all know that rapid technological development and to a lesser extent, but nevertheless a significant extent, globalization are having profound impacts on our economy and on wages and jobs.

There is a robust debate about the future of technological progress. Some people think it will be relatively limited with relatively limited impact, some people think, and myself I tend to identify with this view, that it will be powerful, broad, and continued at a greater rate to profoundly affect the economy that we live in and to create material pressures on wages and on jobs.

In that context, the Hamilton Project from its

inception, which is now 11 years ago, although all this was less evident then, we actually did focus on this at that time, focused on two objectives -- one, promoting economic growth and, two, promoting broad-based participation and the benefits of growth widespread income gains.

It was our view then, and I think evermore now, that those objectives were independent, that we're not going to have growth for a whole host of the reasons, unless it's broadly shared, at least over time, and we're not going to have widely increasing incomes unless we have growth.

The advocates of growth very often fail to recognize the necessity for broad-based participation, and the advocates for broad-based participation and widespread income gains too often fail to acknowledge the importance of growth.

Let me step back for one second. I think the United States enormous comparative advantages, enormous strength for the longer term in the global economy. I would rather be engaged economically in the United States than any other country in the world, and I'd rather have our hand to play.

But if we're going to realize the potential that that provides, assuming that that view is correct, we've got to meet these two objectives -- growth and broad-based participation in growth by effectively addressing a huge, hugely consequential policy challenges.

I think they can be summed up, if you put together a policy regime for addressing them, as conclusive growth. Conclusive growth as a policy regime would address many long-standing issues and would also look at new areas, areas that we really have not developed policies into this country to deal with the kind of changes I described before.

I think all of this, whether long-standing issues, the new issues need to be addressed creatively and innovatively, and we will hear some of that discussion today with respect to education.

Furthermore and of critical importance, the Hamilton Project and the American Enterprise Institute -- conservative American Enterprise Institute and the Hamilton Project, we're I guess, privatis, I don't know what we are exactly, but whatever we are, did a joint event about a month ago,

or thereabouts, I've forgotten exactly, on the importance of maintaining fealty to intellectual integrity with respect to facts and analysis.

You can argue about legitimate differences about facts, but what you can't argue about, I think, is to approach those questions within intellectual integrity. And it is only on that basis, that we can have sound and effective policy, that unfortunately is a matter for which -- with respect to which there was a lot of reason for concern in today's world.

That brings us today's program. Education is certainly a central component of any inclusive growth agenda. We've done a number of programs over the years, the Hamilton Project, on education, K-through-12 and postsecondary school.

I'm not going to comment on today's program. It speaks for itself and you'll be hearing about it in a moment, but let me add two points. One, although a lot of the discussion is directed at federal policy, it can also be very useful with respect to informing state policy, and that's particularly important at a time when there may be less responsiveness to it at the federal level.

Secondly, I think more broadly -- education but also more broadly than education, there's enormous amount we can learn from other countries and from our own history, and that would include, just as a few examples, lifelong learning, certifications, apprenticeships, subsidized apprenticeships, public employment in areas that provide real economic value and also provide the dignity of work and provide hard skills and soft skills to enrollees, and a great deal else that we should be considering in a very serious way as we work to address this transformation, this economic transformation that I described a moment ago.

Much of that, as I just described, is addressed to those who either educationally disadvantaged, fall behind educationally, or suffer job dislocation because of the kinds of changes that I mentioned a moment ago.

Finally, this is a, at least in my view, a troubling time with respect to federal policy and it is a deeply troubling time with respect to the matter I mentioned a moment ago, which is to the commitment of intellectual integrity with regard to facts and analysis.

But that is an absolute requisite for effective policy, it's also an absolute requisite for credibility of effective policy. Without that, credibility policy won't work.

In that environment, all of you by being here today, the participants and all the rest of us, are engaging in serious purpose about public policy, that is my opinion absolutely critical, more critical than ever, given the more general environment that we face in this country today.

That is important with respect to developing policy that can hopefully have some influence on federal and state policy currently and also for developing intellectual work product for the future.

The mission of the Hamilton Project in this difficult time is to try to help, along with many others, to keep alive serious purpose with respect to policy.

Before proceeding with the program, let me just thank the people who created the intellectual construct for this program and also put in place logistics: Diane Schanzenbach, director of the Hamilton Project; Christine Mackintosh, the managing

director of the Hamilton Project; Ryan Nunn, the policy director of the Hamilton Project; and a staff that is remarkably talented, remarkably hardworking without which, nothing would get done.

With that, we thank you for being here. I will turn the podium over to Diane, wherever she is. Oh, there she is.

(Applause)

MS. SCHANZENBACH: Thank you very much for joining us today. I'm Diane Schanzenbach and director of the Hamilton Project. While he's miking everyone else, I'll go ahead and do some introductions.

Starting at the far end, we have Dave Deming, who's a professor of education and economics at Harvard University and one of our authors today. Next to Dave is Sarah Turner, who's a university professor of economics and education at the University of Virginia.

Next to Sarah is someone that you'll note is not Briget Terry Long as is printed in your program. Unfortunately this morning she was unable to come. She's sick and stuck in Boston, so we're very delighted have Ofer Malamud, a professor at the Harris

School of Public Policy, the University of Chicago, and a visiting Fellow here at Brookings step in for her. Then we have Sarita Brown, who is the president of Excelencia in Education, and Charlene Dukes is the president of Prince George's Community College.

So just to start off, I'll invite Dave Deming to the podium and he'll give a brief presentation on his policy proposal.

MR. DEMING: Thanks, Diane. Thanks, everybody for being here. It's a real treat to be here today to talk to you guys about higher education.

So you all -- the policy community in higher education is focused on at least one crisis that I think we can all agree on, which is the affordability crisis. The idea -- we all know this, college tuition is rising faster than inflation for 30 consecutive years, families are more than ever saying that they're having trouble -- they're concerned about paying for college.

What I want to talk about today is a different crisis in higher education that's talked about a little bit less, but I think is arguably just as important, and that is the degree completion crisis.

So this is a trend in by year of birth, the share of adults by age 25 who attend college and who complete college. So what you see here -- so year birth 1970, meaning people going to college around 1988 or so, and what you see is in the last 25 years, we've seen increases in college attendance but really not much action on degree completion. That's extremely puzzling for policy, because this is during a time that we've invested a lot in making college more affordable, particularly for low-income youth.

So this is a trend over time in federal support, federal Financial Aid, Pell Grants, Stafford Loans, tax benefits, the GI Bill, everything added up, and you can see that federal aid has about tripled in the last 20 years.

If you just want to zoom in on this figure, think about people in 1995 going to college, around the beginning of time you see basically a tripling of federal aid and no increase in bachelor's degree attainment over that period.

That's extremely troubling and it's also, at least to me, kind of confusing, because you think, well, Financial Aid is clearly something that affects

people's ability to pay for college and go to college, so why is it that we see an increase in the generosity of Financial Aid at the same time that we have no increase in completion.

So I want to draw your attention to one possibility, which is that the value of a college degree and the investment in college is not just about the price you pay, but about what you're getting for your money. The thing is over this period -- and in the paper you can see a lot more details in this. Over this period, what's happening is states especially are investing less in higher education.

So you're paying the same price -- you're paying less, but you're not getting anymore for your product. In particular, every public institution in the country spends more than it charges per student.

So in about 1995 or so, schools were charging like 8,000 -- sorry, schools were charging \$1,000 of tuition for every \$8,000 of the experience you're getting. So you're paying \$1,000 for an \$8,000 education.

What's happened over this period is because of the divestment of state support, you're paying \$2,000

for an \$8,000 education, and federal Financial Aid is lowering the price to maybe 1,200 or 1,300 for low-income students, but you're still only getting an \$8,000 education.

So the question is if degree completion is actually connected to the quality of the experience and not just the price you're paying, then that could explain this trend.

If you look across colleges, you see a very strong relationship. This is a graph showing bachelor's degree completion rates among less selective public institutions, so not flagship four years, but kind of local often open access four-year public institutions. What you see is a very, very strong relationship between the share of students who complete their degree and average spending levels in the institution.

So you might say, well, is this because of differences in the students who attend or is it because of something the school's doing? So what you want to do is say, well, when schools spend less, what happens to their completion rates -- do they go down or do they go up.

So in a paper with Chris Walters, I try to do exactly that, and I'm going to give you the kind of short version of what we found. What we found was essentially if you look in a state year and you look at the higher education budget and define every time the state cuts a budget by 15 percent or more in a single year as a cut and you look in trends enrollment around the cut, what you notice is that in the years preceding a big budget cut in a state, enrollment's growing at about two to two-and-a-half percent per year. But immediately in the year of the cut, enrollment growth stalls out to about one percent and even goes down close to zero and never really recovers.

So what this is saying, this is not about prices. This is saying when states cut funding for higher education, students don't enroll as much. Because this is IPED's data, so what we're doing is actually looking at total enrollment counts. What we find in the paper is it's not about students not showing up, it's actually students not completing. So students are in school, the budget gets cut, and they're less likely to complete their degree.

So this suggests that spending is really strongly connected to degree completion rate. In other words, this graph actually might describe a causal relationship between spending and student degree completion.

So that motivates the policy proposal, which is a federal matching grant, to support spending in states that commit to making college tuition free. So again, we do have an affordability crisis. We don't want to ignore the fact that college is too expensive for too many students, but what I'm concerned about with free college plans that are already enacted in many states and will be enacted in many more probably in the future is a race to the bottom.

What I mean by that is the reason you might have a free college plan is because you want more people to go to college, right, that's evidence the policy works. So let's say you enact free college and you have an increase in enrollment of 10 percent or 20 percent. Well, if you don't increase state support, what's going to happen is you're going to have the same pot of money spread across 10 or 20 percent more students, right. So what's going to happen is per

student spending is going to decline and our work and the work of many other shows that's going to lower completion rates.

So in general if you do free college but you don't increase the support you're giving to the institutions that are taking on more students, you're going to get low tuition, low spending, low completion rates.

So the purpose of this federal matching grant is to try to counteract that. So the way it would work, just briefly and there's more details in the paper, is you provide -- the federal government would commit to providing a one-to-one, dollar-for-dollar match up to the first \$5,000 per student spending for institutions in states that commit to free college.

So it's kind of like -- I mean, the Medicaid match is very similar in structure. You're kind of giving states an incentive to invest more in higher education by providing a federal match. There's some conditions on it that are very important. You want to restrict it to core spending, instruction, and academic support, not capital expenditures and things like that. There's a maintenance of effort provision

to make sure schools don't mess around with the formula, and the restriction on the growth of administrative spending, because everybody doesn't -- everybody hates the idea of administrative bloat in higher education, many people think it's a problem, so we want to address that and say schools are only going to get extra money when they spend it on the core services that are associated with a college degree.

So in the paper, I talk about how much would it cost. Well, it wouldn't cost as much as you think. The big thing it depends on how many states would commit to adopting it. But even if all 50 states adopted this program and it was all colleges, both two year and four year, I estimate it would cost about 29 billion, which is a lot, but it's still only 20 percent of the amount the federal government spends in total on higher education right now.

If you want to think, well, can we use -- it would be great if we could get 29 extra billion dollars to spend on higher education, if you believe in education, but another thing you could do is you could maybe dial back spending on programs we know don't work as well.

I'll just give one example, not to pick on one in particular, but education tax credits cost about \$18 million per year and there's pretty good evidence they have no impact on attainment, so you could start right there.

If you wanted to increase degree completion, particularly among low-income students, shift the money to states so they can support colleges shifted away from the tax credits.

Thanks a lot.

(Applause)

MS. SCHANZENBACH: Sarah Turner.

MS. TURNER: So let me get started so that I don't lose a moment of my time, because I think Greg is going to keep me on schedule here. Let me thank Diane for nudging me to take a serious look at adult students.

To make sure that I get everyone's attention in the room, adult students are about 40 percent of -- I'm sorry, about 47 percent of undergraduate enrollees. They're also the majority of Pell Grant recipients. We'll get to my slides here.

It's a very straightforward implication of

economic theory that we would expect that during periods of slack labor market demand or when folks are unemployed, that this would be the ideal time for them to consider making investments in postsecondary attainment, essentially when the opportunity cost of time is low.

There are two programs that are on the books that we would think would help these students. First off, the Pell Grant program and the range of federal Financial Aid programs under Title IV; secondly, programs like Unemployment Insurance that are intended to provide income support, income supplements for those who lose their jobs.

Unfortunately these two policy channels are really disconnected and currently do not provide a clear path way to help individuals invest in high return skill acquisition.

Indeed my sort of quick graphic here to remind folks of the disconnection is that it's a very short walk between the Department of Education building and the Department of Labor building up at the top. The policy void is actually much, much larger than this.

UI is subject to a wide array of state-specific

policies, student aid is subject to federal policy plus the policies of postsecondary institutions.

So what do we need in order to help adults, particularly those who have lost jobs make good investments in skill acquisition at the postsecondary level? We need three things, I think. The first is they must be able to identify courses of study that are high return for them, that are well suited to their individual circumstances.

Second, they need to be able to finance these -- finance these courses; that is, they must have the tuition support in order to enroll and complete these programs. Third, they must have income support so that they are able to take time away from the labor force to complete programs, the evidentiary base.

So first off, just a reminder, we do see a very cyclical trend in enrollment, particularly among older students. So as we go from the dark green -- the light green bars of 2008 to 2012, you'll see the rise in enrollment among students above the age of 21 is actually greater proportionally than it is for younger students.

