

EXAMINING THE THREE-YEAR UNDERGRADUATE DEGREE AS AN
EFFECTIVE TOOL IN REDUCING THE NATIONAL AVERAGE OF STUDENT
DEBT

by
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Abstract

The current state of student debt in the United States has reached untenable levels, quickly outpacing inflation and having surpassed total credit card debt for the US in 2014. While many politicians and advocacy groups have identified the need to quickly reduce student debt, little action has been taken to substantively reduce the burden of rising tuition costs for students and their families. A variety of individual politicians have championed the use of the three year degree to reduce the opportunity cost of attending a fourth year of university, referencing the Bologna process that has largely been proven as an effective tool to standardize university requirements while producing a quality undergraduate education.

While the European community has proven that a three-year Bachelor's track is possible, there is little evidence to suggest that a change to this program of instruction will result in a reduced financial burden for students in the United States. By researching the existing standards, costs, and requirements associated with a traditional undergraduate degree in the United States, employing financial forecast models, and providing an in-depth analysis of both the current policy and political climates, the efficiency of a three-year educational model for Bachelor's degrees becomes increasingly appealing as the primary tool for reducing tuition costs, and, therefore, the national average of student debt.

The cost benefits of employing a three-year Bachelor's program are overwhelming, but the political climate for the development and growth of such a policy is stagnate and currently inhospitable. This work seeks to provide recommendations to ensure the successful implementation of the three-year undergraduate program, considering the existing political climate.

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Action Forcing Event

On June 1, 2017 the Brookings Institute issued a report chronicling a short history of the two primary theories that are used to explain rising tuition costs: the theory of state disinvestment and the “Bennet Hypothesis.”¹ The former theory suggests that “state funding cuts for public university’s” results in higher costs to cover operational and administrative expenses. The Bennet Hypothesis, coined from an article published by Secretary of Education William Bennet in 1987, suggests that more funding in the form of student aid allows universities to raise the price point for tuition due to new access to funds by those receiving aid.²

Compiling datasets reaching as far back as the 1980s and comparing reports from the National Bureau of Economic Research and the National Center for Education Statistics, the Brookings Institute offers a startling revelation: the state disinvestment effect, or the idea that less federal aid to public universities results in higher tuition, is miniscule. The report offered that a \$1,000 increase in state appropriations per student would generate an “in-state tuition reduction of only \$60.”³

Statement of the Problem

The report issued by the Brookings Institute discredits the state disinvestment theory, and calls for a reexamination of how federal aid plays a role in helping students pay for college, but the central issue facing most Americans lies in tuition outpacing the collective ability of families to pay for university attendance. Tuition and fees in all institutions of higher education have risen 129%

¹ Jason Delisle, "The Disinvestment Hypothesis: Don't Blame State Budget Cuts for Rising Tuition at Public Universities," *Brookings Institute*, June 1, 2017, <https://www.brookings.edu/research/the-disinvestment-hypothesis-dont-blame-state-budget-cuts-for-rising-tuition-at-public-universities/>.

² Ibid.

³ Michael Rizzo and Ronald G. Ehrenberg, “Resident and Nonresident Tuition and Enrollment at Flagship State Universities,” in ed., Caroline M. Hoxby, *College Choices: The Economics of Where to Go, When to Go, and How to Pay For It* (Chicago, IL: University of Chicago Press, September 2004): 303-353, www.nber.org/chapters/c10103.pdf.

since 1981, while median family income has only grown by an average of 11%.⁴ The untenable situation that average families face when contemplating the future education of their children has resulted in a national student loan debt that has tripled since 2004 to \$1.1 trillion in total.⁵ In the face of skyrocketing tuition costs and the Great Recession, college graduates “up to age 34 and working full-time, saw a drop in average real earnings of about \$3,300,” setting the stage for an inevitable crash of the higher education system.⁶ While the assumption of debt is not a singularly concerning issue, stagnate median income in the face of rising tuition results in an unhealthy and unmanageable rise in household debt, presenting a troublesome situation for the majority of Americans. Hiking tuition costs have spawned considerable debate on the role of government subsidized education assistance, whether through state-sponsored tuition grants to universities and colleges or through increased support to students through lending and grant programs. Despite varying levels of government assistance, to students and universities alike, the disparity between the growth of median income and tuition costs results in an unsustainable problem that most Americans can only solve by taking on substantial, unaffordable debt.

In the face of tuition costs outpacing middle and lower class incomes, students have turned to student loans, which aggregately surpassed the 1 trillion dollar mark in 2010.⁷ A Brookings Institute’s report recently discredited the state disinvestment theory, while simultaneously acknowledging the inability to prove the Bennet theory.⁸ Ultimately, the lack of working theories

⁴ Paul Weinstein, Jr., "Give Our Kids a break: How Three-Year Degrees Can Cut the Cost of College," *Progressive Policy Institute*, September 2014, 2, accessed February 11, 2018, http://www.progressivepolicy.org/wp-content/uploads/2014/09/2014.09-Weinstein_Give-Our-Kids-A-Break_How-Three-Year-Degrees-Can-Cut-College-Cost.pdf.

⁵ *Ibid.*, 2.

⁶ *Ibid.*, 2.

⁷ Jason N. Houle, "Disparities in Debt," *Sociology of Education* 87, no. 1 (2013): 53, doi:10.1177/0038040713512213.

⁸ Jason Delisle, "The Disinvestment Hypothesis: Don't Blame State Budget Cuts for Rising Tuition at Public Universities," *Brookings Institute*, June 1, 2017, <https://www.brookings.edu/research/the-disinvestment-hypothesis-dont-blame-state-budget-cuts-for-rising-tuition-at-public-universities/>.

regarding reducing tuition costs and continuous cost hikes suggest that as long as the demand for a four year degree remains high, so too will the price point for university attendance, which poses a socio-economically unsustainable relationship between students and universities.

The plague of untenable student debt is one that reaches all but the poorest, who cannot afford the opportunity cost of remaining unemployed long enough to attend schooling or simply receive need-based full scholarships and grants, and the richest, who can afford university costs outright. The vast sector spanning the remaining socio-economic spectrum faces the threat of being buried in unmanageable student debt, posing future risks to credit health, employability, and financial stability. A 2011 survey conducted by The College Board noted that, on average, two thirds of students graduating from four year, nonprofit universities leave with approximately \$28,000 in student debt, with the two-year student debt default rate hitting 9.1%.⁹ *The Survey of Consumer Finances* reported that “average student loan debt increased 126 percent in real terms between 1995 and 2004 for those less than 40 years old,” which demonstrates the rapid, incessant rise in tuition costs and the response of Americans to turn to education and installment loans to make up the difference in their income and tuition rate expectations.¹⁰ The need for federal intervention in the reduction of overall student debt is evident, while the two primary methods, aid to universities and aid to students, have proven largely unsuccessful in reducing university costs, and, therefore, reducing student debt. Despite the limited effect of government aid and persistent rises in costs, a 2017 PDK

⁹ James Monks, "The Role of Institutional and State Aid Policies in Average Student Debt," *The ANNALS of the American Academy of Political and Social Science* 655, no. 1 (2014): 124, doi:10.1177/0002716214539093.

¹⁰ Steven Pressman and Robert Scott, "Consumer Debt and the Measurement of Poverty and Inequality in the US*," *Review of Social Economy* 67, no. 2 (2009): 134, doi:10.1080/00346760802578890.

poll reported that 61% of parents expect full-time enrollment in college of some type, with 47% expecting full-time enrollment in a traditional four year college.¹¹

US insistence on attending four year universities has been reinforced by consistent, rising federal aid to students in the form of Stafford loans, which accounted for \$90 billion of the \$124 billion in federal aid to students in 2009-2010.¹² From 2010-2011, the Pell grant program distributed a grant to almost half of all undergraduates, which awards an average grant of \$3,800, and totaled to \$35 billion in federal aid to students.¹³ Unfortunately a Pell grant may only cover around half of the total cost of one year for an in-state student at a public, four year university, which averaged at \$7,077 in 2011, not including living and extraneous expenses.¹⁴ Even for students receiving federal aid, this disparity can result in a difference of approximately \$13,000, which prompts students to turn to either family or financing. The existing, toxic relationship between students, the US cultural commitment to four year university attendance, and a dominated educational landscape by traditional universities and colleges will continue to promote rising tuition costs, persistent federal aid to four-year students, and, ultimately, high student debt amongst the future of the American economy.

