August 29, 2014

The Honorable Tom Harkin  
Chairman  
Committee on Health, Education, Labor and Pensions  
428 Dirksen Senate Office Building  
Washington, DC 20510

Dear Chairman Harkin:

I write to share my views on the upcoming reauthorization of the Higher Education Act (HEA). As a global leader in cooperative education, online experiential learning, and use-inspired research, Northeastern University is committed to working in partnership with the federal government to increase student access, stimulate innovation, and improve higher education outcomes.

As you know, a dramatic transformation of higher education is currently underway. Today, non-traditional students comprise the vast majority of all U.S. undergraduates. These students are demanding change in how they access higher education, the cost and pace of higher education programs, and the ways in which they can gain recognition and credit for different types of skills and competencies.

In fact, a national public opinion survey commissioned last year by Northeastern showed that an overwhelming majority of Americans are eager for career-aligned experiential learning opportunities—particularly cooperative education—that integrate classroom and real-world learning. Moreover, students want institutions to help them develop entrepreneurial skills and provide them with a clear path to be successful in today’s competitive global labor market.

As you prepare to reauthorize the Higher Education Act, I encourage you to take stock of the sea change in higher education that is occurring, and promote policies that acknowledge these important shifts. For example, policies to support the widespread adoption of new innovations in higher education delivery, content, and degree programs across many more institutions could be a lasting legacy of the next HEA. This includes providing more flexibility in the Federal Work-Study Program to allow students to support themselves financially and prepare for a lifetime of work by accessing meaningful, career-aligned employment opportunities through cooperative education programs.
I also urge you to consider incentives to reward institutions with the strongest student outcomes, such as experiential learning participation, degree attainment, and post-graduate employment rates. In contrast, anachronistic approaches that inhibit innovation or the promotion of strong outcomes—such as credit hour definition, state authorization rules, certain accreditation policies, and the prohibition against a unit record data system—may be ripe for review.

Finally, it is vital that Congress reaffirm the historic partnership between: students, institutions, and government that has helped fuel the nation’s economic growth by maintaining the federal investment in student financial aid. This includes continuing support for the Pell Grant and the campus-based aid programs, including the Perkins Loan Program and the Supplemental Educational Opportunity Grant, to ensure students can access and afford the higher education opportunities of their choice and to help them develop the skills they need—including financial literacy—to be successful innovators in the global economy.

Attached, please find several recommendations for the Committee’s consideration that are of particular interest to Northeastern. To assure that our higher education institutions can compete globally, I urge you to balance necessary regulation and the freedom to innovate. With a strong federal partnership, we can strengthen and preserve America’s role as the world leader in higher education.

Thank you for the opportunity to offer these suggestions. I look forward to working with you in the months ahead to strengthen the HEA to benefit the next generation of learners.

Sincerely,

Joseph E. Aoun
President

cc: The Honorable Elizabeth Warren, Committee on Health, Education, Labor and Pensions
    The Honorable Edward J. Markey
Higher Education Act Reauthorization
Northeastern University’s Recommended Policy Changes

Improving the Student Aid and Loan Programs

Enabling Career-Aligned Cooperative Education Within Federal Work-Study
The Federal Work-Study (FWS) program provides $974 million annually to institutions to distribute to students with demonstrated financial need to work part-time (not exceeding 20 hours per week) while pursuing their studies. Although the Obama Administration has proposed doubling funding for the FWS program, the current draft bill would not authorize any expansion of the program.

The current FWS program authorizes institutions to support students working part-time in community service, public service, and in limited cases, private for-profit employment. However, the majority of FWS recipients work in jobs for the institutions themselves. But traditional FWS positions, while helping students defray costs and expenses, are often not closely related to students’ career goals and academic programs.

Institutions should be given additional flexibility to assist needy students in using FWS funds to secure experiential learning opportunities that will not only help defray college costs, but will also enhance their theoretical instruction. Doing so would provide students the skills and training they need to obtain post-college employment in their chosen field and also incent completion of students’ academic studies.

This can be accomplished in HEA by authorizing a “Co-op Work-Study Pilot” to allow FWS funds to be spent on students working full-time for up to 6 months as part of an approved cooperative education program. Specifically, the pilot would eliminate the FWS institutional cap on private sector employment and raise the student earnings cap. In addition, by eliminating the required employer match for students working in start-ups and small early stage companies, Congress would encourage entrepreneurship and employment in companies that struggle to hire new workers while complementing investment in science and technology innovation. Please find attached (ATTACHMENT A) suggested provisions to provide additional flexibility in the FWS program.