I would emphasize we often talk about moving from

unemployment to jobs in the place -- and the pace, that takes about 15 percent of UI participants currently enrolled.

But the news here on completion evidence and outcomes is not -- is mixed at best. Students in older groups tend to enroll in programs with low completion rates. They are at heightened risk for default, and completion rates are often quite low. BA completion rate is in the single digits, and even completion of any certificate program tends to be quite low.

So again the problems -- the policy challenge is how do students -- how do we help students navigate what are called approved training requirements that allow them to maintain access to unemployment insurance while concurrently enrolling in schools.

Second, are these students who are unemployed or adult workers, are they well informed about available Pell Grant? We have some evidence to suggest they're not. There was a very innovative almost experiment brought to us by the government in May of 2009 in which the Department of Labor and the Department of Education actually came together. The Department of

Labor encouraged states to send out letters informing students of their eligibility for aid.

What we see, the quick takeaway from this -- this graph is the light green dots, those students who received letters were much more likely to enroll and avail themselves of college than those who were not -- who did not get this notification.

Again this is suggestive evidence that there is a role for informational interventions to complement financial support for adult workers going back to school.

So what do I suggest doing here? There's a three-prong policy tradeoff. First off, consciously integrate tuition support and income maintenance programs. What would one do, one would restructure federal aid against separate tuition assistance from a traditionally provided to recent high school graduates providing workers with a lump sum available over a lifetime, we calculated it as about 1.25 times the current Pell Grant, to fund tuition. Second, provide extended unemployment benefits to allow continued enrollment.

Second piece of this, there needs to be more

informational support tools. So developing tests, tools that promote informed program choice and support for completion while students are in programs, personalized information about what programs are likely to be good matches, steps needed to complete.

Finally, supply-side supports are really needed, eliminating the worst performing programs, and providing top-up support suggested similarly to the -- similar to those suggested by David.

Finally, I will leave with this plea for more research and development infrastructure to develop the information and the tools needed to help these students.

MS. SCHANZENBACH: Thank you, Sarah.

(Applause)

MS. SCHANZENBACH: While they're getting miked, yes, the people in the back are reminding me that I forgot to tell you about your cards that are under your seats. So we have three-by-five cards that -- we like to take questions on three-by-five cards, because then we'll ask questions from the audience the last ten minutes or so.

We can just get trough more of them if you are

willing to write them down. You get bonus points for writing neatly, so keep that in mind. Penmanship is still very important.

So I'm going to ask the first question to Ofer Malamud. So we read a lot in higher ed about tuitions are rising, potentially there's a student loan crisis.

Is college still a good investment? Just as a follow-up to that, how do we think about the role of the government in funding higher education?

MR. MALAMUD: First of all, I'm glad to be on the panel discussing these two great proposals, and apologies to those who were looking forward to seeing Briget Long today.

Is college a good investment, despite some of the -- if you read the popular press, there are a lot of anecdotes and stories about college graduates that are unemployed that have really high loans -- loan volumes and repayment amounts.

I think we know that college investments overall are worthwhile investment on average, and I think it's important to remember that. There's a lot of evidence showing that college has big benefits on the labor

market, both in terms of employment and in terms of earnings, on health outcomes, and many other outcomes as well.

That said, certainly not everybody is benefiting from college to this degree. So there are people who graduate from college and suffer negative labor market shocks, they're unemployed, they end up in jobs that are -- that don't require the skills that spent a lot of money gaining. That's in part, I think, Sarah's proposal to try to address some of those negative labor market shocks that lead to unemployment.

In addition, you have a sizable group of students that never complete college at all. While there is evidence that there is some return to college, even if you don't complete it, it's much, much lower. For some people, there really isn't much of a benefit at all.

So we really need to think about how to help people who went to college, took out loans, and yet were not able to complete college and reap the benefits.

Now, there may be some people for whom college was not for them. It's not good that everybody who

starts college necessarily needs to finish, but there are I think a lot of people who could finish with more support, more guidance, and more information.

So I agree with David and argue there really is a college completion problem. He talked about some of the low rates of completion. I think from four-year colleges, the rate of completion is about 60 percent and community college, two-year programs, is more like 30 percent. There are a lot of people who could benefit from that.

I think that there's a growing set of evidence suggesting that providing guidance, providing information, and student support really can help improve outcomes from randomized field experiments in New York and Canada and also some of the recent work that David has done that he's showed you that sort of short clip, short slide suggesting that college investments on education and instructional spending, it can be really beneficial. So I think we do need to consider how we can encourage institutions to better support their students.

So, again, thinking about David's proposal to essentially provide incentives through these matching

grants to invest more in students, and I would also point out something he didn't mention in this presentation, but this idea of supporting Pilot Grants -- providing Pilot Grants to encourage schools to experiment with ways to best use the dollars that federal government will be giving them to support low-income students.

I think one question we'll come back to is how do we make sure that this spending ends up with low-income students that need it. I think that this Pilot Program is one way to try to do that.

Again, I think Sarah's proposal about focusing on people who are unemployed I think is really important, and the evidence on job-training programs is mixed I think and leveraging the higher education system to try to help these people who have become unemployed get retrained, reenter the labor market is I think a very, very important step. Of course, the idea of providing more guidance and information to these students I think is an integral part of doing that.

So I should probably stop there and give a chance to --

MS. SCHANZENBACH: Thanks, Ofer.

Charlene, the next question is for you. So we hear a lot about the need to be lifetime learners, especially in response to a rapidly changing labor market. The community colleges are really on the front lines of this issue being lifetime learners.

Can you just tell us more about who community colleges serve?

MS. DUKES: Well they're about 1,067 community colleges across the United States. We're serving about 11 million students, 6 million of whom are in what we would define as credit programs, certificates of associate degrees.

The other 5 million are in Workforce Development Programs that lead to a credential, some sort of certification or licensure, they're lifelong learners. Many of them may be your parents who see the community college as an option for things that they've always wanted to do but career and family may have kept them from doing that.

The other thing I think is important to note is that community colleges serve generally those who have been historically underrepresented in higher education and those who are low income.

The average age is 28 and about 40 percent of the students are minorities. About 72 percent rely on some sort of Financial Aid, Pell Grants, loans, local scholarships, or local support and then 62 percent are part time.

So I think it's also important to note how students move through and navigate through community college, taking the idea of education and some sort of postsecondary attainment very seriously, but also understanding that they're living their lives, they're supporting families, they're supporting themselves, and looking at community college as a way in order to achieve their dreams or aspirations moving forward, contributing to their families, contributing to their communities.

Community colleges tend to be the least resource segment of higher education, but we are serving the students with the greatest needs across our country.

MS. SCHANZENBACH: Just a quick follow-up on that. Sarah Turner's -- much of her proposal is about how to redesign the Pell system to make it more effective especially for unemployed workers.

How reliant are you on Pell Grants, is this a

good way to sort of improve the Pell system?

MS. DUKES: Well, I would say across the country probably about, again 62 percent of students are relying on Pell, a combination of federal and state aid. At Prince George's Community College specifically, 72 percent of our students rely on those resources in order to move through, 63 percent are part time, so that -- and we are 73 percent African-American.

We're right across the river depending on which direction you're moving and Prince George's County here in Maryland. So our students come from a variety of backgrounds. Forty percent are first generation, and it's sometimes hard to believe that when we live and work in the greater Washington metropolitan area.

MS. SCHANZENBACH: Sarita, I was going to ask you a similar question. What are the challenges faced by colleges, both community and four-year colleges, especially regarding the (inaudible) success of Latino students and what are some effective strategies you've seen to address these challenges?

MS. BROWN: We have increasingly looked at the -- using Latino lens at the flow of Latino talent into

postsecondary education, recognizing that the profile for Latino students is actually the profile for the majority of students and they are post traditional.

They are students who navigate the pursuit of a degree or credential while living their lives, and they have overt commitments that go beyond their coursework, sometimes motivated by having to work and the jobs that they take are usually minimum wage.

They're not necessarily the positions that one would think of when you have the opportunity to talk about internships or career advancement. They literally cover the cost. They are to take care of bills.

There is a pattern of participation by the majority of Latino students that have them focus on institutions within 50 miles of where they live. That's a very dominant characteristic in terms of Latino college going. Oftentimes they are the first in their family to go to school.

All of that said, the really good news over the last 15 years is that Latino college going has increased. It not only is the proportion of the American society that is Latino growing, but there is

also this flow of talent into college, but much like David pointed out in his paper, there is the college completion issue.

In our organization, we've actually focused on that since 2010. We've actually done state analysis that looks at each state where is the equity gap in terms of college completion.

So being invited to be on this panel and seeing this kind of energy being dedicated to what it is that the federal government can do or what we can all do together to address that is particularly exciting.

What I find really appealing about a policy discussion that looks at what goes on within institutions is that that's really where there's -- where the rubber meets the road. It's all well and good to talk about here in Washington what Congress will do or what the White House will do or somebody will do, but where we all can do without any hesitation is within academic institutions.

So the fact that the construct for this discussion bundles answering financial need with academic services as a very -- as a starting point is most powerful.

And the other thing I would say is that, again, it's really wonderful to have this conversation that is looking at public institutions, that is looking at regional institutions, that is looking at open access as opposed to what most conversations start with, which is traditional institutions, traditional students pursuing it in traditional ways, and that's really old thinking. It's just not reality anymore.

MS. SCHANZENBACH: I think in doing preparation for this -- this panel today, the whole team was really struck by the diversity of student needs and how a very large fraction of students in higher education are not what we would call traditional age students. Maybe we should even stop using that phrase, because tradition is sort of out the window here.

So I was going to open this up to the whole panel, especially Charlene and Sarita. We were struck by this diversity of student needs. One size cannot possibly fit everyone and here. So Sarah Turner proposes that we need to think differently about unemployed workers entering school for retraining, because of their special needs, especially regarding

the Pell system.

More broadly than this, what's a new ecosystem of student supports needed to ensure success? Are the unemployed workers different from the 18 year olds, how do you start to think about that, that whole ecosystem, of helping students succeed?

SPEAKER: Well, I think all students who are coming through our institutions, they're probably a certain set of services that they all should have access to. It's early counseling, advising, early discussion about what students' goals and aspirations are, and what it will take in order for them to meet them.

What it also means is what are our partnerships with local organizations that are designed to support individuals and families, departments of Social Services, how do we look at the fact -- and I use this as an example all the time, if you're talking about a traditional age student, that they have had the benefit of free and reduced meals and they graduate on June 5th from high school, on August 24th they start college and that benefit is no longer there for them.

They can't come and get free breakfast or free

lunch, but they are still just as hungry as they were three months ago. So what are the kinds of services that we provide, and you'll find lots of community colleges particularly have relationships and they have food pantries on their campuses, they have opportunities for students to get clothing. They're working with shelters, because students need a place to sleep at night and to feel comfortable and to be able to get back to college the next morning, working with local transportation systems, so they can get to college.

I think it's not just academic services, its also those kind of life services that help a student be able to feel comfortable and focus on what they've come to college for.

SPEAKER: I would say institutions that are really honest about the social contract. I mean, there are institutions that really do at the point of admission make a commitment to the students that come to campus, that they will do whatever is necessary.

Obviously the student has a responsibility, but the nature of some institutions are there -- they measure themselves. Let's not even talk about public

accountability that somebody else uses. They measure themselves by the proportion of students that actually graduate.

We would like to see that much more transparent and definitely have that at the surface when trying to link it with these kinds of efforts, because the expectation, particularly the first generation college goers, can unpack all of that and see that the admission was really just an opportunity to play, but if you fail it's because you don't belong here.

I grew up when college was like that. In an economic discussion, in a discussion about human capital, we can't have a higher education system that functions like that, that we're not going have the talent that we need to keep things going.

So being able to be really honest about the social contract -- and we have an abundance of programs that have actually done that, institutions that are very overt about saying you will succeed, but here's what you need to do and then what you can depend on us to meet you with.

MS. SCHANZENBACH: There are many questions from the audience already, which I'm not supposed to go to,

but just let me follow up with one, in particular about single mothers.

So I think there's a concern, it's a really good question -- there's a lot of good questions already. So if you've got more good questions, you got to get them in soon.

Single moms and working adults who don't have the ability to enroll with the intensity that is needed to qualify for federal funding to get, how do you address that?

SPEAKER: Well, you know some states, I think David already mentioned that, that there are programs where college is tuition free. We also believe that many states and local jurisdictions will move in that direction, but with it comes responsibility I think on the part of institutions.

I think there is also responsibility on the parts of states, and we have to make sure that those programs support a variety of students if they're single mothers and then what does it mean really to have childcare available to those individuals.

If you can't do it on your campus, what's a partnership that you have with a local entity in the

community that's easy to get to. And that as institutions I think that you're right that we can't live under the same social constructs that were there when we might have gone to college, because there were different expectations. We live in a different world and students have different needs, and we have to contemporize those needs at our institutions. There's no question about that.

MS. SCHANZENBACH: Anybody else? I'll toss out a different question down to Dave Deming, but anyone's welcome to weigh in here.

Something that I thought was particularly innovative about the Deming proposal is to provide more resources to schools directly, which really goes against the recent trend to give money to individuals through tax credits, to loans, et cetera.

So just various questions about this, how did you come up with that, how will this impact schools, and I also want us to think for a minute about how that's going to play politically and why the feds and not states?