Background & History

Beginning in the early 1980s through today, the correlation between median household income and the cost of university attendance (including public and private institutions) has evolved from a linear to an exponential relationship. The table below, taken from a study of the history of

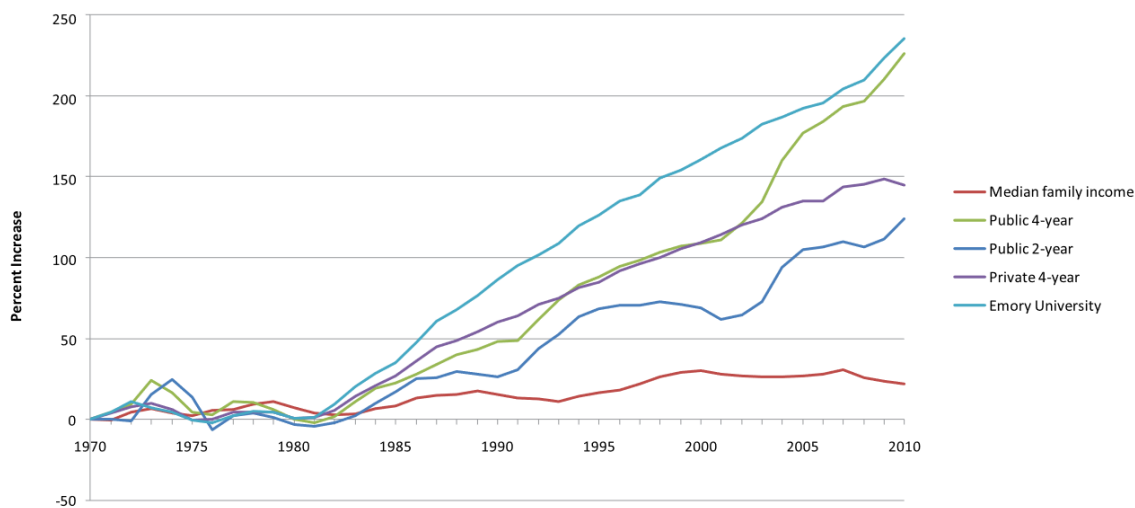
¹¹ "Expecting children to attend college," Expecting children to attend college - PDK Poll 2017, accessed January 29, 2018, <http://pdkpoll.org/results/expecting-children-to-attend-college>.

¹² "The Economics of Higher Education - U.S. Department of the Treasury," 4, accessed January 29, 2018, https://www.treasury.gov/connect/blog/Documents/20121212_Economics%20of%20Higher%20Ed_vFINAL.pdf.

¹³ Ibid., pg 4.

¹⁴ Ibid., pg 22.

rising tuition costs shows how median income has failed to keep pace with rising college costs, marking the beginning of an unresolved, thirty year issue that many Americans have had to overcome.¹⁵ Since the departure of university costs from median family income, income has seen an increase of only 22% between 1970 and 2010, while public four-year tuition rates have increased over 200%, public two-year rates have increased around 125%, and private four-year rates have increased just below 150% in that same time frame.¹⁶



Source: National Center for Education Statistics (2012), Table 349; U.S. Census Bureau (2010).

In 1965, President Lyndon Johnson passed the Higher Education Act which “firmly established the federal government as the primary provider of financial aid for college.”¹⁷ This marked the beginning of what would become a boom of college enrollment as university accessibility reached new heights due to programs such as the Pell Grant. From 1971 to 2011, full-time undergraduate enrollment more than doubled from 6.2 million to 14.2 million, with the average aid per student nearly quadrupled from \$3,437 to \$12,455 (in terms of dollar value in 2010).¹⁸

¹⁵ Rita J. Kirshstein, *Not Your Mother's College Affordability Crisis*, report, American Institutes for Research (Delta Cost Project, 2012), 2.

¹⁶ Ibid., 2.

¹⁷ Susan Dynarski and Judith Scott-Clayton, "Financial Aid Policy: Lessons from Research," *The Future of Children* 23, no. 1 (Spring 2013): 68, accessed February 12, 2018, doi:10.3386/w18710.

¹⁸ Ibid., 68.

Initially, the Higher Education Act focused on low income students by providing grants and loans from the Department of Education, but with increasing tuition costs and evolutions in aid programs came additional support for all classes of income in the form of loans from the Departments of Education and Treasury, work-study programs, and privatized lending and aid designed for educational purposes.¹⁹ While the introduction of the Higher Education Act represents the moment in time that the federal government assumed the burden of aid and access to higher education, it wasn't until tuition rates began outpacing median household income in the 1980's that the emergence of an untenable situation became clear. The 1980s represented a period of resource scarcity due to slow wage growth, increasing by less than 70% over the decade, and was exacerbated by increases in local, state, and federal payroll and income taxes.²⁰ Despite increases in federal taxation, the Pell grant increased by only 28% in the 1980s, which, when adjusting for inflation, represented a 12% decline in the value of the Pell grant over the decade.²¹ Furthermore, the overall number of Pell grants awarded in this time frame dropped substantially, creating a harsh juxtaposition between the cost of universities and the average access to resources by American families.²² The introduction of the Middle Income Student Assistance Act of 1978, which opened eligibility to government subsidized student loans to all students despite income, coupled with the political atmosphere and relatively shrinking federal Pell grants resulted in an explosion of loan volume.²³

¹⁹ Ibid., 68.

²⁰ Michael Mumper and Jeremy Anderson, "Maintaining Public College Affordability in the 1980s: How Did the States Do?" *Journal of Education Finance* 19, no. 2 (Fall 1993): 183, accessed February 12, 2018, <http://www.jstor.org/stable/40703828>.

²¹ Ibid., 184.

²² Ibid., 184.

²³ Susan Dynarski and Judith Scott-Clayton, "Financial Aid Policy: Lessons from Research," *The Future of Children* 23, no. 1 (Spring 2013): 73, accessed February 12, 2018, doi:10.3386/w18710.

The limited growth of federal aid throughout the 1980s, while fueled by a scarcity of resources and slow income growth, was compounded by the introduction of the Bennet Hypothesis, derived from President Reagan's Secretary of Education's, William J. Bennet, staunch opposition to increasing financial aid to higher education institutions. Bennet believed that "higher education institutions hiked tuition costs by 6-to-8 percent each year for nearly a decade simply because financial aid was available for the taking."²⁴ Furthermore, he claimed that campus presidents who posited that reductions in federal aid to universities prompted the tuition hikes were outright frauds and liars.²⁵ Bennet's proclamation coupled with soaring college rates of greater than 400% in California and upwards of 200% in numerous other states resulted in a widespread sentiment of discontent with the educational system, underscored by a general lack of access to monetary resources.²⁶ Recent studies have proven that the Bennet Hypothesis does have valid logic in terms of microeconomic theory, but thus far, all research and findings on the correlation between increasing aid and increasing tuition have been divided or inconclusive.²⁷ Regardless of the empirical backing, however, the Bennet Hypothesis introduced a general mistrust between government and higher education institutions that further fueled political conservatism and contributed to \$2.3 billion in budget reductions for federal student lending programs throughout the decade and into the 1990s.²⁸

Despite the cutbacks in federal aid in the 1980s, the Reagan administration failed to abolish the Department of Education in its entirety as originally promised, allowing remaining lending

²⁴ Matthew B. Fuller, "A History of Financial Aid to Students," *Journal of Student Financial Aid*, 4th ser., 44, no. 1 (July 25, 2014): 55, accessed February 12, 2018, <https://publications.nasfaa.org/cgi/viewcontent.cgi?article=1078&context=jsfa>.

²⁵ *Ibid.*, 55.

²⁶ Michael Mumper and Jeremy Anderson, "Maintaining Public College Affordability in the 1980s: How Did the States Do?" *Journal of Education Finance* 19, no. 2 (Fall 1993): 195, accessed February 12, 2018, <http://www.jstor.org/stable/40703828>.

²⁷ Matthew B. Fuller, "A History of Financial Aid to Students," *Journal of Student Financial Aid*, 4th ser., 44, no. 1 (July 25, 2014): 56, accessed February 12, 2018, <https://publications.nasfaa.org/cgi/viewcontent.cgi?article=1078&context=jsfa>.

²⁸ *Ibid.*, 56.

programs such as the Stafford and Perkins Loan Programs to enjoy marginal growth.²⁹ The Reagan administration's demonstrable effect on direct federal aid to students primed the 1990s for increased borrowing, which was compounded when the George H.W. Bush administration "increased a variety of federal loan programs' borrowing limits and implemented unsubsidized loans for students with no demonstrated financial need."³⁰ Increased access to educational lending coupled with the ever-widening gap between median household income and tuition rates resulted in a sharp rise in students borrowing the maximum allowable limit. For example, in the Stafford Loan Program only 43% of students borrowed the maximum amount allowed to finance their education in 1991, while 51% of all students enrolled in the program had borrowed their maximum allowed amount in 1998.³¹ The new era of lending introduced by the first Bush administration markedly increased university enrollment by providing more access to funds and resources that otherwise did not exist for prospective students, however such widespread lending resulted in record shattering 22.5% default rate for the 1990s.³² In an effort to stem the flow of rapidly defaulting student loans, the Bush administration passed the Omnibus Budget Reconciliation Act of 1990, which resulted in the realization that federally securing loans between private lenders and students was much more costly than directly lending to students.³³ In the same effort, the administration introduced the 1992 reauthorization of the Higher Education Act in which pilot programs for direct government lending were created.³⁴

²⁹ Matthew B. Fuller, "A History of Financial Aid to Students," *Journal of Student Financial Aid*, 4th ser., 44, no. 1 (July 25, 2014): 56, accessed February 12, 2018, <https://publications.nasfaa.org/cgi/viewcontent.cgi?article=1078&context=jsfa>.

³⁰ *Ibid.*, 56.

³¹ *Ibid.*, 56.

