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Chairman Alexander, Ranking Member Murray, members of the Committee, thank you for the opportunity to testify this morning. I very much appreciate the opportunity to speak with you – particularly at this critical time, as you consider reauthorization of the Higher Education Act.

I am Jamie Merisotis, President and CEO of Lumina Foundation. Lumina, based in Indianapolis, is the nation's largest private foundation focused specifically on increasing students' access to and success in postsecondary education. I've been at Lumina since 2008, and before that I founded and served 15 years as president of the Institute for Higher Education Policy, a nonpartisan research organization here in Washington. I also served as executive director of a bipartisan Congressional commission on student financial aid that operated in the early 1990s.

My point in sharing this biographical background is to show that I've been focused on higher education policy for a very long time – really my entire professional career. I've been involved, in one way or another, with every HEA reauthorization effort since 1986. And I can say without reservation that the next reauthorization – the one you're now considering – will be the most consequential I've seen by far.

The fact is, American higher education is at a critical juncture. That means the decisions you make in the coming weeks and months will be vital; they can set the stage for the next chapter in our national success story and build the foundation of talent we need to power our economy and strengthen our democracy.

The HEA has already played a major part in that story. In fact, it's had an almost immeasurable positive impact since it was first passed in 1965. By extending educational opportunity to tens of millions of Americans, the Act played a vital role in the success of this nation in the second half of the 20th century.

But the 20th century is over; and here in the 21st century, things are different.

For one thing, America is no longer the unquestioned world leader in postsecondary education. According to the Organisation for Economic Co-operation and Development, young adults (ages 25-34) in 10 other developed nations are earning postsecondary degrees at higher rates than Americans in that age group. What's worse, though our attainment rates have edged up in recent years, they are increasing far more slowly than in other countries. In short, we are losing ground in the battle to remain globally competitive – and we're doing so at a time when our economy and our society are increasingly global.

There are other changes as well. College costs continue to rise, and state funding for higher education continues to fall well short of what's needed. New technologies, new delivery modes and new approaches such as competency-based learning have created major opportunities for higher education – though they also present new challenges.

But the biggest change in higher education – the one that should really focus your efforts and drive your decisions – is the monumental change we see in America's students.

When HEA originally passed, it was designed with a particular type of student in mind: an 18- to 22-year-old, right out of high school, attending full time at a four-year residential college or university. For many of us, that image may still be what springs to mind when we hear the term "college student." But that's all it is these days – an image. Reality looks far different.

There are more than 20 million students enrolled in the nation's two- and four-year institutions. Of these, only about 7 million fit the image of the traditional college student. About 40 percent are 25 years old or older. More than one-third attend part time, and nearly 20 percent are holding down full-time jobs as they attend college. About 40 percent of today's students attend community colleges or for-profit schools – and this is true of a much higher percentage of first-generation students, and those who are African American or Latino, and those who come from low-income families.

By and large, today's students are working, they are adults, they are our military veterans, and they have responsibilities and commitments that extend far beyond the classroom.

In other words, today's "typical" student, if such a thing even exists, is nothing like the student that HEA – or higher education in general – was originally designed to serve. That means it's time – past time, really – for a redesign. We need a system that serves today's students far better than it does right now. What's more, with economic experts insisting that some form of postsecondary credential is a must for anyone who hopes to maintain a middle-class lifestyle, we need a system that has the capacity to serve far ***more*** students – millions more in the coming decade.

Right now, only about 40 percent of Americans hold at least a two-year college degree, and only about 45 percent hold any sort of postsecondary credential at all. We at Lumina are convinced – and economists and other experts back us up on this – that this figure must rise to 60 percent by 2025 if the U.S. is to remain globally competitive. And demographic trends make it clear that many, if not most, of these new credential holders must come from low-income, first-generation, minority, and adult populations.

The fact is, our current higher education system, despite its many strengths and its past successes, won't get us to the future. It cannot properly serve this diverse array of students – certainly not in the numbers that we need to succeed as a nation.

Redesign is vital. And by taking a thoughtful and bold approach to reauthorizing the Higher Education Act, an approach that encourages innovation and supports student success, you can help immensely with this much-needed redesign project.

As you take up the reauthorization task, I encourage you to enact policies that are as savvy, varied and forward-thinking as today's students.

The Act should promote development of a more affordable, more equitable, high-quality postsecondary education system that leads to higher attainment rates that will significantly improve our economic and social well-being as a nation.

I encourage you to think beyond the current set of players and to craft policies that not only incorporate the innovative models we are seeing today, but also allow for innovations and learning providers that aren't yet conceived. We don't know what the next big thing will be, and this law should be written in such a way to foster and permit whatever that next leap forward is, as long as it is in the best interest of students.

To encourage innovation, I suggest you take three basic steps – all of them directly linked to the needs of today's students. One note here: The steps aren't meant to be sequential. The issues they seek to address are interrelated and must therefore be tackled together. With that, I'll first list the three steps, and then I'll expand on each: The steps are:

- **Build clear pathways.**
- **Focus on quality.**
- **Address costs.**

The first step, then, as you seek to encourage innovation: Look for ways **to build or expand clear pathways** to high-quality degrees and other credentials. This includes recognizing a wider array of postsecondary education providers, experimenting with new ways for students to earn credentials, and directing federal funds to the providers who best serve their students.

Today's postsecondary system presents a wide range of learning opportunities – far more than were available to the student of the 1960s or '70s. Each of these levels of learning should be recognized. Given the reality of today's learning landscape, the definition of "provider" must be broadened; it must go beyond the current scope of institutions of higher education or job-training programs. Broadening this definition would aid the development of more and different postsecondary pathways – discrete but interconnected routes to educational achievement and career success. These pathways would lead to "stackable" credentials – credentials that encourage students to pursue educational opportunities throughout their careers, while also challenging providers to meet changing market demands for different knowledge levels and skills.