MR. DEMING: Sure. So I'll take the politics thing first, but you think about this -- I'm not a

politician, so maybe I didn't think about it correctly, but I tried.

So I think you see a lot of political pressure to lower the price of college, that's very obvious, because you see states doing this on their own, governors thinking about running for a higher office, wanting to do this, so I think you see a political momentum that's pushed by the fact that the price of college is very salient to taxpayers and to voters.

So we have federal policy that's also very focused on price reduction, but we think there's another side of this which is important, which is what are you getting for your money, which is how much is this school spending.

If you look at what better resource colleges are doing with their extra money, they're doing advising and student support. These are students who need help. You don't just go to college and magic happens and you get a degree, so that's what better resource colleges are investing in.

So let's have the federal government kick that investment in, because there's already political pressure to lower the price, so that was kind of the

thinking for the design.

You might say, well, how do we know that colleges are going to spend the money well? I think that's a real concern. Part of the design was, let's target it toward what we think of as the core mission of colleges, so not building climbing walls and nap pods, which even though you might read about that in the New York Times, it's a very, very tiny, tiny share of all the people that are going to colleges, everybody here knows.

Schools, community colleges, local four-year institutions are cut to the bone. When you're cutting services, these schools are not cutting the frills, the new gym, and everything, you're really cutting a section of a course that people need to get through. You're cutting advising loads so that -- advisers have hundreds of students and they can't possibly manage all of them, so the idea is the return to that investment.

We're not talking about giving Harvard an extra thousand dollars per year to spend on whatever God knows we spend it on, we're talking about giving it to local institutions that really need the money.

There's no free lunch.

If you want school to be higher quality, if you want to help people get through, you need to pay for it. So my concern again, partly politically, is that because of the momentum for free college, we're going to end up -- I don't want to pick on California, but California is kind of the exemplar of this very low tuition, but very low completion rates and big queues to get into school. My worry is that if we push 50 states toward that, we're going to get less completion and less for our money.

MR. MALAMUD: Could I just jump in. I think there's -- the way you structure the proposal makes a lot of sense, certainly targeting that core mission and the first \$5,000. I guess I was just going to ask as a follow-up question about tying it to the free college institutions.

I think what you say makes sense that where you might fear the least investment is in these situations where a lot of enrollments rise and there's not enough funding to support student services.

Politically I wonder whether -- well, practically I wonder whether it's necessary to tie it to free

college tuition, whether this policy can work just as well with other institutions even if (inaudible) may be a little greater here.

Politically I guess, again not having experience in the political world, but whether there is this push in certain states, there also is some resistance in some quarters and that could make it harder to get a federal buy-in to this. I'm wondering if you've thought about these issues?

MR. DEMING: I have. I mean, to be honest if I were policymaker in chief, I would be perfectly happy, Ofer, to do it without tying it to free college, but I thought that that was kind of -- I think you do have to acknowledge that people are concerned about paying for college.

So if you -- it feels a little tone deaf to design a policy toward spending when everyone -- it's kind of like, well, let's do both at the same time and let's create a partnership between -- let's take advantage of something that states and taxpayers want anyway and make the federal role about -- as it has been historically in K-through-12 education by the way.

The federal role is to support spending levels in -- the Title I program is supporting spending levels in schools that need it. So why not think about the federal role, and higher education is the same way, providing a minimum standard and making sure that schools are providing services to students. So that's kind of the way I was thinking about it.

MS. TURNER: What can decouple this a little bit from whether you're for free tuition or not by trying to focus students' choice on net price rather than sticker price, which seems to be a widespread misconception both for traditional college students and I think particularly for adults who are returning to college; that is, not realizing that there is -- they are likely eligible for substantial Federal Aid may lead them to not make good choices. Those front-end choices before they sign on the dotted line at any particular institution, I think are really important.

So this gets to this question of how do we empower adult students, as well as traditional students, to be better consumers in this collegiate market, first understanding that price and also being

able to distinguish among institutions in terms of the resources that they're offering and the likelihood that a student like them will complete a particular program.

Those are really what we'd like students to be focusing on when they're making college choices, and it's really not clear that students are availing themselves of that information at this juncture.

SPEAKER: I think the other thing is that as we talk about traditionalism is that those dollars tend to go toward students who are in credit degree bearing granting programs. So how do we think about workforce development in a very different way where two or three courses or six months of a program could certainly land someone in a fairly well-paying job, well-paying employment.

So you think about licensures, certifications, credentials, welding, electricity, solar work, those kinds of things we don't think about, but we could all probably talk about hundreds of people we know who are currently working for the local utility company who just needed something here to move into that industry.

So today federal and/or state aid in many states

don't help to pay the cost or cover the cost of those kinds of programs.

MS. TURNER: No, the availability of these sources of funding for these programs are poorly integrated, so you go through a different door to access the workforce that we owe grants as opposed to a credit bearing postsecondary program or some other state-sponsored training. Again, greater integration on that front would help all of us.

MS. SCHANZENBACH: I wondered if you had any -- either of you had specific examples of ways we would improve coordination. I think we were all struck with Sarah's map about it's not very far between these two places, but it's a world away and they're not working very closely together. I don't know if you have any specific examples of ways that we could better coordinate.

SPEAKER: Well, I do think that there are institutions that have taken this on already. There are lots. I think of right off the bat Miami-Dade that has coordinated, for at least the last decade, a whole multitude of services.

One of the things that has really jet propelled

that is their work with single stop, so that as an organization, not only is it the inventory of their own programs, but then this outward facing organization that is very much looking at economics and what kinds of state aid is available, other resources.

I know that in El Paso there's a great alliance between the university -- UTEP, the University of Texas and El Paso; and El Paso Community College, they've adopted the same kind of approach; in Florida, I think what Valencia College has been doing to integrate services and then overtly connect with both the K-12 system in the area.

So there are models and none of them happened quickly or easily. They did require people, in addition to programs, sitting around a table and agreeing to share resources and to benchmark the effectiveness of the agreement by the success of students.

SPEAKER: I think it's still -- for me what works also is having practitioners and those who are certainly thinking about policy and how policy might be implemented, sit at the same table and understand

how students move through institutions, where we could do better, and how we could better utilize the resources that are available to us to help student.

As a college administrator, I will tell you that we also support the fact that dollars need to be spent where students are. There's no question about that.

MS. SCHANZENBACH: It does feel like common sense sometimes. Some more questions from the audience. These are terrific questions. Although, I would implore you to write more neatly next --

(Laughter)

MS. SCHANZENBACH: A new national clearinghouse report came out apparently today that showed that about 30 percent of students at community colleges graduated, including part time and transfer students, six years after they entered.

What metrics do you think the federal government should be looking at in deciding whether to fund schools -- how to fund schools and what do you think just is an acceptable level?

Anybody on panel.

MS. TURNER: Well, the first thing I should tell you is that you're funding students, you're funding

people. They use those dollars to come through us. The other thing we should be looking at is not just graduation, did you get your associate degree.

Many students come, they get 24 credits, 30 credits, 50 credits, and they transfer. So we have to look at that as a success metric as well and that's what we tend to forget, that students are coming for a variety of reasons.

How do we look at workforce or wage data in some of these metrics. If they're coming for three or four courses that help them to get this dream job that they've had, that's a success for students, but there has to be some metric that we look at that helps to define that.

I think that we're all very metric and outcome focused at our institutions, but we also have to remember that students may start part time, then something happens in their lives, it's 12 or 15 credits, then they reduce it to six credits the next semester.

Once they move from a full-time student to a part-time student, right now they are considered a failure, because it appears as though they've dropped

out of the system when all they've done is reduce the number of credits necessary for them to keep moving forward.

MS. SCHANZENBACH: David.

MR. DEMING: This is a question about accountability. I think one of the advantages of my proposal, doing some with a matching grant, is that a limitation of federal higher education accountability is that typically the penalty for failing to meet a standard is withholding Title IV funds, which is essentially a death sentence for many schools.

So if you're going to have a penalty that's so severe, you need to use it infrequently. If you have a matching grant, you could kind of change the match rate for schools that do or don't meet benchmarks in a much more continuous way.

So you could provide matching funds at a higher rate for schools that demonstrate success. You could dial the rate down for schools that aren't meeting benchmarks.

There you give yourself a little more flexibility to kind of dangle the carrot in front of institutions and say, improve your performance without really

crippling them. So I think that's one advantage of thinking about policy that way.

SPEAKER: I can jump in, but you'll never --

MS. SCHANZENBACH: I think Sarita also wanted in.

MS. BROWN: Just that earlier I had said that I would say do no harm and that just seemed like the opportunity to do it -- to say it, because I do think that the stress test -- I mean, this really is an exciting conversation. There needs to be much more of this.

People need to be much more future oriented despite whatever maybe the current strain on imagining things. We need to keep persevering. In that process, though, the consideration of what are the unintended consequences. So even as we have conversations about where the pressure points are, how to incentivize, we also have to hold it up to and what could happen if we unleash this.

SPEAKER: You should probably give Sarita an economics degree, honorary only.

MS. SCHANZENBACH: Another theme that has run through these questions is people are very interested in this idea of a completion crisis and point out that

another major challenge, besides affordability, is being unprepared for college.

Later on this afternoon, we're going to talk about how to integrate high schools into this type of conversation. I think that will help as well, but for this panel: How does needing to take remediation play into this and what can we do to move the ball forward there that's not going to steal too much thunder from the panel later on today.

SPEAKER: I think like Sarita has mentioned is that there are number of things going on across the country where we've recognized the large percent of students who are entering institutions, whether they're coming directly from high school or quite frankly if it's at 28 or 30 or 40 or 50 year old who is coming back into this thing called higher education, and that many of us have started to look at ways and have begun seeing success from the relationships that we've put together, partnerships with our K-12, particularly in the public sector.

We're also looking at ways that we reduce remediation by thinking about it as more than just what might be, depending upon where you're from, one

course over a 15-week period.

So you're reducing amount of time that a student may spend, you're looking at competency base learning, contextualized learning. So we're looking at a number of different ways in order to reduce that remediation.

Also going back and working with students while they're still in high school with some additional coursework around where there might be some identified weaknesses and those things that we believe are necessary in order to move through, and you all know those tend to go English, reading, and mathematics.

So teaching students that it's more than 140 characters and an emoji that helps you get your point across. So there are a number of things that are going on and they're going on in communities all across the country, because we recognize that that's a serious issue.

SPEAKER: I'm going to say something some people may disagree with. I think this idea that students aren't as prepared and that's why completion rates are stalling out is mostly false actually.

The reason I think that is because if you look at the NEAP long-term trend datas, this is the nation's

report card, consistently administered tests. Test scores are rising over time. This is at Age 17, at Age 9, and Age 13 and they're rising more at the bottom than they are at the top, so the distribution of test scores is actually compressing.

So I don't think it's true that students are less prepared for college than they used to be. I think in some ways the dramatic increase in remediation in community colleges is a function of lack of resources, because what you would do if you had more resources is you would provide targeted tutoring and other services to students who need it to get them right back into regular classes as soon as possible, but that's expensive.

It's cheaper to send a bunch of students based on a test score cutoff down to a lower -- I'm not saying that community colleges are doing this deliberately or instructors are doing it deliberately, but I think it's partly a function of the fact that we don't have the resources to meet students where they're at once they get to college, not that students are just not prepared. I think that's an excuse.

MS. TURNER: I'd like to pivot a little bit away

from remediation and suggest that part of challenge is the match between preparation and program choice and the need for students to be well informed about what it's going to take to finish a particular program before they commit.

So I would require considerable remediation to pursue a nuclear physics degree or -- and so if we can do a better job of matching students with programs on the front end, you may also reduce some of the need for remediation.

SPEAKER: I think that's true, but on the other hand there are very large differences in completion rates across schools that are not selective and in the same labor markets. So I don't think it's just about matching students, I think it's about are students getting. I think you're right, Sarah.

MS. TURNER: I also mean what you have sort of given, you've decided to enter a particular door, helping you -- again I think there's been some discussion --

SPEAKER: Program selection.

MS. TURNER: -- of program selection once you enroll and better guide rails within programs, again

matched to individual circumstances and preparation.

SPEAKER: Isn't it more fun when we disagree?

MS. SCHANZENBACH: I think I have to cut the conversation at this point. I'm so sorry. As you can see these are first order important issues. I recommend to you the policy proposals and also our series of facts on higher education. Let's thank this panel and we'll invite the next panel up.

(Applause)

(Recess)

MR. NUNN: Thanks for joining us for our second panel, "Risk-sharing in the student loan program". I'm the policy director at the Hamilton Project, Ryan Nunn. I think this will be a great discussion.

Our distinguished panelists will examine a proposal to strengthen the postsecondary accountability system, exploring the advantages and the disadvantages of this approach.

I'll start with just a brief introduction of our panelists. To my left is Belle Wheelan, who's the president of the Southern Association of Colleges and Schools Commission on Colleges. Prior to that role she held a number of positions, including Virginia's

Secretary of Education.

To her left is Sandy Black, who holds the Audre and Bernard Rapoport Centennial Chair in Economics and Public Affairs at the University of Texas at Austin. She was a member of the White House Council of Economic Advisers and is now a visiting Fellow here at the Brookings Institution.

James Kvaal is a Towsley Foundation Policymaker in Residence at the University of Michigan's Ford School of Public Policy and was formerly deputy director of the White House Domestic Policy Council.