³² *Ibid.*, 57.

³³ *Ibid.*, 57.

³⁴ *Ibid.*, 57.

After winning the presidency, Bill Clinton sought to continue efforts to convert federally guaranteed loans into direct loans, while introducing even more measures to promote accessibility and utilization of student loans. The Student Loan Reform Act of 1993 established a target of converting 60% of existing, federally guaranteed loans to direct loans over the next five years, while simultaneously amending the student loan repayment process, which continued through to the Obama era.³⁵ Clinton's plan to increase college accessibility through lending worked, with "student and parent borrowing jump[ing] by almost \$10 billion between 1993 and 1995."³⁶

While the 1990s are largely characterized by new forms of lending and reformation of old lending programs that resulted in the highest amount of student loans up to that point in history, the second half of the decade also saw the introduction of tax-exempt 529 College Savings Plans. After the introduction of the Hope and Lifelong Learning tax credits from President Clinton and the penning of section 529 in the Internal Revenue Code, which provided tax-exempt status for qualified college savings plans, thirty states partnered with the federal government to establish state college tuition savings programs between 1996 and 2000.³⁷ Despite the introduction of and mass participation in qualified savings plans, the 90s represents an era of distinct change in the landscape and atmosphere of university attendance. Over a period of ten years, federal loans became more accessible than ever, tuition rates soared, median income grew at a slow pace, loan repayment regulations were eased, and college attendance increased, resulting in a society mired in college loans with little access to other monetary resources to help in overcoming the debt.

³⁵ Ibid., 57.

³⁶ Ibid., 57.

³⁷ Ibid., 58.

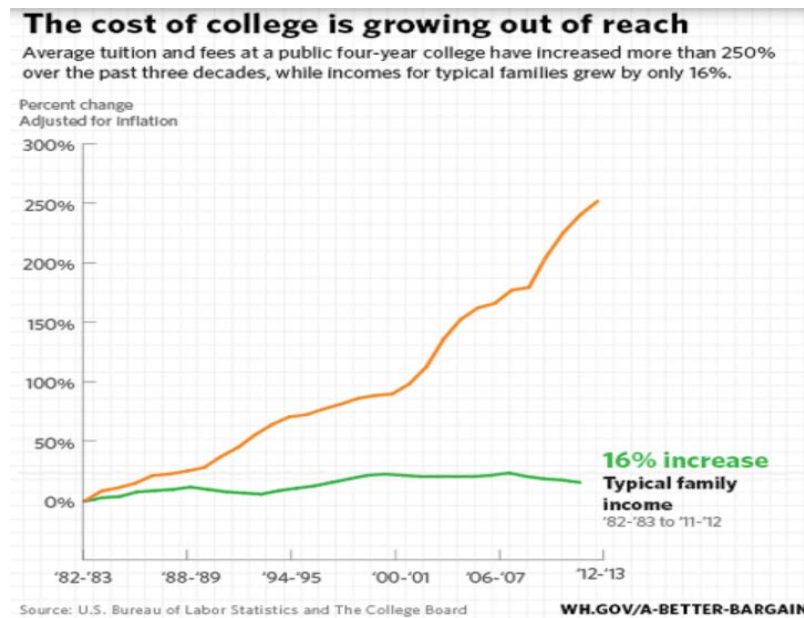
The Commission on the Future of Higher Education in 2005, colloquially known as the Spellings Commission, and the Higher Education Opportunity Act of 2008 both demonstrated a clear federal and public dissatisfaction with rising tuition costs, university accountability, and the existing higher education system. Ultimately, both the Spellings Commission and the 2008 reauthorization did little to immediately impact the rising cost of tuition and, following the 2009 economic recession, both the number of students receiving federal aid and the average loan amount taken by students had increased.³⁸ Despite the lack of drastic educational reform throughout the 2000s, the 2007-2009 economic recession drastically shifted the landscape and added to the ever growing divide between tuition costs and access to fiscal resources. The rise in student debt over the 1990s and into the 2000s “coupled with the stagnant employment market caused by the recession to 2007 to 2009...led to increases in default rates on student debt.”³⁹ Between 2000 and 2010, the two-year default rate rose from 5.9% to 9.1% and the dire financial situation surrounding higher education was echoed by President Obama’s 2013 proposal titled “A Better Deal for the Middle Class: Making College More Affordable” to tie state funding to institutional performance and demonstrated ability to keep tuition hikes manageable.⁴⁰ Despite continuous efforts to reform the educational system under the George W. Bush and Barack Obama administrations, the 2000s have heretofore proven unfruitful in rectifying the toxically exponential relationship between tuition and household income, as evidence in the table below,

³⁸ Matthew B. Fuller, "A History of Financial Aid to Students," *Journal of Student Financial Aid*, 4th ser., 44, no. 1 (July 25, 2014): 58, accessed February 12, 2018, <https://publications.nasfaa.org/cgi/viewcontent.cgi?article=1078&context=jsfa>.

³⁹ James Monks, "The Role of Institutional and State Aid Policies in Average Student Debt," *The Annals of the American Academy of Political and Social Science* 655, no. 1 (2014): 124, accessed February 13, 2018, doi:10.1177/0002716214539093.

⁴⁰ *Ibid.*, 124.

which demonstrates a 16% increase in median family income as compared to a greater than 250% increase in tuition cost.⁴¹



The current political climate is consistently barren in terms of producing meaningful and impactful legislation to shift the existing role of the federal government in higher education. As it stands, the federal government has intricately woven itself into the process of regulating, defining, providing and reducing, and opening access to aid, both in terms of aid to universities, and more substantially, through direct loans to students. The presence of the federal government can be seen to become increasingly dominant over the past three decades, specifically in tax regulations and the consistent reevaluation and reauthorization of the Higher Education Act, each iteration providing more widespread access to loans and simultaneously easing repayment expectations. As access to student loans remains at an all-time high, federal aid has dwindled substantially which only further promotes the general trend toward student and family indebtedness, with no clear path to overcome

⁴¹ "Higher Education," National Archives and Records Administration, , accessed February 14, 2018, <https://obamawhitehouse.archives.gov/issues/education/higher-education>.

the assumed debt. A Joint Economic Committee of The United States Congress report in 2013 acknowledged the decline of state subsidies and grants available to students, while simultaneously admitting that students and families must bear more of the financial burden, thus increasing their dependence on federal financial aid, including loans and grants.⁴²

The empirical data behind both state investment and disinvestment theory as a method to reduce overall tuition costs is scarce at best, while the trend for the federal government to allow ballooning student debt either secured by or provided directly from the federal government. This current scheme is one that will, at the intersection of unsustainable, expansive lending and record default rates, undoubtedly lead to a financial collapse, requiring a Washington bailout to save the US higher education system.⁴³ This eventual collapse can seemingly only be avoided by the adoption of expansive reform that minimizes the urgency for students to borrow from the government, through the lever of decreasing tuition costs, which will ultimately realign income and tuition costs to a sustainable, healthy relationship.

Policy Proposal

The overarching goal of this policy is to decrease the average student debt in the US by encouraging federally subsidized attendance to shorter, qualified degree programs. Incentivizing prospective college students to attend three-year undergraduate programs and providing institutional grants to these programs will reduce tuition rates by adding more players in the post-secondary education market. In general, this policy will:

⁴² James Monks, "The Role of Institutional and State Aid Policies in Average Student Debt," *The ANNALS of the American Academy of Political and Social Science* 655, no. 1 (2014): 124, accessed February 13, 2018, doi:10.1177/0002716214539093.

⁴³ Paul Weinstein, Jr., "Give Our Kids a break: How Three-Year Degrees Can Cut the Cost of College," *Progressive Policy Institute*, September 2014, 3, accessed February 11, 2018, http://www.progressivepolicy.org/wp-content/uploads/2014/09/2014.09-Weinstein_Give-Our-Kids-A-Break_How-Three-Year-Degrees-Can-Cut-College-Cost.pdf.

- (1) identify, over the next 24 months, qualifiable three-year bachelor's programs;
- (2) develop a benchmark and template for what three-year curriculums should encompass to qualify as undergraduate programs;
- (3) begin shifting federal aid (Pell Grant accessibility and federal, institutional grants) from traditional 4-year programs to new 3-year programs;
- (4) offer one-time graduation bonuses for 3-year, STEM undergraduate degree earners (either in new programs or for students who used high school advanced placement courses to earn their degree in 3 years' time).

To ensure educational quality, these programs will meet standards set forth by a panel composed of representatives of regional accreditation institutions, DOE officials, and various other academic and federal representatives chosen by the Secretary of Education and funded and commissioned through executive order. A key task of this panel is not only to qualify new 3-year educational programs, but to assess and design a curriculum template and list of requirements for 3-year programs, across a multitude of academic disciplines, to ensure academic rigor and quality for future programs. The transition to these programs would be incentivized by increasing the size of the Pell grant available to students in these programs and by increasing the federal aid in the form of institutional grants provided directly to these programs. **For each dollar provided in the form of 3-year program institutional grants or Pell Grants, a dollar will be taken from traditional program institutional grants or Pell Grants awarded to traditional university attendees, respectively.** The total amount of aid, whether from institutional grants or Pell Grants, will not exceed 50% of the total value of existing federal spending in that category, excluding research grants to traditional universities. Finally, the Department of Education will determine the percentages of existing aid to be reduced to traditional universities based on:

1. The net price calculator framework enacted by President Obama to minimize soaring university costs, which took effect October 29th, 2011⁴⁴;
2. An annual report submitted by each university to justify existing tuition rates, requests for additional funding, explain efforts to reduce tuition rates, etc.