Many interesting, innovative and promising approaches to postsecondary delivery are already occurring. Foremost among these has been the growth of competency-based education – programs that award credentials based on a student's demonstration of actual knowledge and skills, not merely on the time they spend in labs or classrooms.

Western Governors University is probably the longest-running and best-known of these competency-based programs, but more are being developed all the time. In fact, more than 30 institutions have formed a nationwide network – the Competency-Based Education Network, or C-BEN – to keep the momentum going. These models are meeting students where they are, recognizing the learning that they've already obtained – whether in classrooms, on the job, in the military or through life experience.

But this is not the only creative approach being taken to build new pathways for students. Another example is the innovative partnership between Starbucks and Arizona State University. Under that partnership, any part-time or full-time employee of the coffee company can pursue a bachelor's degree through ASU's online degree program and get full tuition reimbursement from Starbucks.

Other ideas, less developed, are worth considering. What about libraries, apprenticeship programs, and community-based learning center? Do they have a role in the postsecondary provider landscape? How do we adequately assess prior learning, whether it be in an educational, work, or military setting? In the search for high-quality learning opportunities, we should seek out new and better ways that serve students well.

Moreover, the various postsecondary providers need to be able to develop new high-quality, low-cost delivery models and credentials. And changes in federal financial aid policy could help tremendously in that process. For instance, rules governing financial aid could be updated to allow students to access aid year-round, to pay for learning, rather than time, and to encourage accelerated paces to a degree or credential. If rules governing financial aid were updated to be more flexible, the stage would be set for several positive steps. For instance:

- Postsecondary providers would have more incentive to develop new approaches to degrees and credentials that could be tested at scale. When proven effective, these new models could then be used to adapt other federal programs without being stymied by concerns over denying federal aid to students.
- It would be easier to award credentials based on actual learning, not on time. As educators hone their ability to assess students' on the basis of genuine learning, our federal aid policies should be reformed to match.
- Students would be much more able to take their learning with them and to pursue higher education how, when and where they are most likely to succeed – through online programs, by studying at an accelerated pace, by attending nights and weekends, etc.

And outdated financial aid rules aren't the only ones that deserve a second look. In fact, there needs to be a much broader conversation about the regulations that apply to higher education. The current set of regulations are playing a role in stymieing innovation and progress in higher education as institutions need to navigate ever-changing and burdensome rules in order to operate. That said, regulation plays an essential role in protecting the rights and interests of students, who should be at the center of the system. That's why this conversation shouldn't be about reducing burdens on institutions. Rather, it should focus on reducing barriers to innovation, because those barriers too often block the pathways we must build – the pathways leading to student success. One approach to addressing this is to examine the possibilities of risk-informed regulations, and allow providers with lower risk profiles more flexibility to design and implement educational approaches that best fit the needs of their students.

The second step you must take to foster innovation – again, not a sequential step, but one to take in concert with the others – is to **focus on educational quality**. And you must do that, not with the provider in mind, but from the ***students'*** perspective – with their characteristics and their needs at the forefront. Students must be confident that the credentials they earn have genuine value – that those credentials reflect knowledge and skills that employers need and that they, as students, can build on throughout their lives.

As you seek to expand the postsecondary ecosystem, make sure that appropriate safeguards are in place to ensure that students are actually learning, and that the federal investment is well stewarded. That means federal funds should be directed to programs and institutions that best serve their students – especially low-income students, minority students, first-generation students and working adults. Through responsible use of metrics, validators can assess educational quality based on student learning rather than seat time or other inputs. And providing public access to these metrics will help protect students and taxpayers from waste, fraud and abuse.

Establishing new modes of validating quality for non-traditional providers of postsecondary education will help in this regard. For example, certification agencies and industry groups might be able to provide new ways of validating quality by linking skills taught in the classroom to skills needed in particular jobs. Based on our research, establishing new methods and means of validating quality – as a complement to the current institutional accreditors - could benefit all postsecondary education providers, traditional or new. More important, it would help ensure that students obtain high-quality education that is best suited for their career goals.

Finally, the third step in fostering productive innovation – and it's a crucial one. None of this innovation will matter much if higher education is out of financial reach for too many students. That means you must take steps to **address rising costs**.

New approaches to postsecondary education hold great promise in this regard. Competency-based, online and accelerated programs have all shown that they can reduce the cost of delivery, shorten the time required to earn a credential, and create healthy competition in the marketplace. These types of approaches, and other creative efforts, need to be supported and encouraged.

And more needs to be done as well. To maximize student success, college costs don't just need to be reduced, they need to be demystified and more widely shared. I urge you to find ways to make those costs more clear and transparent, more predictable and more accessible to students and their families. Also, make sure that those costs are structured so that they align with attainment goals – especially for low-income students. Student aid should be easily accessed, monitored, and able to be used at a wide variety of education providers.

In closing, let me restate my gratitude for the opportunity to testify this morning. The Higher Education Act has had a tremendous impact – on my own personal and professional life, to be sure, but more important, on the life and health of this nation over the past five decades. It may well have an even bigger impact in the decades to come – and your part in reauthorizing that act is hugely important.

As you approach that task, I urge you to do so, not so much as experts or Senators or even concerned citizens. Instead, look at these issues from the perspective that matters most: that of a college student. Not the student you were, but the one you'd likely be today, or the one you'll meet next year or five years from now.

As a nation, we need those students to succeed … and they need your help to do so.

Thank you.