Michael Dakduk is the executive vice president and director of Government Relations for the Career Education Colleges and Universities. Previously he led the Student Veterans of America.

At the end, we have Adam Looney, who is a Senior Fellow in economic studies here at the Brookings Institution. Previously he was Deputy Assistant Secretary for tax analysis at the U.S. Treasury Department.

Then we have Tara Watson, who is going to approach the podium to present her paper with Adam Looney and Tiffany Chou. She is an associate

professor of economics at Williams College and was previously Deputy Assistant Secretary for microeconomic analysis at the Treasury Department.

Please take it away.

MS. WATSON: Thank you so much. So as we heard in the last panel, college remains one of very best investments a young person can make in many cases. The student loan program is an essential support that allows many low-income students to take advantage of this investment and attend college.

While this program is so essential, it is also incumbent on policymakers to make sure that the student loan dollars are being spent on schools that serve low-income students well and that the system does not systematically leave borrowers with more debt than they can afford.

Right now the institutions have a strong financial incentive to enroll students with student loan dollars, and that has been great for encouraging students to go to school.

But institutions right now face little incentive to ensure that students are in a position to repay the loans once they leave school. So we see an incentive

misalignment between institutions on the one hand and students and taxpayers on other.

At some institutions students systematically fail to repay their loans. Right now our accountability standards focus on cohort default rate rules and this does help address the concern about defaults in extreme cases.

But as we move to a system where we have more income driven repayment, it will be increasingly difficult to hold schools accountable for delivering a high-quality education through the cohort default rate system as defaults essentially vanish hopefully. So this program protects students, but it does not ensure a high quality educational experience for them and ensure that their loan dollars are well spent.

So in our proposal, we propose a new accountability system. It's based on a new metric, rather than defaults, the cohort repayment rate. So our approach takes a cohort of loans entering repayment in a given year and we look at what fraction of those loan dollars have been repaid after a five-year window.

Under a standard ten-year repayment plan, we

expect about 40 percent of a cohort's loan dollars to be repaid, if everyone was paying according to that schedule. In practice, we know that's too aggressive, it's unrealistic, and about half of schools only achieve about a 20 percent repayment rate, about half of what we would expect under a standard ten-year plan. In other words, students have repaid 20 percent of loan dollars five years after leaving school. This puts students on track to repay their loans in about 15 years.

At a third of schools, which are illustrated in the purple area there, schools -- students are not on track to repay their loans even after 20 years. There are a number of schools where after five years, the aggregate dollar amount owed by students is actually higher than it was when they initially left school, because of interest accrual, and those are the light purple bars on the far left of your screen there.

So we see that repayment rates are not as high as we would like. They're leaving many students in a position where they are unable to make progress on their loans. So we would like to provide a nudge to encourage institutions to reduce excessive borrowing,

to improve the matching between students and programs, as we heard about in the previous panel, to promote completion, which we know is very important, and to facilitate entry into the workforce.

So we'd like to give institutions a reason to ensure that their students are in a position to repay their loans later.

Our proposal is a risk-sharing plan, so we would charge students a modest fee if they missed a repayment rate target. The target we propose is 20 percent, meaning on aggregate students have repaid 20 percent of loan dollars after five years. If schools fail to meet this target, they would be charged a small fee. The size of the fee would be gradually increasing as schools move farther and farther away from that target akin to a progressive tax schedule.

We are advocating a broad-based system. One goal for this is because we think many institutions should face an incentive to improve, not just the ones at the extremes. What you can see is that our proposed system would impact schools across all sectors, public, private, and nonprofit and for-profit. There

would be disproportionate impacts on the for-profit sector, but there are schools in all sectors that are not making these repayment targets that we set out.

This graph shows you the effective rate in the policy proposal that we put forth. What you see is that most schools would be asked to contribute somewhere between two and ten percent of their federal loan dollars in exchange for continuing to participate in the system when their students fail to repay in a timely manner.

So these are not huge effective rates. They're again meant to be a nudge that affect a broad range of schools and encourage them to do better.

One major concern with our risk-sharing proposal as well as most risk-sharing proposals out there is that students would face reduced access to education as the result of institutions responding in an unintended way to these incentives.

So we particularly worry about students who are poor (inaudible) credit risks, including those from low-income backgrounds, but we do see in the data that there are a large number of two and four-year institutions that serve low-income students well, that

are open access or not very selective, and so we believe federal loan dollars should be shifted from schools that are not serving those students well to schools that are serving students well. It's our hope that our risk-sharing proposal will push students and loan dollars in that direction. Thank you.

(Applause)

MR. NUNN: Thank you very much, Tara.

So my first question is to Belle. In your experience, what distinguishes those postsecondary institutions Tara just talked about that serves students well from the ones that don't and can federal policy be useful here in sort of nudging toward better outcomes for students and for schools?

MS. WHEELAN: Thank you. My first comment is I have problems with this proposal, only because institutions don't loan the money in the first place, and they have no control over the jobs that are available, nor the starting salary for those jobs, and yet now we're holding them responsible for students not paying back loans. That logic it just fails me, so let me start that so that you'll understand my point of view.

Those institutions that are trying to assist those students to completion have indeed invested a lot of their own money and resources into support services, that's the biggest piece of it.

You heard the previous panel talk about -- we're talking about older students, not old farts like me, but older students who are working, who have families, who are coming largely part time, who have been out of school for a very long time. I would have to take a developmental math course if I went back to school right now, because it has been forever since I had a math class.

So they're coming not necessarily academically underprepared, but they've forgotten a lot of the stuff that they ever learned in the first place. So they are starting from a different point and they do need nurturing, for lack of a better word, that students who are academically prepared and whose families have been able to prepare for college don't have to do.

Many of these students borrow money and they're sending it home to help families pay rent or to feed their families, and they're trying to continue to hold

a job albeit a low paying, maybe even part-time job, and it's going to take them longer than five years perhaps to start paying back the money that they owe, and yet we're going to penalize institutions for the circumstances for which they have no control.

MR. NUNN: I should say just as with the last panel, please write your questions on the cards provided and we'll collect them and we'll ask them. So my next question is to Sandy, what do you --

(Indistinct chatter)

SPEAKER: I didn't want to jump right in. So one thing I would say is that the institutions themselves have a tremendous amount of control about how they advise their students, how they counsel them, the inputs into their education, how they structure their programs that seem to have a lot of effect on whether students complete the school, the types of jobs they get after they leave, and their long-term success. There's tremendous heterogeneity across institutions in how well they serve poor students.

So they do seem to be very important in the intersection between the federal government lending the money and a student who borrows it, so they're a

very important component in the middle that helped shape a lot of those outcomes.

I guess the other thing I want to say is that we already have an accountability system that does look at loan outcomes and does hold schools accountable. We've already kind of made a choice that that's an appropriate way to finance -- to monitor schools.

MR. NUNN: That actually leads nicely into my question for Sandy, which is what do you view as the goal of the risk-sharing proposals and are they likely to be successful in meeting those goals?

MS. BLACK: So I think what you point out is just how difficult it is to evaluate what a school is doing. When I read the risk-sharing proposal, and this is something that a number of us in the room spent a lot of time thinking about when we were working for the White House, we thought about first of all are we worried that taxpayer money is being badly spent. This is a way to get that money back and kind of recoup some of our losses. For doing that, it seems very well suited for it, it is well targeted and appropriate. That I view as one possible goal of the proposal.

The second is to improve our guaranteed quality and be some sort of quality metric. That is the much harder goal, but it also seems like that's something we're trying to do. So I just wanted to talk about what I puzzle over when I think about this in terms of what are the challenges that we're facing.

So the U.S. is unlike other countries that kind of people would point to as having a more functioning system, because the federal money -- this is federal money that is going to students that ultimately goes to schools that are not run by federal government.

So these are states in the public -- in the government sector, it's the states but then it's also private sector as well. So there's already a disconnect between where the money is coming from and where it is going that other countries don't face.

Then everyone faces the problem that quality is really hard to measure. So for every metric of quality that you put out there, you can think of 5,000 reasonable examples of people who are very successful and we think it's very good who are going to fail on that metric.

So do we think -- so I think as a society, that

is something we really need to think about, what do we value and what is the goal of our education program.

Earnings can be good in some cases, but do we want to get rid of a philosophy major who may not be able to get a high paying job, so this is something that I don't have the -- I don't think anyone has the answer to. So as a result, we've been forced to kind of go to proxies for that. One thing that is very tangible is can you pay back the money that you borrow.

So the problem with the proposal I think is that we don't know how schools are going to respond. We hope they're going to respond in the way that we want. And I think relative to other efforts like gainful employment where we have a single metric and it's you are either good or bad by that metric, this proposal has a lot to recommend it. So it has a much gradual penalty, so it's not you are good or bad, but you are kind of dipping into the not so good and so we'll penalize you a little bit, then you get really bad and we'll penalize you a lot.

The metric is much more difficult for schools to gain, so it has that, and it could create good

incentives. So if you think that some schools just have programs that are not productive for the students and maybe they'll close those and put the money elsewhere, the downside -- and I think this is where we don't know what's going to happen, but these are things that we could worry about.

One is that all these proposals and all the things we talk about really focus on only people who are borrowing money, so we might be concerned about college quality overall, even if you are paying for it out of pocket. So we might think a broader metric. I know this is hard, because we go where data is.

It may create perverse incentives, so some schools that have the ability to not admit students may choose not to admit low-income students. Schools could certainly -- the authors note these things, schools may try not to get students to enroll on income-base for payment, because that's going to mess their metric.

It's not clear how these already strapped schools, like David and the others talked about in the last session, how they're going to be able to respond to this. So if you're taxing them and they already

don't have money and that may be why the school is poorly performing, how can they go and become better.

So some of these things depend on how they take the money and give it back to the school so somehow you are getting more money than you are paying, that might work okay, but we just -- we don't know how that's going to work.

So I think that this is a really -- if you want to do a risk-sharing proposal, I think this is a really good way to do it. It's really careful and thoughtful and well thought out, but I do think that kind of taking a step back and thinking about what is the goal, as policymakers what are we trying to achieve and how can we best measure it, is really important when you're thinking about this. Because you might choose to do it, it's just you want to be aware of what the tradeoffs that you're making are.

MR. NUNN: So, James, I'd like to kind of get at one of these specific tradeoffs and ask you about this.

So what do you view as the possibility for balancing these two goals? On the one hand, you want to discourage risky student loans. On the other hand,

you don't want to discourage postsecondary access for disadvantaged students.

MR. KVAAL: That's a great question. Thanks for giving us a reason to get back together. Sandy, Adam, Tara, and I had many meeting with the administration about this and similar topics. If anyone doubts the efficiency of a federal policy process, we did produce a proposal that was just about three months late, so here it is.

I think, Ryan, the question you're asking is really kind of at the crux of this proposal and is a little bit in the background often when people talk about it. Sometimes it's described as an unintended consequence or I think Sandy said perverse incentive.

I think our hope is by shifting some of the federal funding to outcomes, we are going to drive things like improvements and quality, better counseling, more careful student debt, better matching of students in programs. I think we will see those things.

But we are also concerned about colleges trying to screen out students who are being selective, which is a way to improve employment -- repayment outcomes

also, and I think it's likely that we will see some of those things as well.

I think you need to be particularly careful about that, A, because we know labor market outcomes are not equal across race and gender, and the purpose of the federal program is to sort of boldly go where the private sector wouldn't. So if we were just to underwrite loans or ask colleges to underwrite loans for us, it's not quite clear why we need a federal program.

On the other hand, we do have a very optimistic and idealistic design of the student loan programs. We will let almost anyone borrow 30,000 or even \$60,000 to go to almost any program. We have seen in other context, for example, the mortgage industry, that sometimes that is a problem for borrowers as well, that there is some benefit to having some consumer protections against loans that we know looking at paper are unlikely to be repaid.

We also know that some colleges have better outcomes with a certain set of students than others, so there may be a benefit there to improving outcomes.

So I think that there is something here that we

need to consider. But we do need to be very, very careful about the tradeoff and make sure that we're not taking away options.

I think part of the reason that this question seems so difficult and so painful to us is that we have gotten to a system of higher education financing where it feels like if you don't have access to loans, you don't have access to college.

Really kind of the subtext here is do we want to make students -- do we want to make students choose between risky loans or no college at all. I think that is really the problem.

The problem is we don't have a better way of financing the investments that we think people ought to make without them resorting to risky loans. So that's -- I think that is -- risk-sharing might be part of a step to a better system, but really we need to be thinking outside of those two choices.

MR. NUNN: Thank you.

Michael, given that for-profit institutions have been important in these risk-sharing discussions, I was hoping you could tell us a little about how those institutions view this sort of proposal?

MR. DAKDUK: Well, I think there are a few things that we were happy to see, specifically in this proposal, and that was that they're applying it to all institutions. In previous administration, we were a little troubled to see certain regulations created in a way that would target certain institutions, specifically in our sector.

So applying it to all is something that you'll end up seeing the for-profit sector go, okay, let's see how higher education reacts when you apply it to all of them. You've already seen this. You've already seen all the risk-sharing concepts, a number of them, come out since Senator Alexander, the chairman of the committee responsible for education, the response to his White Paper from the higher education community, specifically institutions of higher learning, that was this isn't right.