The proposed policy will be authorized by amending the Higher Education Opportunity Act of 2008 (HEOA). The Higher Education Opportunity Act, as it exists, states that federal aid shall be provided to students of Institutions of Higher Education, defining such programs as those that “[award] a degree that is acceptable for admission to a graduate or professional degree program.”⁴⁵ This statute, while *technically* allowing for federal aid to be granted to institutions offering (and students attending) 3-year programs, bolsters the existing concept of four year institutions.

Under this proposal the Higher Education Opportunity Act will be amended to achieve the overall policy goals associated with this recommendation. The first major change will be to add language to Section 101(a) of the Higher Education Opportunity Act by amending the definition of an institution of higher education to explicitly include: **three-year undergraduate institutions offering a *regionally* credentialed degree program** in good academic standing, to be approved by the Secretary of Education or his/her appointed representatives. In this instance the Secretary’s consent to allow specific programs and schools to be considered institutions of higher education, and therefore provide federal aid and Pell Grant eligibility for their students, will largely be derived from the recommendations of the panel commissioned by executive order and tasked with identifying and credentialing programs across the US.

44 "Laws & Guidance," Policy - ED.gov, , accessed March 01, 2018, <https://www2.ed.gov/policy/highered/leg/hea08/index.html>.

45 *Higher Education Opportunity Act of 2008* (Washington, D.C.: U.S. G.P.O., 2008), Section 101.

The second change to the HEOA is section 401, which outlines the maximum and minimum Pell Grant awards. Under section 401, the Pell Grant maximum starts at \$6,000 USD and increases by \$400 dollars per year, while the minimum awarded Pell grant is 10% of the previous year's maximum award (i.e. \$600 USD in 2010).⁴⁶ In keeping with the dollar-for-dollar transfer of federal funding concept previously discussed, traditional university students' new maximum would be decreased by \$200, while new program students' maximum will increase by \$200. The recommended change would replace the existing table of Pell Grant maximums with the following split table:

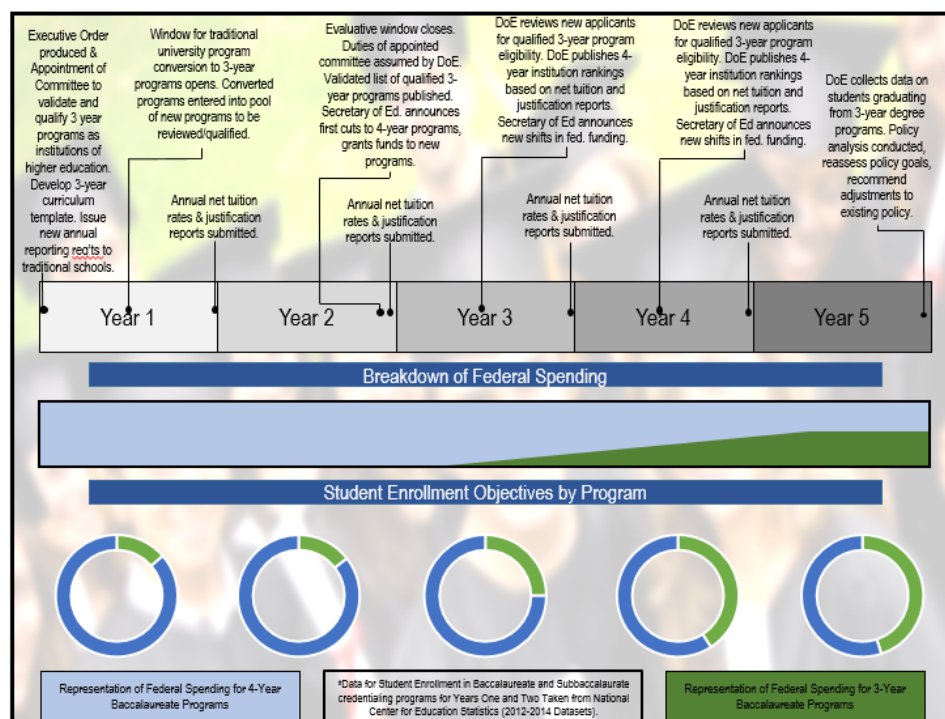
4 Year Bachelor's Programs	3 Year Bachelor's Programs	Academic Year
\$5,800	\$6,200	2009-2010
\$6,200	\$6,600	2010-2011
\$6,600	\$7,000	2011-2012
\$7,000	\$7,400	2013-2013
\$7,400	\$7,800	2013-2014
\$7,800	\$8,200	2014-2015

The only remaining section of the HEOA to be amended is section 300, which discusses institutional grants and federal aid to institutions of higher education. The existing provisions will remain in place with an additional provision that existing federal aid shall not increase by more than 5% of the previous year's federal aid expenditure, adjusted for the rate of inflation, whichever is larger. The second addition to this section is that institutional aid, whose grant authority lies with the Secretary who must perform within the provisions of the HEOA, shall be split equally between traditional 4-year programs and 3-year, qualified programs producing undergraduate degrees.

The first aspect of the policy implementation tool is a two-year period to allow for a committee, commissioned by executive order and selected by the Department of Education, to develop a template curriculum, identify baseline degree requirements, and evaluate and qualify 3-year programs. This evaluation period is imperative so that the federal government does not

⁴⁶ *Higher Education Opportunity Act of 2008* (Washington, D.C.: U.S. G.P.O., 2008), Section 401.

inadvertently fund underqualified, poor quality programs or subsidize students who are attending worthless educational tracks. On top of this 2-year timeline are the three years it would take a student to complete one of the qualified programs, thus creating a timeline requirement of five years to fully implement and measure the effectiveness of this policy in reducing student debt while still producing quality undergraduate degree holders. After this 5-year period, observable data can determine the impact on average student debt attributed to increased Pell Grants and increased institutional grants to new 3-year programs. Additionally, students' access to larger Pell grants will incentivize existing 4-year programs to develop and offer 3-year program, to achieve and maintain a status as a qualified institution in which more federal aid is provided. The following graphic illustrates a general timeline as well as the gradual introduction of newly qualified programs into the national education system:⁴⁷

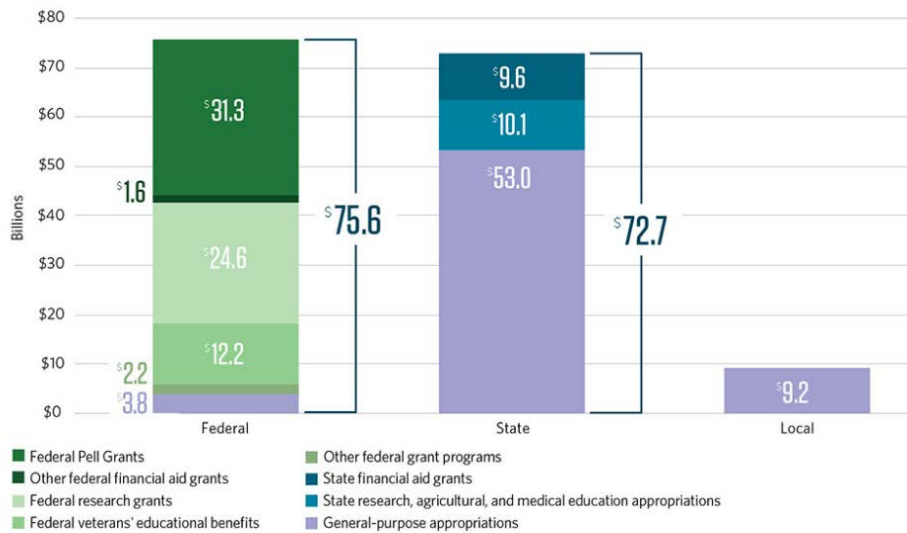


47 "Career and Technical Education (CTE) Statistics - Number of Undergraduate Award/Credentials," Number of undergraduate credentials awarded by Title IV postsecondary institutions, by control and level of institution and credential level: United States, selected years 2000 to 2014, accessed March 10, 2018, <https://nces.ed.gov/surveys/ctes/tables/P160.asp>.

The new system of reducing federal aid to traditional institutions prompted by splitting federal aid with newly qualified institutions, will employ both President Obama's net tuition calculator to rank schools by highest tuition and an annual report submitted by each university to help explain their individual cases and tuition rates. Excluding research grants, the Department of Education will reduce federal funding to the schools with the highest net tuition first and provide funding, dollar for dollar, to newly qualified 3-year programs. Exemptions and waivers for traditional universities to maintain the previous year's federal funding may be granted by the Secretary on a case-by-case basis, dependent upon the annual explanatory report provided by each university. Considering that federal funding comprises nearly half of all governmental funding to public universities, this new framework will produce an increased desire for traditional universities to either decrease their tuition or produce sound, quantifiable justification for their tuition rates in order to maintain their existing level of institutional funding.⁴⁸ According to the graphic below and the proposed amendments to the HEOA, traditional universities will either compete with one another via net tuition ratings and explanatory reports to maintain their funding or find ways to convert their programs to qualified, 3-year programs in order to access the newly earmarked \$37.8bn for 3-year baccalaureate programs.