Reinstate Flexibility in the Pell Grant
We strongly support the draft bill’s proposal to reinstate the “year-round” Pell Grant. The Pell program provides grants to high-need undergraduate students at more than 5,400 institutions nationwide, including nearly 3,000 students at Northeastern. Maintaining federal support for Pell, including preserving the provision indexing the maximum award to inflation, will ensure students can access and afford the higher education opportunities of their choice to help them develop the skills they need to be successful innovators in the global economy. We urge Congress to limit new administrative program requirements so that students will not have their studies burdened or negatively impacted by this vital change.
Supporting and Strengthening the Perkins Loan Program

The Perkins Loan Program, which provides low cost loans to students with demonstrated financial need, is set to expire at the end of 2014. The Administration has proposed a major restructuring of Perkins to make it a more universal program and to serve an additional 3 million students. Other than provisions relating to cancellation benefits for certain populations, the draft bill makes no recommendation with respect to Perkins.

Northeastern’s President, Joseph E. Aoun, recent past chairman of the American Council on Education Board of Trustees, has been a leading higher education advocate to preserve Perkins. At the 2011 Perkins Loan Dialogue organized by Northeastern in Washington, the higher education community urged Congress and the Department of Education to preserve the Perkins Program’s flexibility for institutions and students and to retain as many of the current program’s features as possible, especially loan forgiveness and forbearance options which are important to our low-income students. Should the program end without action by Congress, 500,000 students will be forced into private loans and over 1,800 colleges and universities nationwide will suffer substantial Perkins-related revenue losses.

Northeastern is a member of the Perkins Working Group, which urges Congress to retain the Perkins Program, particularly program features that promote persistence by allowing aid administrators to stretch what frequently amounts to the “last dollar” of aid to those most in need. The House version of the 2009 Student Aid and Fiscal Responsibility Act (Section 224 of H.R. 3221) included a proposal to expand Perkins to institutions that address access and affordability issues. We urge Congress to revisit that proposal and to include a “hold harmless” mechanism to ensure current Perkins institutions can continue to support the high-need student they serve. Please find attached (ATTACHMENT B) the Perkins Working Group’s reform proposal.

Separating Cost from Campus-Based Aid Eligibility

The Obama Administration has proposed tying federal support for the campus-based aid programs to the efforts of institutions to keep tuition increases low and improve student access and outcomes. As you know, a provision of the 2008 Higher Education Opportunity Act (the Section 830 Low Tuition Incentive) would provide federal aid bonuses for such purposes, but Congress has never provided funding to implement the section.

Northeastern is committed to keeping tuition increases modest and to increasing financial aid. In fact, over the last six years, we have increased institutional grant aid at more than double the rate of tuition, to more than $220 million for the coming academic year. While most major private universities are able to disburse financial aid funds from substantial endowments, our endowment covers just 4 percent of our grants and scholarships, compared to 23 percent for other research universities. We are concerned about the possible unintended consequences on educational quality and student choice of a one-sized-fits-all approach. We urge the Committee to carefully consider the substantial institutional match colleges and universities have made through the campus-based programs to serve high-need students.
Empowering Students as Consumers in Higher Education

Creating a Workable System of Tracking Experiential Learning and Employment Student Outcomes
With student debt levels at an all-time high, several proposals are have been introduced in Congress to address the issue, including bills to reduce student loan interest rates, allow borrowers to refinance existing debt, revert to a variable rate structure for Stafford and PLUS loans, and require borrowers to be automatically enrolled in Income-Based Repayment.

At the same time, Section 109 of the draft bill proposes to codify the College Scorecard to provide prospective students and families with clear information on college costs and value. However, the proposed draft does not define the incomplete “Employment” metric that appears on the current Scorecard. Instead, the draft would urge the Secretary to consult with “other federal agencies” on “any other information...[the Secretary] determines necessary so students and parents can make informed decisions regarding postsecondary education.”

We urge Congress to define the Scorecard’s “Employment” metric to provide students and families with a more accurate reflection of an institution’s student outcomes and value.

Such measures might include an institution’s percentage of graduates who completed experiential learning opportunities during their undergraduate career, percentage of graduates employed or enrolled in graduate school within 6 months of graduation (following the National Association of Colleges and Employers’ First Destination Survey Standards and Protocols), and percentage of graduates employed in a field related to their undergraduate major, among other indicators. We look forward to being a resource for Congress and the Administration as you work to create a reasonable and useful measure of student outcomes.

Early Counseling and Financial Literacy
In 2012, the Consumer Financial Protection Bureau developed the “financial aid shopping sheet” to provide clearer information on college costs and financial aid to prospective students. Some 700 institutions adopted the voluntary financial aid award letter, which requires information on net price and estimated monthly payments on loans included in a student’s project financial aid package. Further, many institutions have signed on to the VA’s “Principles of Excellence”—including Northeastern—which requires use of the shopping sheet.