But we were absent from that. I think we're noticeably absent, our sectors, because it applies to all. When you start to talk about regulations or risk-sharing or any sort of policy concept that does apply to all institutions, this sector will be on board.

So I think that's fascinating when we start to have these conversations and you hear that from our sector and you go, that's fine, let's do this, and then see how other folks react. There are some interesting things here with that, but they also call for one of their -- some exemptions. I don't know that the authors have talked about that yet, but there are exceptions in this.

So again it applies to all except, and then go to that page and read who it doesn't apply to. There's a few ways that they model that. Those are the kinds of things we'll see folks in our sector go, okay, come on, you're going have exceptions, but then you say it applies to all.

Politically this is challenging, because what the headline here is, 50 percent of all colleges and universities fail. It's not about, okay, risk-sharing now and paying back, it becomes a headline beyond that. I know as economists and researchers that's not particularly what they're focused on. I respect that, but that's how it plays out. I think there are folks in this room who can appreciate that.

So that's the challenge and that's where all our

higher education comes out and says okay, and then the unintended consequences that were discussed specifically limiting enrollment, that perverse percentage of low-income students potentially being screened out, that's very real.

In the White Paper that Senator Alexander advanced asking for thoughts on risk-sharing, one of big things that he highlighted was that federal policy should not shift away from access. There is that very real problem with this proposal and other risk-sharing proposals in general.

MR. NUNN: Adam, would you like to respond to any of that now or would you like to come back to this later? It's up to you.

MR. LOONEY: Can I jump in right on that last comment and on what James talked about. I do think it's a problem if we narrow down the tradeoffs to an issue of should we give students risky loans or should we tell them not to go to college at all. If that's what the debate is about, that's a very uncomfortable situation and we've probably not designed a good system for financing higher education, if students have to make that choice.

In our proposal in particular, we try to -- we try to directly address the issue of access by using any savings from the risk-sharing proposal to finance grants to students to attend high performing institutions, so to take that money and make sure that there are seats available for those kids at schools that tend to do a good job. So I do think that's a critical part of the proposal and an important thing to keep in mind.

MR. NUNN: I'd like to sort of ask a broader question that's been touched on a bit. How do we get here? Do you believe that we're in the midst of a student loan crisis, is that part of the motivation for this or is that an inappropriate frame for this? So this is a question for anyone.

SPEAKER: I think crisis is not the right word. It is still true that college is an excellent investment and that for most students they will -- even strictly in economic terms, not to mention the noneconomic benefit, but strictly in economic terms they'll see significant salary increases, be able to repay their loans.

I think we also see there are significant number

of students who borrow, who don't complete, who have very low earnings, who are in negative amortization on their loans even for years after leaving school.

So it is not a crisis in the sense that for most students we should be saying you need to think twice about going to college and borrowing, but it is a crisis in this sense that there are meaningful numbers of people who are really struggling to repay their loans, and that's an issue that needs serious attention there. There are a million students who defaulted on their loans last year, it's not a small number.

MR. NUNN: There's an aspect of this proposal that I thought was really important and it's sort of explained in the motivation -- in the proposal that the growth of income-driven repayment, which is something that's very familiar to a number of our panelists, has made it very difficult to use default rates as the appropriate accountability metric, so the authors propose to substitute a repayment metric.

Do the panelists agree? Do you think this means that we need to shift to some metric other than default rates, whether it's repayment or something

else?

SPEAKER: I'm just going to say inherently there's a challenge when you propose something radically different from the norm, so you're creating something. I actually think it's fascinating what they've come up with and what they're working on. I applaud them for doing that. It's known as a cohort repayment rate and there's actually a technical paper that came out before this in February, I believe, and it goes into more detail about it.

It's interesting. It really is interesting stuff, but nothing like this exists on the books. This is new. It's a completely new concept. So to get folks from different sides of aisle to come together and agree on something like this, let alone the higher education community as a whole, that's the challenge, but certainly it's unique as a concept.

SPEAKER: I think it's laid out well in the paper just why it's a better metric than what we've been using. Before it was easier for schools to try to get people to defer or manipulate the statistic and this makes it much harder.

I do think that as income-based repayment or

income-driven repayment becomes more common, and I hope that it does, this would have to kind of be reassessed, the metric you're using. Right now it's based on 20-year repayment.

So to the extent that more students are on income-based repayment, you can't really use defaults anymore because you can pay zero and not default because -- based on your income. But I do think it says you don't want to create incentives or you want to mitigate the incentives for schools to not get their students into these income-based repayments. I do think it's a better metric.

SPEAKER: We were talking earlier about whether it's a default rate problem or an achievement problem. I don't think that you can talk about -- if you're using the statistics that suggest that students who don't graduate don't pay their loans, then I think you can't look at one without looking at the other.

You had asked me earlier what schools that were being successful were doing to help increase the repayment rate, they're also helping raise the achievement level. The guided pathways that the community colleges are using where you identified

ahead of time this is the core of courses you have to take, this is when you need to take them, we're going to provide you all kinds of reinforcement to make sure that you stay on schedule is increasing the completion agenda.

Georgia State in my region is very much involved in that kind of process where they are putting their resources to more and more advisers and faculty roles are changing because they're becoming life coaches as well as imparters of knowledge kind of thing.

So I don't think you can look at one without looking at the other. Those institutions that traditionally have a high default rate also have limited resources. They have fewer counselor-to-student ratios, they have old facilities that much of their money has to go through making sure they're in good shape.

They're just -- it's not just loan default. It's a bunch of stuff that I don't think we can look at -- I realize the purpose of this panel is to look at this particular issue, but that's my frustration. You cannot look at one without looking at all of the other stuff.

We keep talking about kids going to college, remember average age of students is like 27. We're not talking about the 18 year olds that we were when we went to college. We're talking about grown folks that have families and responsibilities who are the majority of students -- who are the majority of people taking out the loans and it's tough to pay those back, even in 20 years sometimes, when you're going into teaching, for example.

The next panel is talking about K-12. The salaries for teachers is ridiculously low, considering the job that they do and yet they have some of the highest loans and have to repay that and still buy a house. The interest rates on loans are -- they're higher on a student loan than they are buying a house or a car.

All of that is kind of combined. So is this a good process, it's better than nothing I guess, but it's still flawed I think.

MR. NUNN: That kind of leads me to a great audience question that I'm just going to jump in out of order here and ask.

What makes this proposal attractive to the Trump

administration? Is there something -- do any of you have some idea as to what might be the hook for them, for the Department of Education in the Trump administration? Is better than nothing the --

SPEAKER: I think one of the advantages of this proposal is that it would reduce the amount of defaults and the kind of bad outcomes in the student loan market. I assume they care about those things.

I think it has the opportunity to reduce the net subsidy in effect to institutions or to borrowers where the government's unlikely to get repaid for the loans it produces. In that sense, there is a fiscal and taxpayer focus reason to be interested in this.

SPEAKER: Would the money be going back to the schools or is the federal government actually taking?

SPEAKER: In our proposal, the money goes back to the schools.

MR. NUNN: I have another question then that actually gets at those mobility payments that you described in the proposal.

In the last seminar -- the last panel, we heard about proposals to support institutions that disproportionately serve low income and nontraditional

students.

How does risk-sharing differently affect those institutions, including in particular historically black colleges and universities, and then how can those mobility bonus payments be used to sort of help here?

SPEAKER: Your proposal.

SPEAKER: Could you say your question again, please?

MR. NUNN: Sure. I'm thinking specifically about the institutions that are serving low income and nontraditional students. There's been a concern that we've already discussed that this kind of risk-sharing proposal could deter those students from accessing postsecondary education.

I just wanted to kind of give you a chance to talk about the mobility payments, how that might work, to ask others if they have ideas for how sort of on the positive side giving positive incentives for those students to attain credentials and degrees.

SPEAKER: Again the idea is to make sure that there are seats available for students who might otherwise be displaced or might not otherwise have

access to these programs at schools that are -- appear to do well. So we have a simple -- we propose a simple system in which we take the revenue that's saved by the proposal and we funnel it to institutions that have high rates of getting Pell eligible students up above an earning threshold after they finish school.

So it's a simple do you get a good job after school, let's help finance those students -- let's finance those institutions and help them expand their offerings to students. I think it is an important way of money. I think we have tools now that we didn't have, or at least data and some evidence, that there are places that do seem to do well for low-income students and that we could benefit from providing more access to those types of institutions.

SPEAKER: I do think this aspect of the proposal deserves more attention. We for whatever reason spent a lot of time talking about the risk-sharing or the punitive side of it.

I think the idea of giving resources to colleges that are helping our students achieve better outcomes is at least as important substantively, probably more

politically feasible, so we should really be thinking about how to make this side of the equation work.

We've seen a lot of states move in the direction of performance funding. People have different opinions about it. Overall the model at most colleges and universities, including federal funds, flows to them on the basis of enrollment, which means if you're an administrator and you have a good idea about spending a little more money and helping your students graduate on time or -- you want to do it, because you're mission oriented, but there is like a potential revenue issue there. There's a cost and potential impact on enrollment and revenue in the long run.

So I guess the question is does it make sense to have the federal government have some resources coming in behind so that colleges that are making investments and improving student outcomes have the resources there to support growth toward higher -- toward better outcomes. So I think this proposal is a good place to start the conversation.

MR. NUNN: To build on this, though, it's kind of interesting. The reason I probably am unable to comment more on this bonus concept is because the

majority of the proposal is about the punitive aspect of it. There's only like three paragraphs on the mobility bonus payments in here.

So I would have to ask you all that idea is not fully flushed out in terms of a risk-sharing concept here, although you all acknowledge that that's something that should be done.

It's interesting another author that either works here, or continues to work here, at Brookings did something on risk-sharing and said, risk-sharing as a punitive measure may be ineffective for two reasons. One of the big reasons, a definition of success will not be agreed upon by diversity of higher education.

So I do think it's very important to flush out the nonpunitive measures, the benefits that will be offered to the institutions that will be serving low-income students well, what does that look like?

SPEAKER: I think that thinking about the bonus payments kind of, to me, reinforces that in some sense we're thinking about risk-sharing in this vacuum of nothing else is going on, right, and we're taking how things are now. Whereas, when I think about in Texas how frustrating it is when the legislature does not

fund the higher education and you're making do with fewer and fewer resources.

So it feels to me like the importance of this bonus payment you really need to be thinking about if you are taxing schools, are they starting with a fair shot, do they have the resources they need to actually perform well, and then say, okay, if they are not taking the resources and performing well, then we should intervene.

It is hard to think about and I do think a lot about community colleges where they are so financially strapped and they can't raise -- you don't have the leavers that private colleges do sometimes, and so how should we think about these.

So it just highlights to me the importance of these kinds of bonus payments and creating an environment where schools can succeed and then penalizing them if they don't.

MR. NUNN: Sandy, you mentioned something before that I want to come back to without necessarily taking the conversation away from mobility payment.

You mentioned a concern that we might through a risk-sharing proposal discourage some courses of

study, liberal arts and humanities. Is that something that other panelists are concerned about, is this a feature and not a bug, what do you think about the way that this might change kind of the allocation of student's efforts?

MS. BLACK: I think for some of it -- I do think it's something that society needs to think about is do we value a liberal arts education. If we do and we know that they are not profitable should students have to take out loans or should the cost be different for them knowing that they're going into this and so -- so I did -- I do think that that's an issue that we need to think about.

I do want to say that even though I am being somewhat negative about the risk-sharing as I was before, I do think that there is an important role for accountability, so I don't know that I agree with everyone on the panel in terms of -- I do think there are certain schools and they do tend to be disproportionately.

The for-profit schools that are taking in money and are not providing -- the students are enrolling in them for the sole purpose of getting a career or

vocational training and then are not in the end able to earn enough to pay back their loans, so I do worry about those people. So even though I do worry about risk-sharing, on some dimensions I think some accountability is very important.

SPEAKER: Without liberal arts education, we wouldn't have a lot of attorneys and subsequently not a lot of members of Congress.

SPEAKER: That may not be a bad thing.

(Laughter)

MR. NUNN: I'm not sure which way that goes.

SPEAKER: I don't think it does us any good to talk about should we have these majors, should we not have these majors, because, again, students have to go where their hearts are, not just their pocketbooks, but what they want to be when they grow up, whether it brings them a lot of money or not.

I'm one of those crazy liberal arts majors who have actually taken two pay cuts in her career, because I enjoyed what I was doing. It just -- the people out there are going to make those decisions and that's why I said in the very beginning, if I win the lottery and I owe \$80,000 to an institution, that

institution cannot make me take my lottery winnings to pay that loan.

We've got to do something to help the students understand what happens when you borrow money and what the impact is. I think that's one of the things that a lot of colleges are beginning to do that they had not done in mass before.

They're, I'll say, forcing, strongly encouraging, requiring, pick a word, students to take a financial management seminar of some sort or sit through an hour component in an orientation class that says, here, let me talk economics to you, because a lot of these students have never had money.

This is the first time they've ever borrowed it. There are a lot of under -- minority students who have never borrowed money, they've never had money, they don't like filling out the FAFSA form, not just because it's complicated, but because I don't want you to know I have nothing.

They don't understand it's okay to get a grant. We want you to have a grant, because it's going to help the nation if you get a grant and go to college and finish. There's students who don't understand

that, not just 18 year olds, but 45, 50 year olds who don't understand that. They've lived all their lives never borrowing anything.