48 "Federal and State Funding of Higher Education," A Changing Landscape, , accessed March 01, 2018, <http://www.pewtrusts.org/en/research-and-analysis/issue-briefs/2015/06/federal-and-state-funding-of-higher-education>.

Spending categories by level of government, academic year 2013



Sources: Pew's analysis of data from the U.S. Department of Education, National Center for Education Statistics' Integrated Postsecondary Education Data System (accessed Jan. 2015); U.S. Department of Education, FY2015 Budget Request (March 2014) and State Funding History

The target population for these new federal aid incentives is primarily students who are currently transitioning between secondary school and university, but these incentives will also apply to anyone who currently qualifies for a Pell Grant under existing laws or for any university capable of implementing the new curriculum requirements set forth by the committee. This tool will be implemented by the Department of Education, as outlined by amendments to the HEOA and a 2-year exploratory period in which the Secretary of Education oversees new HEOA compliance efforts, by first examining a student's application for a federal Pell grant and then, assuming the student qualifies for the grant, cross-referencing their proof of attendance at one of the qualified 3-year institutions.

Policy Analysis

The recommended policy calls for substantial legal changes to the existing Higher Education Opportunity Act of 2008, specifically as it relates to higher education program eligibility. Furthermore, additional language must be enacted within the HEOA to outline the suggested parameters for parsing out federal aid in both Pell Grants and institutional grants amongst both traditional and newly qualified programs. By critically examining the tenets of the policy previously

outlined, advantages and disadvantages associated with the recommended policy can be employed to determine likelihood of success, effectiveness, efficiency, and the costs of the proposed policy. These key metrics will ultimately assess the ability of the proposed policy to achieve the overarching policy goal of decreasing average student debt and will serve as the foundation of the final policy recommendation.

The likelihood of success will be largely determined by overall forecasted reduction of average student debt for those attending new 3-year degree programs. This forecast will identify what impact the proposed policy would have on average student debt for students participating in these programs. When coupled, this assessment will determine the likelihood of success for this policy, assuming that the policy is successfully adopted in full and that success is defined by a drop in the national average of student debt amongst US undergraduate students. Forecast tables employing data on four year, public institutions provided by the National Center of Education Statistics demonstrate that by 2025 the average cost of a 4-year degree will cost approximately \$97,000, including tuition, fees, room and board.⁴⁹ Holding the cost of tuition the same (i.e. four years' worth of classes) and only accounting for three years of room and board, the overall cost of a degree under the parameters of a 3-year program will cost approximately \$83,900.⁵⁰ Based solely on room and board, the difference in 3 and 4-year programs in 2025 is expected to be over \$13,000 dollars. At an interest rate of 5.5% and the average monthly student loan payment of \$351, the 4-year program takes students an additional 40 months to pay off when compared to the 3-year program.⁵¹ If 50% of the US undergraduate population, which is expected to reach 19.3 million by

49 "Digest of Education Statistics, 2016," National Center for Education Statistics (NCES) Home Page, a part of the U.S. Department of Education, accessed March 11, 2018, https://nces.ed.gov/programs/digest/d16/tables/dt16_330.30.asp?current=yes.

50 Ibid.

51 "U.S. Student Loan Debt Statistics for 2018," Student Loan Hero, accessed March 12, 2018, <https://studentloanhero.com/student-loan-debt-statistics/>.

2026, is participating in 3-year programs by 2026 a national net tuition savings of \$125.4bn can be achieved when compared with the same population of students attending traditional 4-year programs. While not all students use financing to pay for their college tuition, a national net tuition savings of this size will undoubtedly result in a smaller demand for education lending, which will contribute greatly to reducing national average student debt. The table below highlights the forecasting model used to develop the cost differentials between future 3 and 4-year programs.⁵²

Table 330.30. Average undergraduate tuition, fees, room, and board rates for full-time students in degree-granting postsecondary institutions, by percentile of charges and control and level of institution: Selected years, 2000-01 through 2015-16

Control and level of institution, and year	Annual Requirements of Traditional 4-Year Programs			4 Year Cumulative Costs			3 Year Cumulative Costs		
	Tuition, Fees, Room & Board	Tuition & Fees	Room & Board	Tuition, Fees, Room & Board	Tuition & Fees	Room & Board	Tuition, Fees, Room & Board	Tuition & Fees	Room & Board
2000	8,468	3,314	5,154						
2005	11,596	5,084	6,512						
2010	15,823	6,779	9,044						
2014	18,239	7,816	10,423	54,126	22,993	31,133	48,972	22,993	25,979
2015	18,576	7,994	10,582	64,235	27,673	36,562	57,723	27,673	30,050
2016	19,217	8,256	10,961	71,856	30,845	41,011	62,812	30,845	31,967
2017	20,119	8,696	11,423	76,151	32,762	43,389	65,728	32,762	32,966
2018	20,806	8,934	11,872	78,718	33,880	44,838	68,136	33,880	34,255
2019	21,249	9,153	12,095	81,390	35,040	46,351	70,429	35,040	35,390
2020	21,965	9,470	12,495	84,138	36,253	47,885	72,716	36,253	36,462
2021	22,694	9,781	12,913	86,714	37,338	49,375	74,842	37,338	37,504
2022	23,345	10,065	13,280	89,253	38,469	50,784	77,157	38,469	38,688
2023	23,947	10,320	13,627	91,951	39,636	52,316	79,456	39,636	39,820
2024	24,607	10,618	13,989	94,594	40,784	53,809	81,681	40,784	40,896
2025	25,307	10,917	14,390	97,206	41,920	55,286	83,926	41,920	42,006

11Average undergraduate tuition and fees are based on in-state students only.

NOTE: Data are for the entire academic year and are average charges for full-time students. Student charges were weighted by the number of full-time-equivalent
SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS), Fall 2000 through Fall 2015, Institutional Characteristics component; and Spring 2001 through Spring 2016, Fall Enrollment component. (This table was prepared February 2017.)

Table Reformatted, Additional Forecast Data Added (in Blue).

The limitations inherent in the presented tuition forecast rest primarily in a lack of accounting for variance in university adjustments to tuition based on creating and executing new 3-year programs. For example, if Johns Hopkins University begins offering 3-year degree options, they will most likely need to implement a series of summer courses, additional professors to create more scheduling flexibility, and additional manpower in creating and publishing new curriculum. These costs will most likely be accounted for, at least in part, by raising student tuition, which may result in

⁵² "Digest of Education Statistics, 2016," National Center for Education Statistics (NCES) Home Page, a part of the U.S. Department of Education, accessed March 11, 2018, https://nces.ed.gov/programs/digest/d16/tables/dt16_330.30.asp?current=yes.

an unexpected similarity in costs of both 3 and 4-year programs. The forecast model presented here does not properly account for these variables, and therefore presents risks to policy makers relying solely on forecasting to determine the likelihood of success for this framework. It is important to note, however, that, given the high level of educational choice dissatisfaction that permeates the majority of US undergraduate degree holders and the stark contrast in cost between 3 and 4-year programs, the number of participants is likely to be overwhelming. As discussed earlier, large participation in 3-year programs would ultimately decrease the overall national cumulative net tuition and, in turn, national average student debt, thus strengthening this policy's prospects of success.

Financial forecasting indicates that more 3-year programs, bolstered by increased access to federal aid for attendance to these programs, would ultimately reduce average student debt. It is important to also understand the effectiveness of the policy, or *how* successfully the policy can be expected to perform (i.e. do it marginally or drastically reduce the national average of student debt). The policy goal is to substantially reduce average student debt, which currently hinges on reducing overall student costs by decreasing time spent in college and by increasing federal aid to those attending these programs. Examining the case study of the European Area of Higher Education (EHEA) and the Bologna Process offers an interesting perspective on the 3-year degree, which may indicate potential weaknesses in the proposed policy. In 1999, some 30 education ministers and high ranking civil servants signed the EHEA, also known as the Bologna Declaration after the city it was signed in, pledging to create a more transparent higher education system across Europe.⁵³ In this meeting, a system of universal credits and a two cycle system for degrees (Bachelor's and Master's) was rudimentarily established in order to create more comparable degrees across European

53 Bernd Wachter, "The Bologna Process: Developments and Prospects," *European Journal of Education* 39, no. 3 (September 2004): 265, accessed March 11, 2018, : <http://www.jstor.org/stable/1503854>.

countries.⁵⁴ In various meetings from 1999 through to today, the adoption of a 3-year program by the EHEA is never claimed to have been done in order to minimize the cost of education.