Section 413 of the draft bill would incent a limited number of states to develop an early notification of college financing options for students in grades 8-12. While Northeastern supports any efforts to promote access and enrollment, we also believe the higher education sector has a responsibility to do much more than simply be transparent about college costs. We urge the Committee to consider incenting a broader program to promote financial literacy for undergraduate students.

As first announced during President Aoun’s participation in this past January’s White House College Affordability Summit, Northeastern has initiated a new comprehensive, 360-degree financial literacy program focused on ensuring all students obtain the skills and the knowledge to
make informed and effective financial decisions—not just regarding how to pay for college, but throughout their lives.

With credit card and private loan borrowing at an all-time high, existing strategies to educate students and families and to limit over-borrowing—such as entrance and exit counseling for federal loan recipients—are just not getting the job done. Whether its gaining familiarity with lease terms, negotiating a starting salary, understanding loan repayment options and planning a household budget, or making major purchases like a car or a home, preparing our graduates to succeed in the global economy—and in life—means ensuring that students get the basic financial management silks they need to make financially wise and responsible decisions.

Consistent with the university’s entrepreneurial identity and culture, Northeastern has created a new, innovative, student-driven Financial Literacy Center to meet this urgent need. With students as architects, the Center will empower students while educating them about personal finance. Students are currently in the process of devising the topics and content, and those who submit “winning” concepts will receive up to $10,000 to develop novel instructional modules. The Center will serve as an incubator—a permanent, sustainable idea generator that continuously creates fresh and renewed content delivered in flexible, unexpected, socially relevant, and impactful ways. Ultimately, we believe these compelling “by students, for students” modules and programs can be replicated widely and the incubator concept used as a national model.

To date, most financial literacy efforts have been aimed at K-12 students. But if we are to address the college cost issue in a comprehensive way, the federal government should nurture emerging public-private partnerships between universities, the financial services industry, non-profit credit counselors, and other stakeholders so that undergraduates gain the confidence with financial competencies necessary to achieve their career and personal goals. Doing so is not only a wise investment the nation’s long-term economic security, but it’s also the right thing to do for students and families.

**Increasing College Accessibility, Affordability, and Completion**

**Expanding Opportunities for Cooperative Education Programs**

Section 830 of the *Higher Education Opportunity Act of 2008* authorized the Department of Education to make grants to institutions to encourage development of cooperative education programs, or “work experience that will aid students in future career and will enable such students to support themselves financially while in school.” The program includes an authorization of funding for existing co-op schools to expand their co-op programs. To date, Congress has not appropriated funds to implement the program. In light of budget sequestration, Congress should expand the current Federal Work-Study Program and utilize the existing FWS funding stream, as outlined above, to promote cooperative education programs.

**Promoting Innovation to Improve Access and Delivery**

**Study of Cooperative Education**

While broad support exists for cooperative education programs, no comprehensive study of their efficacy has been done to date. Given the focus in higher education today on outcomes, we urge
Congress to include a provision in the next HEA reauthorization to direct the Department of Education’s Institute for Education Sciences to work with the National Academy of Sciences to conduct a rigorous, quantitative study evaluating the intellectual benefits and educational outcomes resulting from cooperative education programs. In addition, Congress should amend the Cooperative Education Programs authorization referenced above to allow funds to be spent by institutions to undertake deep assessments of the efficacy and impact of their own such programs.

**Balancing the Need for Accountability With the Burden of Federal Requirements**

**Supporting Innovation and Streamlining the State Authorization Requirement**

The Department of Education’s 2010 “Program Integrity” rules require distance education programs to get permission to operate from every state in which they enroll students. To date, administrative compliance with the State Authorization rule alone has cost Northeastern nearly $1 million. We urge Congress to include a provision in HEA to prevent the Department from regulating in this area, as such a requirement diverts resources from student support and the educational mission, stifles innovation, and limits student access to programs in some states. An exemption for non-profits or to facilitate reciprocal regional state authorization agreements would also be welcome.

**Reconsidering the Definition of Credit Hour**

The Department’s program integrity rules also provided minimum standards for a credit hour to determine eligibility and funding for student aid and to improve consistency among schools in quantifying student work. Legislation to overturn this regulation passed the House of Representatives in 2012, but died in the Senate.

Northeastern complies with the federal definition for undergraduate and graduate courses. However, the university has been working on developing a policy that governs credit hours assigned to online courses and courses that meet less than the standard 15-week term, particularly hybrid and online courses. A one-sized-fits-all definition of a credit hour impinges on the ability of the university to innovate and undermines the regional accreditation system. We are encouraged by the Department of Education’s decision to invite colleges to seek federal approval for degree programs that do not rely on the credit hour, but use direct assessment, to measure student learning.