So not having that kind of acumen about finances is something institutions are beginning to understand, so they are trying to help students understand if you borrow this money, it doesn't have to be paid back. Just like if you bought a house and you didn't meet the note, they would take your house away or they would take your car away.

You can't take away the education, but we can start taking away other stuff that you have if you don't start paying this money back.

So I have no problems with the accountability piece, none whatsoever. My concern is the financial burden on the institutions, because if it is indeed those institutions that have students who are high default or low repayment, whichever way you want to phrase that, are also the ones -- I mean, that consistently have that, then a lot of times it's because they consistently don't have the resources they need to help those students become anymore successful than they are. So we got to fix that

problem before we can fix the one about not repaying loans.

SPEAKER: I agree with that. My take on the liberal arts question, I think absolutely there's great value in education that is beyond what can be measured in dollars and cents. Probably most of us in our own lives have not maximized our dollars and cents, and there's a role for learning in its own sake. I think the question this paper poses is a little different, which is the right way to finance that education with loans that cannot be repaid or unlikely to be repaid.

So to me it gets back into the false choice of what is -- loans are very easy for all of us, because for the federal government it doesn't cost anything. If anything, it makes a little bit of money. For colleges, it's free. For states, it's free. For students we've been saying a college degree is worth a million dollars, so you're fine too.

We haven't ever, until recently, tried to look behind that number and actually there's a great deal of variation about the economic outcomes of college. So I think we just need to think a lot more carefully

about whether loans are the right way to finance those educations. It's not a question about whether the education is valuable.

MR. NUNN: I want to go to some of the great audience questions that we have, one of which is, the authors sort of motivate their proposal in terms of the difficulty that a lot of students have in understanding the likely labor market impact of their decisions.

Is this as much a problem for graduate students as it is for undergraduate students? Your thoughts on that.

SPEAKER: Well, I think one of the things that was striking in the data was that there was a very wide range of repayment rates across graduate students as wide seemingly as among undergraduates.

So there are some institutions where borrowers repay their loans quickly and others where they do not. Indeed the dollar value in graduate programs is very large, so some borrowers borrow very, very large amounts and those amounts hang on a very long time.

Sometimes the programs that they finance are not necessarily professional degrees, degrees where we

historically would have thought that repayment rates are very high, but are often degrees in liberal arts that don't necessarily lead directly to a specific career.

So in that sense, they -- it's not -- I'm not sure what the mechanism is of why those students are borrowing so much money and not repaying them, but it's clear that they have very large balances and that their earnings are not sufficient to pay them back in a timely way.

SPEAKER: Well, they're borrowing that much, because graduate programs are more expensive than undergraduate programs and generally there's not Pell access to graduate programs where there is to undergraduate programs. So they're financing the full cost of that graduate program.

Why they're not paying it back, a lot of reasons, they go into careers -- teachers are a large segment of that group. Again, teacher pay is not necessarily commensurate with the cost of the loan they borrowed, just as an example. I don't mean to keep picking on teachers, although I'd like for you to hear they need to be paid better, but...

MR. NUNN: Unfortunately we're about out of time. I think this has been a great discussion and some really useful disagreement on this panel, which is great. So thank you very much.

We're going to go into a very quick break and go right into our third panel.

(Applause)

(Recess)

MS. SCHANZENBACH: We're going to go ahead and get started with our final panel. We have arguably saved the best for last here, I would say. Without question, we've saved the best for last.

Again, I'm Diane Schanzenbach. I'm the director of the Hamilton Project. Let me introduce our final panel where we turn to issues surrounding K-to-12 education, which is crucially important to thinking about higher education.

To my left here is Andy Smarick. He's the Mortgage Fellow in Education Studies at the American Enterprise Institute. He's also the president of the Maryland State Board of Education, so he's kind of wearing both hats today, whether he knows that or not.

Next to Andy is Heather Wathington. She's the

chief executive officer of the Maya Angelou Schools and the See Forever Foundation. Next to her is Dan Goldjabem, who is a professor at the University of Washington. Lou Jacobson, who is the president of New Horizons Economic Research.

To start off, I'm going to call to the podium one of the coauthors of the "D" in Goldhaber proposal, Tom Dee, who's a professor at the Graduate School of Education at Stanford.

Take it away, Tom -- also don't forget the cards. If you need more cards -- I don't know if we refreshed those, just sort of put a hand up and our people will come with cards. We've got cards coming out of our ears.

MR. DEE: Good afternoon everyone. I'd like to begin by thanking Diane and the Hamilton team for organizing such an engaging conference.

Now, the motivation for our talk is really straightforward. It's like a good episode of Law & Order, it's ripped from today's headlines. So we've got really hyperbolic news stories about teacher shortages, not just in California, but nationally you may have seen headlines like this.

Notice again they call out, America has a teacher shortage. They're giving a sense of broad and undifferentiated shortages across our 12,000 or so school districts.

Our feeling is that these shortages are real. For example, in Clark County, Nevada, one of the largest school districts in the nation, they reported roughly a thousand unfilled teacher positions in a recent school year.

So those shortages are real. They're evidenced by unfilled positions or positions filled by teachers who have substandard credentials. I want to begin by pointing out, there's nothing historically unique about the current position we're in.

Dan and I did a search of teacher shortages in newspaper archives. You can see it follows a cyclical pattern as labor markets tighten, districts, like other employers, experience more difficulty hiring people.

Now, our examination of the evidence suggests there's really not clear support for the notion of broad national shortages. We pointed to a couple pieces of information. One is there are no

substantial increases in pupil-teacher ratios. They've gone up a little in recent years, but the projections are for them to return to their long-term historical decline.

But also a feature of the teacher pipeline that many people aren't aware of is that for a long time we've been producing more teachers and more teachers than we hire every year.

Now, there's been a little bit of a dropoff since about '08 and that's going to merit further scrutiny, but year by year we produce more people who are qualified to become teachers than who are hired in those positions.

So there's something like a reserve pool of teachers that exist that I think is really quite important, but there are chronic teacher shortages in particular types of subjects and particular types of schools.

For example, this bar graph shows you principal reports of hiring difficulties across years beginning in 1990 up to the most recent federally availability data in 2001. The really tall bar graphs there are telling you in what subject are principals reporting

the most hiring difficulties. It's STEM, science, technology, engineering, and math, and teachers with specializations for students with learning disabilities, special ed teachers.

The low bar graphs, even during high demand years when there's a lot of macroeconomic activity, those are the percent of principals reporting difficulty hiring teachers who can do social studies, elementary ed, language arts, et cetera.

So the problems of teacher shortage, though exacerbated now, are long-standing and chronic in particular hard to staff subjects and hard to staff schools. We look to more recent data, because one of the problems is the federal data kind of lags the current problems we're seeing. So we look to state data from California, New York, and other states, and we saw this pattern.

So, for example, in California, four or five years ago, maybe 2,000 teachers had substandard credentials. Within a few years, that number tripled to roughly 6,000. Now, that's out of a labor force of roughly 300,000 teachers, but a sharp growth.

Now, interestingly we don't see evidence for

unfilled positions. Over the same period, California, which again many people think of as ground zero for teacher shortages, has seen declines in class sizes. But we also look to more current data from New York state, and we see evidence of these patterns across schools there, rural schools, urban schools, schools serving pockets of concentrated poverty, schools serving students of color are all dramatically more likely to report teacher shortages.

So what do we propose, our proposal is largely focused on districts and states that there are opportunities for the federal government to play a role here. One is to increase the use of targeted financial incentives. Now, this is an area where there's a pretty good research base. There have been some careful quasi experimental studies that suggest that targeted incentives can be highly effective, but we wanted to really underscore this point that if they're not targeted, it might be a real problem.

So if you imagine 20 percent of schools are having trouble hiring STEM and special ed teachers and those STEM and special ed teachers are 25 percent of those schools' teachers, we're really talking about

five percent of the labor market where there are hiring challenges.

So a policy that spread the money over all teachers and wasn't targeted in that way would be mistargeting 95 cents on the dollar. So we think that's a problem. If you don't think that concern is real, I would point you to a recent proposal in California to allow teachers to not pay state income tax. Again we all love teachers and we may want to pay them more, but I would argue that it achieves kind of a double bank shot of being both bad ed policy and bad tax policy. So we think we really want to stress the role of targeting here.

The other thing is that districts sometimes act as if teacher shortages are something that happens to them rather than something over which they have agency, so many school districts undertake hiring far too late in the cycle. When they do, they tend to hire really low-performing teachers. We're seeing some districts pushing in the other direction using early hiring, aggressive recruitment, high-touch recruitment strategies that are often digitally savvy. So we think there are some models there for districts

to emulate.

Finally another important institutional dynamic here is between teacher ed programs in school districts. Teacher ed programs often target or partner with school districts to place their student teachers. They generally take whatever the teacher education program wants to place.

We think there's a role for districts to exercise more agency here and say, look, these are the schools where we need teachers, these are the subjects in which we need teachers, and that can redound over the longer-term, because student teachers often find their first full-time position in the schools where they were student teachers. So leveraging that status quo bias effect I think will be really helpful for districts.

Now, what about on the state side? Well, this is probably the most controversial thing we would recommend, which is to modify teacher licensure requirements in high-need areas, so we want to be kind of nuanced here.

I think Dan and I both believe that teachers are better when they have good subject matter knowledge

and when they have good pedagogical knowledge about how to teach effectively.

We also think the strain they feel in getting highly-qualified teachers in these schools and in these subjects as such, that it makes sense for them to experiment with more flexible pathways into those positions. It's particularly relevant, because often the counterfactual isn't a fully credentialed teacher, but a long-term substitute who doesn't necessarily have the training we want them to have in this field. So experimentation coupled with careful assessment I think is a good idea here.

The other thing is to leverage the reserve pool of potential teachers by creating true licensure reciprocity across states. Work that Dan and others have done has shown that if you look at teacher labor markets that straddle state lines, you see considerable mobility on one side of the state line and virtually none crossing those lines. That's because there are licensing barriers that are serious impediments to leveraging this.

I should note as an aside, there was a bill proposed by I think it was Representative Andre Carson

last year, federal bill, the Interstate Teacher Mobility Act that would encourage states to harmonize in this way, so we think this is a potentially compelling solution.

Finally, providing teachers with information on job prospects in high-need specializations we think is compelling and kind of ties into some of the higher ed topics we were discussing before and is low-cost scalable strategy that might generate long-term alignment in the labor market.

Now, to move to a concluding, I want to call out the things we didn't discuss. You often hear calls for improving teacher working conditions to solve teacher shortages and there's potentially something compelling there. By my lights, it's rather vague what people mean by "working conditions".

Some have argued that education reform efforts have lowered the status and availability of the teacher profession and exacerbated teacher shortage problems. There's not really good evidence for that.

If you look at the script of statistics, you see what teachers most commonly report as mattering for them is the quality of their school leadership and the

kind of culture within the school. So there's potentially an important role for principals, but I don't think we quite now how to get there yet.

Then my final comment is that we may -- we kept our focus kind of consistent with the ethos of the Hamilton Project on actionable policy recommendations, but we might also want to kind of move toward a broader discussion about how do we build a high-quality teacher workforce and retain it sort of at scale and how might we rethink teacher professionalism.

I know I work closely with D.C. Public Schools and I think they provide an interesting proof point right here in the ZIP Code about how to do that in a potentially provocative way, so our discussion may lead us towards that. Thank you.

(Applause)

MR. JACOBSON: Thanks to Hamilton for convening this seminar and giving me this opportunity to provide you with a quick overview of my paper.

At the outset you should know that this paper is largely based on feedback I received over the last five years from students and teachers participating in

a Florida-wide program designed to improve the college readiness of high school students.

You also should know that this feedback totally changed my view of the impediments faced by low-performing students and the most effective ways to remove those impediments.

One key lesson is that teaching these students is difficult, that's because many erroneously believe that college is only worthwhile for A or B-plus students, while many others erroneously believe a high school diploma ensures college readiness.

The second key lesson is that teachers would like to do more to engage the interests of their students, but state and local requirements can strain them to focus on building academic skills being tested.

This slide illustrates why students' view of the returns to college is only partly correct. Well, they are correct that getting a BA has the highest return. They ignore a pathway with almost as high returns in career or a certificate requiring at least one year of credits. They also may underestimate the value of obtaining a two-year degree.

This slide illustrates that low-performing

students are correct that getting a BA is a pathway largely restricted to A and B-plus students, but incorrect in assuming that there are no pathways open to them since certificates can be obtained by students with below B GPAs. With only modest improvements in college readiness, low-performing students can also obtain AAs.

Once it is recognized that misconceptions about the viable pathways to good jobs leads to lack of engagement and a lack of interest, the key to reversing these impediments is modifying state accountability systems to create incentives for teachers to increase motivation and aspirations in addition to building academic skills.

One key step is to include measures of college and career outcomes to lessen reliance on tests that are not aligned with students' goals. This is a requirement of the new education act and something several states are already doing.

Once students recognize the value of attending college, the second key step is to give credit to schools for improving multiple education outcomes. This is necessary to lessen reliance on obtaining high

school diplomas, which do not ensure students have the skills needed for college success.

The third key step is to take into account the attributes of entering students when rating a high school's performance and only label high schools as failing where students' gains are far below those of their peers.

This is important to maintain support for public schools and prevent able staff from leaving schools doing about as well as could be expected, but nevertheless labeled as failing.