Alex Usher, the President of Higher Education Strategy Associates, suggests that the adoption of a three-year program was a tactic of “division, not subtraction” as the pre-Bologna programs existing in Germany and similar countries were designed as 5-6 year programs.⁵⁵ By simply awarding a credential after the first three years (the Bachelor’s degree) and another after an additional two years of study (the Master’s degree), many European countries have been able to simply front-load core courses and create academically less flexible Bachelor’s degrees in the desired three year limit while still participating in the “pan-European Higher Education Area with harmonized degree-lengths.”⁵⁶ Unfortunately, this has resulted in a cultural expectation for students to complete both a Bachelor’s and Master’s degree, evidenced by the 80-90% attendance of undergraduates in post-graduate programs in Germany and by employment rates in Finland sitting almost 20 points higher for post-graduate degree holders when compared to undergraduate degree holders.⁵⁷ In this case study, it appears that simply truncating degree lengths has resulted in an increased expectancy to attend post-graduate programs, which require a total term of 5-6 years to complete both a Bachelor’s and Master’s degree. For all intents and purposes of the proposed policy, a similar phenomenon in the US could *increase* total time spent in college, resulting in this policy ineffectively reducing overall student debt due to new debts incurred to complete post-graduate degrees. It is important to note, however, that according to the EHEA’s methodologies, it is *possible* to create a meaningful, well developed 3-year bachelor’s degree program.

54 Ibid, 266.

55 Alex Usher, "A European Perspective on Three-Year Degrees," HESA, June 26, 2017, , accessed March 12, 2018, <http://higherstrategy.com/a-european-perspective-on-three-year-degrees/>.

56 Ibid.

57 Ibid.

Regardless of how effective the proposed policy is, the efficiency of the policy is instrumental to understanding how well the proposed framework will achieve the stated policy goal of reducing average student debt. Expert opinions regarding a shift to a 3-year degree program ring out in both opposition and support of shifting the education system. For example, Peter Brodnitz, a pollster for the Progressive Policy Institute, uncovered that 55% of voters in the US prefer reducing college costs by switching to a 3-year program as opposed to offering free public college educations.⁵⁸ This revelation, when coupled with the fact that most proposals for free public education would be barely cover costs tuition at most community colleges, “fail to reign in rising college prices, and are cost prohibitive,” highlights a shift to 3-year degree programs as a frontrunner in the race to decrease tuition costs and student debt.⁵⁹ Paul Weinstein, a researcher and professor at Johns Hopkins University, posits that the majority of universities would suffer transition costs over the initial three years, but would quickly be made whole under the 3-year degree program because they would be able to increase incoming class size by 33%, due to the elimination of the 4th year of attendance.⁶⁰ With universities experiencing transitionary losses for only three years and an obvious, immediate reduction in net tuition rates, the 3-year program framework surfaces as incredibly efficient, specifically as it relates to the overarching policy goal of minimizing average student debt. Another important factor to consider is that a shorter period to earn a degree, theoretically, means a shorter period before gaining full-time employment, which in turn will allow students to begin paying their debt earlier. This effect is two-fold, as it minimizes student loan interest accrued and more quickly lowers the national average of student debt. It is important to note that the key to this

58 "PPI Poll: Swing Voters In Swing States Hold Balance In 2016," Progressive Policy Institute, August 20, 2016, accessed March 13, 2018, <http://www.progressivepolicy.org/publications/political-memo/ppi-poll-swing-voters-swing-states-hold-balance-2016/>.

59 Paul Weinstein, "Cutting the Cost of College with Three-Year Degrees," Progressive Policy Institute, June 14, 2016, , accessed March 13, 2018, <http://www.progressivepolicy.org/blog/cutting-cost-college-three-year-degrees/>.

60 Paul Weinstein, "Cutting the Cost of College with Three-Year Degrees," Progressive Policy Institute, June 14, 2016, , accessed March 13, 2018, <http://www.progressivepolicy.org/blog/cutting-cost-college-three-year-degrees/>.

principle of efficiency is ensuring that employers view employees holding a 3-year degree to have truly received an education as academically rigorous as a 4-year degree.

On the opposite end of the spectrum, some critics offer that 3-year programs have minimal appeal to the mass student population and will therefore prove themselves to be inefficient tools of reducing overall cost. Between existing work and family obligations, a historical need for a significant share of students to participate in remedial course work, an academic rigidity that will decrease options to switch areas of study, a limited number of 3-year program offerings, and the difficulty of attaining the expected level of competency in just 3-years, many experts believe that most students will still opt for the 4-year option.⁶¹ If the US government adopted the proposed policy, but the vast majority of students still chose 4-year programs the outcome could inflate the already massive amount of US student debt. The existing policy removes institutional financial aid from 4-year programs and Pell Grant aid from 4-year program attendees, to provide federal aid to 3-year program attendees. If the demand for 4-year programs does not simultaneously recede with federal aid, a hike in lending as 4-year program attendees and 4-year institutions attempt to account of the loss of federal aid would be inevitable. With constant demand for 4-year programs and reduced federal aid, both individually and institutionally, students would have no option but to turn to loans or family to cover newly incurred costs of attending their chosen programs. Furthermore, there are several potential costs to society that are difficult to accurately predict until such time that they are enacted. For example, the commissioning of a committee via executive order to qualify programs (whether directly or through recognized accrediting agencies) and the expansion of the Department of Education to increase its administrative capacity to execute the new rules of the HEOA may be an extraordinarily burdensome task in terms of cost and manpower.

61 Daniel J. Hurley and Thomas L. Harnisch, "The Three-Year Bachelor's Degree: Reform Measure or Red Herring," *American Association of State Colleges and Universities*, September 2012, 7, accessed March 12, 2018, <http://www.aascu.org/policy/publications/policy-matters/2012/threeyeardegrees.pdf>.

It is important to note that, while there are several risks to changing the structure of many educational programs to a 3-year track without demand following, the use of increased Pell Grants for those attending qualified, 3-year programs will promote increased attendance in these programs. Furthermore, the costs of expanding the Department of Education's administrative capacity to properly comply with new HEOA guidelines can eventually be recouped through the reduction of overall federal aid and reapplication to administrative costs of the DoE, once the national average of student debt demonstrates a steady trend downward.

Political Analysis

There are clearly several advantages and disadvantages associated with implementing a higher education system that, at least partially, consists of 3-year undergraduate degree programs. A high percentage of educational program dissatisfaction, expert opinion acknowledging the benefits of employing 3-year programs to decrease tuition costs, and financial forecasting all demonstrate the feasibility of implementing this new educational option to curb ballooning student debt. An adequate policy option does not equate to a prime political climate which that policy can grow and produce the desired effects of the chosen policy. To properly understand the political climate, and therefore the successes of successfully passing the policy through existing channels, an assessment of key stakeholders and political obstacles must be conducted. By identifying stakeholders and understanding their motives in the context of the proposed policy, a series of recommendations to bolster policy support and ease opposition concerns can be provided to the policymaker.

The stakeholders with the most influence as it pertains to this specific policy are academic bodies, defined in this instance as leading academic professionals and representative bodies for universities and colleges. Within this group of academic bodies, representational bodies of colleges and universities (namely the National Association of Independent Colleges and Universities and the National Education Association) are the most important to examine as they represent the largest

communities of educators and universities. It is equally important to note that private and public universities represent 6 out of the top 10 higher education lobbyists in the United States.⁶²

Understanding the critical aspects, such as the general composition, agenda, and position, of these stakeholders' highlights accommodations and concessions that policymakers will need to consider to successfully implement 3-year programs. The National Association of Independent Colleges and Universities (NAICU) represents over 1,000 institutions and associations and serves as the "only national organization solely focused on representing private, nonprofit higher education on public policy issues in Washington, DC."⁶³ Historically, NAICU has not taken a hard stance on the 3-year degree program but has published a number of articles demonstrating the advantages, disadvantages, challenges, and best techniques for employing a 3-year degree options. While NAICU has not provided an official position on the concept of 3-year bachelor's degrees, their most recent publication providing NAICU's priorities for the Higher Education Act Reauthorization lists several concepts that indicate favorable conditions for implementing a 3-year degree option. First, the NAICU listed year-round Pell Grant access to students as one of their priorities to "promote innovation, increase college access and improve time to degree."⁶⁴ This revelation indicates a legitimate interest by NAICU to see students increase their degree completion time and to explore innovative degree options, such as a three-semester, year-round option that would result in 3-year degree completion. Furthermore, the NAICU suggested the removal of the federal regulation defining a higher education credit hour, as it restricts the ability of colleges to explore innovative methods of teaching and learning."⁶⁵ By calling for the federal government to allow universities and

⁶² "Lobbying Spending Database Education, 2017," OpenSecrets.org, accessed April 10, 2018, <https://www.opensecrets.org/lobby/industries?id=W04>.

⁶³ "NAICU Serves As the Unified Voice of Private, Nonprofit Higher Education," NAICU - National Association of Independent Colleges and Universities, accessed April 10, 2018, <https://www.naicu.edu/>.

⁶⁴ "NAICU Policy Priorities HEA Reauthorization," NAICU - National Association of Independent Colleges and Universities, 2016, 2, accessed April 12, 2018, <https://www.naicu.edu/naicu/media/images/HEA-Policy-Priorities.pdf>.