Finally this slide shows three specific low cost and practical ways to help low-performing students become well motivated and well prepared for college and careers. First is introducing planning for the future units in English classes starting in middle school to make sure all students have viable plans. This option was enthusiastically supported by Florida students and teachers.

Second is providing assessments of likely post high school outcomes to make sure students develop realistic expectations and offering college success courses to help students become college ready. This

option was demonstrated in Florida to substantially reduce the need to take college (inaudible) courses.

Third is supplying mentors to help students build confidence and positive self-image. This option would compliment the more academic proposals and was pointed to by Florida students as essential to helping them develop feelings of self-worth and raise their aspirations.

This concludes my overview. Thanks for your interest and I look forward to further conversation.

(Applause)

MS. SCHANZENBACH: Thank you, Lou.

So to open up the discussion, I wanted to start by asking Heather a question. So you really face the issues highlighted by both of these proposals on the front lines every single day, so I wanted to start off by asking you to describe your school and the types of students you deserve and how you go about recruiting, training, and retaining your teachers?

MS. WASHINGTON: Sure. So we are -- we're actually a collection of two charter schools and a partnership school where we run collectively with a network. We rep high school students, students who

have already dropped out who are trying to reengage and then students who are in high school in a committed facility. So we're working with clearly low-performing students, although we often like to talk about them as opportunity youth and how do we develop them to their potential.

Often they've been pushed out of other schools or it's been suggested that they come to Maya Angelou so they can have an opportunity to receive some of the targeted support and structures that we offer that are a bit different than other schools.

We have to work very diligently, and I love the intersection of the two papers, because it is the world I live in with trying to find the right teachers, right for the population of students that we serve.

So the challenge of hard to staff is around. Do you want to work with students on motivation that Lou talks about in his paper, because that is part of job. Do you want to really kind of help students think and push. They may come in at a fifth-grade level, but you have to elevate them, so you're remediating and accelerating. So you have to have a toolbox to be

able to differentiate instruction to really move students forward.

One, just trying to see their willingness and their understanding and their flexibility for really understanding the students that they will teach is a huge part of our process. About two, three hours we try to interview and spend a lot of time really trying to understand.

We've learned I think from the Goldhaber paper that we need to start earlier in that process and really try to start very, very early, February, March, with trying to sort of recruit students -- teachers in and I think that's where on some level we failed, so sometimes in August we're left sort of without those teachers.

We've definitely spent the time targeting. One of my colleagues is here who really came up with the idea, Chris, to pay attention to the research and target STEM teachers and special education teachers, because those were -- and that has worked for us, so that has been sort of a process of being able to bring those teachers in.

We realize that professional development and

working with students around, working with their teachers around how to push students socially but also push them academically is hugely important and supporting them all throughout the year in both of those things.

So we try to refer to them as two toolboxes that you have to have in working with these students, both your pedagogical toolbox but your emotionally affective toolbox to really get them to engage. We're trying to engage, recast, restructure, so a huge part of your job is hooking them and getting them in.

I think the other piece that -- we are trying it, I don't think we have it right yet. We've always had a postsecondary focus, very much pushing for 10, 15 years pushing to get students to understand that. A high school diploma is never going to get you where we want to go. We want you to see forever, hence the name of our other organization. So we're pushing you to postsecondary, so we've built in classes where we're trying to sort of expose students to different careers.

We vacillated a lot with spending a lot of technical teaching them. This is what you need to be

a doctor. Do you want to understand this career path. They end up developing the cognitive understanding around four years of school, two years of school, four years of school, right, but not really understanding the experience, right. So we you are now working on relevance, like getting them into hospitals if you really want to be a doctor, or a student telling me I want to a vulcanologist. I had to look at her like what is a vulcanologist. What do you need to do to actually be prepared to be a vulcanologist.

So we realize the relevant experiences, the shadowing, job shadowing, all those types of career pieces are critically important, because they can get the book knowledge of trying to understand the pathway to a credential, but then we've got to do much more with actually exposing them so they understand exactly where that credential is going to take them and how best to support them in that.

MS. SCHANZENBACH: Couple quick follow-ups on how you find these teachers. So do they typically -- do you target one teacher training program or are there characteristics of individual teachers that you look before that you screen on or is it you just have to do

this three-hour interview process?

MS. WASHINGTON: The three-hour interview process is important we've learned, but I do think we have tried to recruit from other areas, from other districts outside D.C. We have worked with teacher education programs that have urban education programs and tried to develop relationships with Temple and other and need to push more on that I think. We've had some success with that, but I think we've could explore more.

I think liked Tom's point about the fact that we can take some agency and some ownership as schools and as a district of three schools, but really sort of attacking how do we avoid having teacher shortages and having quality teachers for our kids.

MS. SCHANZENBACH: Andy, I'll turn to you. So you are -- in Maryland you have a very diverse state. So what are you doing in your role in the State Board of Maryland around issues of teacher hiring and/or postsecondary success with urban world? You've got it all.

MR. SMARICK: Let me begin by saying I am a member of the State Board of Education, but we are

going to hear the craziness is mine alone (inaudible)
any of my fellow colleagues.

So the reason why these papers are so interesting
in combination is because they speak to these bigger
things that are happening in the field and even beyond
education. So the first paper the way that I read
this is something that's happening in the economy
generally. Like currently according to BLS, there are
5.7 million open jobs in America right now, right now.
There are millions and millions of people who are
unemployed or out of the labor force.

I used to think that this was impossible. Like I
was taught in economics, supply and demand if there
are empty jobs, people are hiring, they will just
match up with the human beings, right, so why is that
not happening. It's a question that a bunch of us are
struggling with in the workplace, employment issues.

So we're starting to see some indications of this
in research that was done in some of these answers.
So in the broader economy, we know interestingly
people today are less likely to move, than they were
in previous generations.

Hmm, so there's a geographic component to this.

There could be jobs in Boston, but if you live in Boise and you don't want to move, there's a problem. There could be human beings and there could be positions.

So in the research we're seeing, there's this teacher element to it too, which is licensure issues. Maybe there's a job open in Boston, but you live in Boise but you don't have a certificate that would enable you to go to Boston to teach.

So people are unwilling to move to begin with and there's these policies in place that actually add to the inhibitions is actually really important.

When you add to that fact, something I learned recently, the vast majority of teachers -- public school teachers in America today, actually teach in schools no more than 50 miles from where they went to school themselves.

You grow up, you go to school, you build a social network, you go to college nearby, you find schools nearby, you spend the rest of your life there. So this adds to this geographic component of why are the supply and demand of jobs not matching up, something for us to think about.

Now, on this other side, Jacobson paper, which is so fascinating, these two data points that he showed you that I just want to underscore here that are so very important.

So many people in my position have been advocating what we call a college for all mentality for so long, saying four-year college is the way you reduce the achievement gap and social economic and equalities, send all kids to college, have that as a narrative, everything's going to work out.

It turns out that that has some complications, student debt, a lot of kids go to college that aren't prepared, they drop out, they take a remedial courses, so we're starting to rethink that.

So a lot of the rethinking is about apprenticeships or CPE programs or site-base work training kind of programs. All of this stuff is meant to answer the question. If we're going to tell kids we want them to be successful in life but we're willing to say college for all four-year college isn't for everyone, what is the alternate path?

This data shows us that if you get a certificate, at least in Florida, at least with this cohort of

kids, you are going to make about as much as someone who went and got a college degree. That wasn't always the data that we were getting. It always used to be there's a linear relationship between if you're a dropout of high school, you're going to not make too much, make a little bit more if you're a graduate from high school and so on. So the point here certificates increasingly are a path that we should think about.

Then the last one is I never seen data before on how tightly correlated four-year college going and success is with your high school GPA of an A. But what's fascinating here is that might be true, but you can get a certificate or even an AA in about the same rates, whether you were an A high school student, an A minus, a B, maybe a D minus maybe even a C-plus student. So we need to talk to kids much more about these alternative paths can lead to a lifetime of success that are other than a four-year college degree.

MS. SCHANZENBACH: Just picking up on one of the points that Andy and raised, Dan, to you. You suggest regionalizing or perhaps even nationalizing the teacher labor markets through this licensure

reciprocity between states, but at the same time I heard the statistic before too that many teachers teach within 50 miles of where they grew up.

I guess that raises for me a question of how important do we think this is really, but then also the Hamilton Project has a long history of caring a lot about licensing issues and is this an idea that states seem open to, like why don't we have this already?

MR. GOLDJABEM: The "why don't we have it already" is probably the result of a long political answer. But as to the localness of labor markets, yeah, that comes up again and again and again in research. It's very hard to know whether that's about the preferences of the employer or the in-preferences of the employee. I guess all I would say is that licensure does not help -- it doesn't help to make labor markets more national.

Two other things I'd add to that and one is that this is just an emphasis of something that Tom mentioned. There are states that are constantly producing lots more teachers than are ever going to be hired in those states.

If you think about -- it's the old industrial states where there's a robust higher ed infrastructure but perhaps declining population of students, and then there are states that are typically out west in Nevada, Arizona that are growing very fast but don't necessarily have such robust infrastructure, you want that kind of -- you want that kind of labor market mobility.

I think that it's one of the things that not only would help with sort of the immediate concerns, potentially, of addressing teacher shortages, but also over the long term make teaching a more desirable profession, because you know that you're getting credential that you can take with you to anywhere.

MS. SCHANZENBACH: Lou, so we had put -- given our authors very strict instructions, five minutes, or we're going to cut your mike, but now that we have a little bit more time to unpack, I thought you could tell us a little bit more about the program that you evaluated in Florida. This was a real step forward.

What were its main drivers of success, and hold on, wait for the third part of it, if other states wanted to implement something similar, what would you

recommend to them, especially based on lessons learned?

MR. JACOBSON: Good question. Florida is actually -- I mean, this may not coincide with everyone's vision, but Florida actually did a very careful analysis on what they could do that would improve college completion among their students, and they quickly determined that the big problem was deb ed, that about more than 50 percent of the students flunk the placement tests and have to take deb ed and math, and about, I forget the number, 35 percent in language arts.

So they said this is kind of silly, because it's a black hole. So students go into deb ed and they never get out, so why don't we just hold the high schools responsible. You have to understand in Florida there's a separation at the state level between the postsecondary and the K-through-12.

So the postsecondary said we know how to solve this, let's tell the K-12 people to do a better job. There's a certain amount of reasonableness to this, but they didn't just say do a better job, they figured out that if they -- one of the key problems that I

emphasized is getting -- that people think -- students think getting a high school diploma is equivalent to being college ready.

So they said let's give the placement test to juniors and see what happens and 85 percent of students had to take it and maybe half of them passed the test. So that would alert them that maybe they should actually work harder in high schools.

Then as a senior, they gave them college success courses, which directly tried to help them, in math in particular, because you forget all these things in math because you don't use them, but get ready to take the college placement test and do well on that.

So I would say that this was a great idea. It was a terrific idea. Not every state can do this, because Florida also is unusual in that it has a unified four year and two-year college program that they're all -- all the community colleges are -- have certain rules that they follow and certain regulations that allow them to set standards uniformly across all the colleges, so there's articulation agreements. So that's important.

I can't speak for other states, but I was very

impressed with the intelligence, credentials you might say, of the people who monitor the college and high school programs in Florida and they have -- I guess we might argue about this, but arguably they have the best data system and they use it quite intelligently.

So my recommendation would be to think carefully about what Florida is doing in terms of how it's running the program and how it's supporting the institutions with their data and with analysis.

SPEAKER: There was a previous panelist who made this point that I think is important, that we don't really know if things are getting worse when it comes to kids graduating from high school and going to postsecondary unready or if they're really unready, they need to take remedial courses, or just with some more mentoring they can do better, that is a point well taken, something we should think about.

However, what we do know without too much debate is that it's currently the case that about 50 percent of the students who show up in postsecondary education are taking at least one remedial class, at least one remedial class about half of them. Of those who take them, the average is about little more than two

remedial classes per student.

So what this is at least telling us today as we sit here that high school graduation is not synonymous with college readiness.

The question for all of you, though, is that okay? Does high school graduation have to equal college readiness? A lot of us have been saying yes for a long time about it, but imagine what that would mean today if we said, yes, you have to be ready for college, no remedial classes, in order to graduate from high school. Fifty percent of the kids you know would not be given a high school diploma in America today, and that is not a politically -- something we would tolerate probably.

So what does that then mean, that we're willing to graduate kids from high school knowing that some proportion of them are not ready for college, what then, apprenticeship, CTE type classes, job based, all of these are policy questions that people have to deal with.

The last thing I'll add to this is we know historically if we do tracking, if we allow tracking to happen, saying we know that some kids will go to

college and some kids will not go to college, guess who disproportionately ends up in the "we don't think they're going to go to college" category, low-income kids, kids of color, English language learners, that is the way it's been in the past. We don't know if it will happen in the future.

Do you think high school graduation should mean college readiness? If not, ellipses, dot, dot, dot, there's a lot of stuff for us to think about after that and these are serious policy questions.

SPEAKER: Can I say something related to that is I hope you actually read the appendix to my paper, because in the appendix I quote what the students actually had to say.

One of the things that I think a lot of us miss is engagement and motivation. It's not that these kids are stupid, but that the schools have developed an idea that if you can't make it to a four-year college you might as -- the schools (inaudible) this position, which isn't technically correct.

If the kids became more engaged and saw these pathways, many of them would be willing to work harder and do better all by themselves. I make an allusion

in the paper to the teaching to the test and this test-based accountability is taking over the schools and that's one of the reasons why in the paper I talk so much about improving accountability system.

Because the accountability system has been improved considerably. I think there's much better understanding of what it needs to look like. But until they implement that, there will be a lot of disappointed teachers and students.

MS. SCHANZENBACH: Couple of questions to follow up. I'm going to start with Heather and then sort of open it up to everyone.

The broader question -- I'm going to start with a narrow one: Is it fair to hold high schools accountable for postsecondary outcomes of their students, but I'm going to start with this more narrow questions, which, Heather, describe some of the efforts your school goes through to keep your students on track when they are postsecondary students?

MS. WASHINGTON: So we start out in ninth grade they have exposure. Every student goes visiting college campuses. Tenth grade they take a course, they begin planning a portfolio. Eleventh grade they

continue visits, continue with the building portfolio. We also recently added that they work on resumes and sort of really have a career interest survey. So they will fill out a lot of assessments to try to figure out where they think they are. I think we've learned they're helpful, but ultimately we've got to fill in the dots there.

By 12th grade, it's a full-on process at that point of which we are engaging them. They have to apply to a minimum of four schools, so two community college, two four-year institutions. Borrowing from the state of Maine, the more institutions they apply to, the more likely they will go.

So we do see the fact that they have more options and that they're not vested in the process of going, they're more likely to matriculate, which we've learned. Just because they fill out a college education, doesn't mean they ultimately matriculate in that September.

So by forcing them, and it is a requirement, to actually fill out that many applications and begin to give rationales for why they want to go, where they want to go, we're sort of moving them forward. They

fill out a scholarship education, even though many of them have very low GPAs, but we want them to sort of engage in sort of what does it mean to talk about who you are, what you want to be, and why someone should invest in you, because you also need to invest in you. So we find that to be an important part of process, then Financial Aid, FAFSA, all those things.

So they're required to do those in order -- not to graduate, but in order to participate in senior activities, so all the fun stuff, prom and those kinds of things.

So we would like to sort of not have to use the stick and try to use more of a carrot, but for many kids it's pretty scary to go through all the process. We've been talking about a for a while. It's a big shift. It's a big change. So some of them are really deer in the headlights. We have to guide them through and try to situate them.

Then we have alumni program managers that help them and support them after they transition, so sometimes we take kids to school, help them enroll, help set up their room. If necessary, we have a pool of money for students so that when they're in any type

of postsecondary institution, if they need emergency money, we support them.

So I think we're trying to think about sort of how do we build direct feeder relationships with more schools. We do have some feeder relationships with schools that understand our kids, know what challenges they have, and sort of what they're needs are going to be.

So I do think that sort of trying to think about how to incentivize schools to think about college and career differently and how do you build a program that focuses them on the ultimate outcome, which I think is to do some type of postsecondary, so that they can engage in a career.

I do think that has to be the policy question that we conclude, yes, it's not okay for people to graduate high school and sort of fall off into an abyss and not be able to actually be employed. The jobs are for people with postsecondary credentials, so we're very validly postsecondary and try prepare students along that path.

MS. SCHANZENBACH: I know a million people are thinking the same question that I am, how on earth do

you pay for all of this?

MS. WASHINGTON: We fundraise. We fundraise. Certainly sort of the city resources and my colleague there, he helps sort of manage our finances and knows, we fundraise a great deal. We have some very generous donors who are committed to the postsecondary process. They're committed too, so that is all they will fund is having alumni program managers and things. So we're very, very blessed by their generosity, but it is by the additional financial support that we're able to do it.

MS. SCHANZENBACH: So I thought I would open it up to the others on the panel. Is it fair to hold high schools accountable?

SPEAKER: So I don't think in a technical sense that we're able to measure the contribution that high schools make toward students' postsecondary success in the same way I actually do think we can do that in terms of test scores if you have growth measures.

So I guess I would say it's not necessarily fair, but I also think that public policy, this is going to be a very mealy mouthed answer, public policy is not always about fairness.

You sometimes adopt policies that while it's certainly not part of the public discussion, that they may well not be perfectly fair but they're going to lead to the best sort of broad set of outcomes. So the fact that it wouldn't be fair, I guess I wouldn't say that it should be sort of completely off the agenda to talk about.

MS. SCHANZENBACH: Go ahead.

SPEAKER: I think it's absolutely fair. I think that the resources that we have to spend on education is not that different from the resources we spend on health care. The outcomes are kind of similar is that we -- I think if you compare the U.S. to other countries, that they have a much wider view of what success means in careers and in college than we do, and it shows.

If you're in Holland, for instance, the schools try to make sure that everyone leaves the school with some kind of opportunity to get a decent job and it varies.

So I think I wouldn't have recommended -- I wouldn't say it would be fair if the only pathway was to get a four-year degree. But since I'm convinced

that there are alternative pathways, I think those are the things that have to be emphasized.

What I found in my own observations is that most college professors and high school teachers have four-year degrees and they themselves are unaware of the opportunities for what we call votech training, CTE, and that's a major problem.

So I think if the incentives were altered, then I think the schools would respond more than adequately.

SPEAKER: Can I ask a clarifying question?

MS. SCHANZENBACH: Yes.

SPEAKER: Do you mean "fair" in the sense like fair like we should do it or fair in the sense that different high schools would really be measured appropriately given what they are doing for students after the --

SPEAKER: Both. No, I honestly think that once you actually observe what goes on in these high schools, it becomes pretty obvious the kids are sitting there and not absorbing very much --

SPEAKER: We can't even agree with that when we have test score measurements.

SPEAKER: No, no, that's my point. The tests

don't measure college readiness. In other words, I hate to bring this up, but there's a program called Junior Ratzi, which actually does prepare kids for careers. They give them the ASVAB rather than the SAT and it's a multidimensional test and it's really helpful to help these kids figure out what skills they actually possess.

Many of the kids who may not be whizzes in math could repair your car. They could become a plumber, which is something many of us would have trouble doing. So I think there are many opportunities that need to be thought about that are not thought about.

MS. SCHANZENBACH: Andy, can I ask you a different question? You specifically said postsecondary success high school shouldn't be responsible for, what about access?

MR. SMARICK: Me?

MS. SCHANZENBACH: Yes. You wouldn't think it is fair to hold high schools accountable for postsecondary success.

MR. SMARICK: I try to say that I don't necessarily think that you would get fair measurements from high school to high school on postsecondary

success, whether it's going to college, whether it's labor market, however you want to measure it, but that I also think that that doesn't necessarily mean that -- look, I think that NCLB measures of schools were not necessarily fair in terms of the true contributions impacts that schools were having on student achievement, but I think it's arguable, certainly arguable, whether NCLB was a good policy and may have been good for us as a country to adopt.

SPEAKER: Arguably the best book I've read over the past five, ten years for policy wasn't really about policy. It's called "Seeing Like A State" by a guy named James Scott. The point that he makes in this book is a technocrats, people like me, central administrators who are in charge of a big set of things over a diverse area.

Inevitably you have to simplify a very complex thing when they're going about managing it. This goes back for the conservatives out here, if there are any, on the (inaudible) answer. It's impossible for any central administrator to have all of the information available so there's too much information out there, so the central administrator has to simplify it.

The central administrators need to do a good job, they have to come up with one or two measures to decide what's actually happening. Whether we're talking about how you assess city planning or a scientific forestry, or whatever else, or schools, central administrators have a tendency to simply something that is really complex. Hence, our use under NCLB of these really simple measures, like Einstein said, just because it's counted, doesn't mean it counts; just because it can be counted, doesn't mean it counts. But we had reading and math scores, so that's how we were assessing schools during the NCLB era.

So all this gets to the point of people who are sitting in policymaking decisions at the state level now. Under ESO we have the authority to decide how we're going to hold high schools accountable for their results.

The tendency is schools are so complex, they do so many different things, there's no way that I can over 24 school jurisdictions and hundreds of schools understand all the stuff that's going on, let's just measure high school graduation rates.

Well, that's not very good, right. Well, we could try to do all of the stuff, measure all the stuff that high schools actually do contribute, citizenship, social capital, safety and happiness of kids and teachers, high school graduation rates, reading scores, math scores, and then a list of 10,000 other things. Well, that's impossible as well, so I'm giving my kind of mealy mouthed answer here.

There's two different ways of approaching this, simplified, because that's the easiest thing for central administrators to do, or try to capture the whole host of things that high schools actually accomplish and that is impossible.

So in your states, the places that you care about, this is a question you should be asking, how are your policymakers finding something in between this, what are the things they are actually measuring so they don't distort what is happening in schools.

You distort what happens in schools if you just make them focus on reading and math tests, because then will they focus on reading and math tests, surprise, surprise. If you get a high school to focus on AP scores, SAT scores, CTE performance rates, and a

couple other things, maybe you start to get at, oh, they're preparing kids for success and we're not disturbing their behavior, that's my hope. But those kind of metrics that states are using, that's everything I think in the next ten years.

SPEAKER: I may not have made this point clear in my paper, I'm absolutely convinced that the data that was collected under No Child Left Behind is sufficient to actually determine which schools are truly failing and which schools are doing as well as they could be expected, because they have tremendous amount of detail about who the students are and how they progress from one year to the next.

With those data, I'm personally convinced that you could actually determine how the quality of a school, at least in terms of the academic parts of it, but it isn't -- I'll spill the beans here.

So no child -- many of you may not realize this. No child -- NCLB had the requirements for every student and every school in the United States to be proficient in math and reading by 2014, that was 13 years after it was passed, that's not a realistic goal. When you set unrealistic goals, you drive the

school systems crazy, if not the political people who run them. So I think we can do -- as I said earlier, we can do a lot better.

MS. SCHANZENBACH: I've got a couple of questions from the audience, several. The first two, I'm going to combine probably for some combination of Andy and Lou, although everyone is welcome to weigh in.

Career Technical Education, CTEs, I guess there's a teacher shortage in that as well. So this question says, the CTE programs offer programs and high-demand fields, but they're usually not enough qualified professionals to fill the teaching positions. What can we do to that industry, classroom program, something like that?

Then I think related is another question about -- that was directed to Lou, but does dual enrollment address some of the motivational issues for high school students?

How do we think about diversifying the curriculum and addressing some of these things?

MR. JACOBSON: I'd love to hear what you think about this, because this is sort of your paper, which is like the analogue I had in the rest of the

environment, the rest of the economy is that there's a skills mismatch right now that the jobs that are available don't necessarily match the skills that people actually have.

There are lots of jobs in the teaching world available right now that -- in some places we actually have a lot of teachers, teachers who were produced by institutions and ready for elementary school, but they are trained for elementary school, but they're not ready for some of these other things. It is this question, supply and demand are not matching each other right now and so what are the levers that you can do to actually get at this.

Sometimes I think policy can be the beginning of the answer. If we start to actually say that physics is going to be a metric that we care about in our accountability system, so districts have to care about it more and schools have to care about it more, suddenly colleges of education are going to care about it more.

If our accountability system says we care about CTE programs, districts care about it more, schools care it about it more, colleges care about it more.

So this could be a case where an accountability system at the state level changes behavior, but I'm always worried that that's a bit too technocratic.

MS. SCHANZENBACH: I'll add one more question that I think builds on this, partially from the audience, partially from my own.

What do the D. Goldhaber proposal, and also Jacobson for that matter, they are evidence based, they also seem deeply rooted in common sense. So it's been puzzling to me why aren't schools already doing this?

Especially -- this is for you, Tom, that I'm puzzled that there are these persistent matches between teacher prep programs and the demand for teachers. Like why hasn't some enterprising teacher prep program figure out we need SPED every year, let's do more of that? Why did they need you guys to tell them that? Were they -- they clearly do, but I'm puzzled.

MR. DEE: I think this gets into the politics and finances of higher ed. It's arguably, and I think quantifiably, the case that it is more expensive to produce a teacher that is going to be a high school

physics teacher than it is to produce and elementary education teacher. But they both typically pay -- not typically, maybe always pay, the same tuition. So it might not be in the university's wellbeing to actually have a better match between supply and demand.

MS. SCHANZENBACH: Then they get jobs if they're physics teachers or SPED teachers or --

SPEAKER: They get the same amount again. They can get paid the same amount again.

SPEAKER: Right. They can get paid the same amount again. What they don't get is they don't get jobs at the same rate or as rapidly. So in some other work, we looked at teacher candidates coming out of teacher education programs, and Tom and I reference this in the paper, that you're much more likely to see people in STEM or special education fields in the labor market the year after they finish up with their program.

They're more likely to be in the labor market and teach labor market three years out, five years out, and that has not been well quantified before as obvious as it is.

SPEAKER: I want to comment about common sense

and education. This is a true story. One of the recommendations we made was to open dual enrollment courses to lower-performing students. Community colleges have really excellent programs of all sorts that these lower-performing students would really enjoy. They said, we can't do that. The reason is if you don't pass the college placement test in tenth grade, you can take a dual enrollment course. We said, well, why don't you change that? There's no answer for that.

I think you've already touched on some of the issues is that there's conventional wisdom that four-year degrees should be the goal for all Americans, rather -- forget about those foreigners in Europe, but that's the single purpose besides winning at the postsecondary level. You're a state college winning sports events is also a key element of...

MS. SCHANZENBACH: I hate to have to call this to a close. Our time has ended. Let's thank this panel for their excellent --

(Applause)

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