⁶⁵ Ibid., 4.

colleges to independently set the standards and qualifications for a credit hour, to be qualified and approved by appropriate accrediting agencies, the NAICU has demonstrated a willingness to accept innovative degree programs and credit options. The final priority listed by NAICU, which must be considered in relation to the proposed policy is a call for federal caution in funding new programs, asking the federal government to use “demonstration programs for controlled analysis before full-scale federal investments are made.”⁶⁶ This distinction is important to note, as the NAICU, while willing to explore innovative 3-year degree options, may balk at the recommendation to deliberately shift funds from 4-year to 3-year programs. While full-scale federal investment in new programs is a concern for the NAICU, it is important to note that the proposed policy encompasses a 2-year exploratory period, wherein a gradual shift of federal aid funds from 4-year to 3-year programs would occur. Additional monitoring and impact measuring activities may be called for, however, to properly satisfy the NAICU that a knee-jerk federal funding decision isn’t occurring.

The National Education Association (NEA) is the largest voice for public institutions at all levels, to include public universities and colleges. Similar to the NAICU, the NEA supports hastening degree completion by providing year-round access to Pell Grants.⁶⁷ Furthermore, while the NEA has not taken an official position on federal acceptance and implementation of 3-year degree programs, the latest opinion published by the organization on the subject was in 2005 and lauded the Bologna process as potentially helping Europe become an “increasingly competitive, knowledge-based economy, capable of more sustainable growth with more and better jobs and greater social cohesion.”⁶⁸ While the last opinion published by the NEA was generally approving of

⁶⁶ "NAICU Policy Priorities HEA Reauthorization," NAICU - National Association of Independent Colleges and Universities, 2016, 4, accessed April 12, 2018, <https://www.naicu.edu/naicu/media/images/HEA-Policy-Priorities.pdf>.

⁶⁷ "College Affordability and Debt Services," NEA, accessed April 11, 2018, <http://www.nea.org/home/degreesnotdebt.html>.

⁶⁸ Paul Wolman, "A Unified European Higher Education Area in 2010: What Does It Mean for Europe and U.S. Higher Education?" *NEA Higher Education Research Center Update* 11, no. 2 (November 2005): 5, accessed April 12, 2018, <http://www.nea.org/assets/docs/HE/vol11no2.pdf>.

a 3-year program, it is worthy to note that the NEA has markedly switched to lobbying in favor of adjusting existing federal aid and grants, such as service loan forgiveness programs and income-based loan repayment schemas, rather than lobbying for federal interference with degree-length requirements as a tool to reduce student debt.⁶⁹

Representational bodies of institutions of higher education, while the largest stakeholder, seem to be reservedly prepared to explore the option of a 3-year degree program. An article published by the American Association of Collegiate Registrars and Admissions Officers (AACRAO), indicated that the 2017 theme of the annual AACRAO summit was to discuss and work through the challenges of acceptance of 3-year undergraduate degree holders to US graduate programs of study. Of the 360 accrediting agencies and graduate programs attending the 2017 conference, 54% indicated that they either evaluate each 3-year degree holder on a case-by-case basis for acceptance to their program or they consider the 3-year degree as a valid undergraduate credential.⁷⁰ While accrediting agencies have not taken an official position on the academic quality of the 3-year degree option, existing research and consensus indicate an increasing, albeit gradual, trend toward global acceptance of 3-year undergraduate degrees as valid degrees, qualifying degree holders for graduate study.

Another major stakeholder in the debate surrounding the implementation of the 3-year degree program is the US military. Collectively, the Department of Defense intends to spend up to \$1.7bn (Warfighter and Family Services and Military Spouse Employment both fund DOD tuition assistance programs) on higher education in 2019, as demonstrated in the table below.⁷¹

⁶⁹ "College Affordability and Debt Services," NEA, accessed April 11, 2018, <http://www.nea.org/home/degreesnotdebt.html>.

⁷⁰ "AACRAO," Setting the Standard for Graduate Admissions: Three-year Degrees and Other Admissions Challenges | Resources | AACRAO, accessed April 11, 2018, <http://www.aacrao.org/resources/resources-detail-view/setting-the-standard-for-graduate-admissions--three-year-degrees-and-other-admissions-challenges>.

⁷¹ "Office of the Under Secretary of Defense (Comptroller)," Under Secretary of Defense (Comptroller): FY2019 Budget Request Overview Book, 5-6, accessed April 13, 2018,

Figure 5.3. Military Family Support Programs

(\$ in billions, Base Budget only)

Program	FY 2017 Actual	FY 2018 PB Request	FY 2019 PB Request
Child Care and Youth Programs	1.2	1.2	1.2
Morale, Welfare and Recreation	1.5	1.6	1.6
Warfighter and Family Services	1.5	1.6	1.6
Commissary	1.4	1.4	1.3
DoDEA Schools	2.1	2.2	2.5
Military Spouse Employment	0.1	0.1	0.1
Total	7.9	8.1	8.3

Numbers may not add due to rounding

The American Council of Education (ACE) has been working with the US military to evaluate service performance and assess college credentials for past service and experience gained outside of the traditional post-secondary education system for the past 60 years.⁷² By receiving credit for prior learning (CPL), coordinated and validated through institutions such as ACE, military service members are increasingly shortening their time to degree completion. Existing DOD interest in shortening degree length, while maintaining quality education standards, is evidenced in their participation in CPL programs, as well as an obvious reduction in the fiscal burden of providing tuition assistance.

While soaring tuition rates have been the topic of congressional attention, as indicated throughout this paper, there has been little effort to actually implement the 3-year degree program to reduce the national average of student debt. Much discussion surrounding the topic has only yielded legislative stagnation in employing the technique and, to date, no mention of this potential debt reduction tool has been implemented in current or proposed HEA reauthorizations. The House

http://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2019/FY2019_Budget_Request_Overview_Book.pdf.

⁷² "American Council on Education: Credit for Prior Learning," American Council on Education, accessed April 12, 2018, <http://www.acenet.edu/higher-education/topics/Pages/Credit-for-Prior-Learning.aspx>.

Committee on Education and the Workforce have no mention of testimonies in support of 3-year programs nor is there evidence of any proposed bills in the 113th or the 114th congressional reports that suggest federally regulating degree lengths as tool to reduce student debt.⁷³ Similarly, the most recent recommendation in support of 3-year undergraduate degrees from the Senate Health, Education, Labor, and Pensions Committee came from Senator Lamar Alexander in 2009, who was speaking independently in an opinion article for Newsweek and not on behalf of the senatorial committee.⁷⁴ Furthermore, Senator Alexander has fallen relatively silent on his recommendation, shifting his educational focus to programs such as the Every Student Succeeds Act (ESSA) and providing support for year-round Pell Grant access.⁷⁵

There are a broad range of stakeholders regarding 3-year degree implementation, but the overarching opinion indicates an inert sense of ambivalence toward the concept, with a general trend of altering repayment options, federal aid maximums, and adjusting aid available to students and universities as the preferred method of decreasing student debt upon graduation. The lack of 3-year degree champions among the stakeholder community is concerning, but even more concerning is the lack of clear and relevant discussion or thought regarding this option amongst the American people. A recent Pew study shows that earning a degree is more common now than ever before, with 40% of millennials in 2016 having earned their undergraduate degree.⁷⁶ While college attendance is only expected to grow in the future, there is no clear indication that a tangible shift in curriculum is on the rise. Furthermore, the proposed policy of introducing a federally mandated 3-

⁷³ "Publications | Education & the Workforce Committee," Education and the Workforce Committee, Chairwoman Virginia Foxx, accessed April 12, 2018, <https://edworkforce.house.gov/legislation/publications.htm>.

⁷⁴ Newsweek Staff, "Why College Shouldn't Take Four Years," Newsweek, March 13, 2010, accessed April 12, 2018, <http://www.newsweek.com/why-college-shouldnt-take-four-years-lamar-alexander-81423>.

⁷⁵ Lamar Alexander, "United States Senator Lamar Alexander," Education - United States Senator Lamar Alexander, accessed April 10, 2018, <https://www.alexander.senate.gov/public/index.cfm/education>.

⁷⁶ Nikki Graf, "Today's Young Workers Are More Likely than Ever to Have a Bachelor's Degree," Pew Research Center, May 16, 2017, accessed April 12, 2018, <http://www.pewresearch.org/fact-tank/2017/05/16/todays-young-workers-are-more-likely-than-ever-to-have-a-bachelors-degree/>.

year degree option for college students, when analyzed through the lens of existing educational polling data, does not have the most promising prospects of popularity. No polling data directly engaging the American public on their preference between 3 and 4-year degrees, specifically as they relate to debt reduction, exists, but recent data from a Harvard Graduate School of Education indicates that when it comes to education, *local* over *federal* control is the more popular choice, with only 36% of the population supporting federal government in setting standards for schools.⁷⁷ The same study indicated that the information about the cost and earnings information had no significant impact on college degree length preferences, which signals a general acceptance of the college tuition status quo by the majority of Americans.⁷⁸ As it stands, the majority of Americans view a 4-year degree as a necessity to career advancement, which further contributes to the persistence of soaring tuition rates and the persistent nature of the US government to offer nothing more than short term adjustments to federal aid or repayment options to curb the growing issue of student debt.

The acceptance of 4-year degree among the US population as the golden standard coupled with the trend of stakeholders in the rising student debt crisis in the United States to prefer methods other than the 3-year degree option to reduce debt has resulted in a politically inhospitable climate for truly innovative education reform. While the current climate is not primed for the introduction of the 3-year degree option, there are several tangible benefits to this program that may result in higher public palatability and stakeholder support. As demonstrated by the conservative financial modeling provided earlier (which only models a 1-year reduction in room and board and holds tuition constant), the switch to a 3-year degree option produces immediate reduction in college

⁷⁷ "EdNext Poll: The Trump Effect on Public Opinion about Education," Harvard Graduate School of Education, accessed April 12, 2018, <https://www.gse.harvard.edu/news/17/08/ednext-poll-trump-effect-public-opinion-about-education>.

⁷⁸ Ibid.

costs. This reduction in total college cost can result in paying off student loans up to 5 years earlier. A more liberal estimate of college debt reduction can be taken from Alexander Lamar's acknowledgement that a 3-year degree option would result in a 25% reduction of costs, which would reduce today's average student debt by \$6,250 in tuition costs alone.⁷⁹⁸⁰ Another benefit to shifting to a 3-year degree program is the lower opportunity costs to degree holders looking to immediately enter the job market or begin graduate programs. By adjusting educational requirements and degree curriculum to ensure a quality degree in a shorter period, students who wish to enter the job market immediately upon graduation can more quickly access wages that would have been otherwise foregone in their fourth year of study.⁸¹ Similarly, earning degrees in 3-years would allow for expedited access to graduate level education by simultaneously granting students the option to begin their chosen graduate program earlier and by providing universities innovative flexibility in offering combine undergraduate and graduate programs (such as a Bachelor's and Master's in four years of study option).⁸² Restructuring curriculum in the United States to create more 3-year degree options would significantly reduce the fiscal burden on students, but would also reduce the required federal aid to curb rising tuition costs. This reality would allow the federal government to continue existing federal education aid programs without having to significantly increase the percentage of aid given, outside the rate of inflation, which would, in turn, keep future federal monies free for other pressing national objectives (infrastructure, defense, jobs programs, etc.).

The political and economic benefits of reducing student debt are clear, but there are political costs associated with implementing a federal mandate for a 3-year program. The largest up-front

⁷⁹ Newsweek Staff, "Why College Shouldn't Take Four Years," Newsweek, March 13, 2010, accessed April 12, 2018, <http://www.newsweek.com/why-college-shouldnt-take-four-years-lamar-alexander-81423>.

⁸⁰ Anthony Cilluffo, "5 Facts about Student Loans," Pew Research Center, August 24, 2017, accessed April 12, 2018, <http://www.pewresearch.org/fact-tank/2017/08/24/5-facts-about-student-loans/>.

⁸¹ "The Three-Year Bachelor's Degree: Reform Measure or Red Herring?" American Association of State Colleges and Universities, 5, accessed April 13, 2018, <http://www.aascu.org/publications/policy-matters/2012/threeardegrees>.

⁸² Ibid., 6.

cost is the expenditure of political capital required to garner support for this innovative program. The current methodology of adjusting repayment and loan forgiveness options, while producing no demonstrable effect, is deeply engrained as the student debt reduction policy commonly held amongst elected officials. One option for reducing the cost of political capital required to gain public support for these new programs is to identify leaders within congress, such as Senator Alexander, who have previously demonstrated interest in 3-year degree programs. Support from existing congressional leadership, coupled with testimonials from the panel of accrediting agencies and leading academics that a 3-year degree option is feasible and legitimate will prove enormously helpful in gaining public support. Furthermore, working *with* these leaders will develop congressional buy-in and future adjustments to the federal budget for aid amendments and other federal directives to reduce student debt will be considerably easier to pass.

Another cost of introducing 3-year programs is the possibility of backlash from educational lobbyists, such as loss of campaign contributions from private and public universities and organizations such as the NEA due to a perceived aggrievance via a reduction in federal aid dollars. It is imperative that comprehensive planning and financial modeling is collaboratively conducted with these organizations, while simultaneously entertaining short-term stimulus offers to account for the immediate loss of tuition revenue as universities shift from 4 to 3-year programs. A 2014 study by the Progressive Policy Institute indicates that there would be significant transition costs for the first three years for colleges and universities, but at least the schools in the top two-thirds of college rankings “would eventually be made whole under the Three-Year Degree.”⁸³ Messaging the concept of financial recovery over a three years will likely not be enough for most universities and colleges,

⁸³ Paul Weinstein, Jr., "Give Our Kids a break: How Three-Year Degrees Can Cut the Cost of College," *Progressive Policy Institute*, September 2014, 2, accessed April 11, 2018, http://www.progressivepolicy.org/wp-content/uploads/2014/09/2014.09-Weinstein_Give-Our-Kids-A-Break_How-Three-Year-Degrees-Can-Cut-College-Cost.pdf.

especially those who actively lobby, to gain overwhelming support, which is why congressional and executive leadership would be well served to develop a range of short-term university grants and stimulus packages that will help to cover the costs of transitioning to a 3-year degree.

Recommendation

The proposed policy of implementing a 3-year degree option in the United States higher education system, with attendance in these programs incentivized by increasing Pell grant maximums for 3-year program attendees, has been proven to represent a legitimate policy option to reduce tuition costs, and, therefore, reduce the national average student debt. The 2-year proposed period in which a committee, commissioned by executive order, could properly develop and qualify a 3-year program curriculum further strengthens the policy by reassuring skeptics of a commitment to academic rigor and quality. Similarly, this 2-year period will also serve to calm congressional and academic institution concerns of rapid, knee-jerk changes in federal aid spending, ensuring that due diligence and care is given before amending federal student aid policies.

The objectives of the 3-year degree are bolstered when juxtaposed with the reality of consistent government shutdowns over an inability for congress to agree on federal budgets, a looming national deficit, and necessary, unavoidable cuts in federal spending. A reduction in tuition rates, via the implementation of the 3-year degree track, will result in lower college costs. This will positively impact students as they will have to borrow less to pay for their share of their education, but an overall lower price tag will mean that the federal government is only subsidizing 3 years of education. This reality will ultimately mean a lower cost to the United States government for educational aid, which is a major advantage when budgetary constraints are an enormous consideration for the existing administration.

The benefits of the proposed policy are overwhelmingly positive, but the inertia of the academic and political communities is a major obstacle when proposing such a drastic change to the

existing educational norms in the US. While political interest has been expressed intermittently in the cost-savings and benefits of a 3-year degree, most stakeholders express a clear commitment to alternative means of reducing college costs. From year-round Pell grant access, adjustments to loan forgiveness and repayment programs, and tax incentives for students and academic institutions, there are a variety of financial alternatives that organizations, such as the NAICU and the NEA, have chosen to rally around. In addition to limited stakeholder interest and existing academic inflexibility to pursue innovative degree paths, the public does not commonly hold the 3-year degree as an existing option and, subsequently, have voiced little support for these programs. Public opinion has shown, however, an overarching desire for educational standards to be dictated and monitored by states instead of federal institutions, which does not bode well when projecting public support for a federally mandated 3-year curriculum.

While the proposed policy has several indicators of successfully achieving policy goals, the existing political climate is inhospitable for the policy to survive long enough to produce demonstrable effects. The recommendation of this paper is to move forward with an executive order to commission an investigatory committee to develop degree requirements and a 3-year curriculum, as soon as possible. Upon the completion of the committee's findings, I would recommend offering universities large, institutional grants to top universities who volunteer to offer these 3-year programs to a limited population of their students for the purposes of collecting data (total indebtedness, testing scores, academic proficiency, and time to degree completion). Developing the necessary datasets to prove the effectiveness of 3-year programs *with* existing universities presents the opportunity to collaborate and garner support from the primary stakeholders. Furthermore, a limited roll-out of federally subsidized 3-year programs will provide the Department of Education an opportunity to highlight the benefits and innovations of new 3-year degrees to the public, thus garnering additional public support. Depending on the level of public

support and proven data collected from collaborating with universities, a state-centered shift to 3-year degree options may become a viable policy instead of a federal approach to the ballooning tuition crisis. If a state-centric approach hasn't begun to surface after sufficient data is available to the public, then I would recommend returning to the political feasibility of a federally mandated 3-year degree as a policy solution to reduce the national average of student debt.

Curriculum Vitae

Sebastian Nicholas Smoak was born on May 21, 1991 in Longview, Texas. He attended Paul H. Pewitt High School and was accepted to the United States Military Academy at West Point in 2009. Graduating in 2013 with a double major in Comparative Political Studies and Russian Language, Sebastian earned his Bachelor of Science undergraduate degree and commissioned as an officer in the United States Army Engineer Corps. While serving a three and one-half year tour in Grafenwohr, Germany, Sebastian began his Master of Arts in Public Management program with Johns Hopkins University. At this time, he has no published academic work, but his past and future studies are and will be focused on bridging the gap between public institutions and private organizations to provide innovative and efficient access to energy, education, and security.