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Adult Learners in Higher Education

Barriers to Success and Strategies to Improve Results

MARCH 2007

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Adult Learners in Higher Education Barriers to Success and Strategies to Improve Results



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Adult Learners in Higher Education: Barriers to Success and Strategies to Improve Results

March 2007

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Preface

Jobs for the Future—with its partners Eduventures and FutureWorks—was asked by the U.S. Department of Labor to synthesize the research literature on the challenges facing adult learners in higher education today and emerging strategies for increasing the number of adults over 24 who earn college credentials and degrees. This synthesis is meant to provide perspectives on key issues facing adults as more and more of them see the need for higher education credentials, not just for short-term training. The project has two phases: first, this document, which is a broad, synthetic overview of the issues; and second, a more in-depth exploration of particular high-value topics that will be agreed upon by the partners and department personnel.

Powerful economic, demographic, and market trends are reshaping the landscape of higher education, particularly for adults. Moreover, it is wise to ask how these trends might affect its key constituencies: employers who depend on increasingly highly skilled employees for their competitive success and growth; job seekers who need more than high school credentials to succeed in the economy; and workers who may have to, or want to, transition to new careers.

If there is one overarching “takeaway” from this survey, it is that traditional higher education programs and policies—created in an era when the 18- to 22-year-old, dependent, full-time student coming right out of high school was seen as the core market for higher education—are not well-designed for the needs of adult learners, most of whom are “employees who study” rather than “students who work.”

This first paper looks at the nature of the obstacles that adult learners face in trying to earn credentials with labor market value, the promise of innovative practices that target adult learners, and changes in institutional and governmental policies that might help more adults earn higher education credentials. The paper is divided into five sections that explore the following:

- 1) *Supply and demand dynamics*: The changing nature of adult access to and success in higher education and the response of different segments of the higher education industry;
- 2) *Accessibility*: Ways in which traditional delivery systems create barriers for adult learners and how these barriers might be overcome through innovative programming design and delivery;
- 3) *Affordability*: Obstacles to adult success in higher education that are a function of student financial aid and institutional funding policies and practices—and strategies that can make aid and adequate funding more accessible to adult learners;
- 4) *Accountability*: Accountability systems in higher education and how they would have to change to make adult outcomes more visible and better drive improvement in how well college programs serve adult learners; and
- 5) *Recommendations*: A plan for addressing adult learners’ needs in higher education, addressing each of the major topics in this report: accessibility, affordability, and accountability.

Each section begins with a brief set of talking points summarizing the main findings and their implications. The research and policy literature is reviewed. Promising innovations are mapped. Their implications for improving college access and success for adult learners are highlighted.

During the second phase, Jobs for the Future and its partners will undertake additional research on knowledge gaps that were identified in the process of preparing this overview. Possible topics for phase II analysis include assessments of: higher education capacity to serve significantly greater numbers of adult learners and the factors that will shape capacity and the supply/demand balance in the coming years; faculty quality and preparation in programs and fields where adult learners are concentrated in higher education; and the implications of changing patterns of college-going for employer engagement in the design of curricula, provision of work-based learning experiences, financing of adult college-going, and involvement in the design of and reliance upon improved accountability measures.

Section I.

Adult Learners in Higher Education: *Trends in Demographics, Institutional Growth, and Gaps in Service*

Talking Points

This paper examines barriers to higher education success facing non-traditional, adult learners and identifies promising strategies for overcoming these obstacles.

- Adult learners over age 24 currently comprise about 44 percent of U.S. postsecondary students, but many millions more need postsecondary credentials to succeed economically.
- The practices and policies of the higher education system continue to favor traditional, financially dependent, 18- to 21-year-old high school graduates who enroll full time.

The transformation of the world economy increasingly demands a more highly educated workforce with postsecondary skills and credentials.

- Today's adults need higher levels of academic and technical knowledge to remain employable in an information and service economy characterized by frequent job and career change.
- Adults with postsecondary credentials earn significantly more than those with just a high school education—and the gap has widened.
- Job categories with the fastest expected growth in the next decade require postsecondary education; those with the greatest expected decline require only on-the-job training.

The United States runs the risk of being hobbled economically by an adult population that is insufficiently qualified to meet the demands of the modern workplace.

- Over 60 percent of the U.S. population between the ages of 25 and 64 had no postsecondary education credential in 2004.
- Demographic shifts are expected to worsen the gap between qualifications and job demands, creating a shortage of 9 million qualified workers by 2014.

- Higher education must look more closely at how to raise the skill levels of the current workforce; the economy cannot depend solely on future graduating high school students.

The adult learner market is large and has great potential to grow.

- Growing numbers of adults are participating in postsecondary and work-related courses; as many as 37 million more adults are interested but unable to participate.
- Projections assume a slower growth rate for 2005-10 for students over age 25 in college credential programs than for traditional 18- to 21-year-olds, despite the predicted gap in the labor market.

Adult learners face significant challenges in seeking postsecondary credentials and degrees.

- The vast majority of adult learners are financially independent, work part time or full time, have dependents, and must juggle many responsibilities with school.
- Adults have lower postsecondary persistence and completion rates than traditional students.
- Understanding the unique needs of adult learners is critical to designing higher education systems and policies that support this population and promote their success.

Some types of higher education providers are more responsive than traditional institutions to adult learner needs and interests.

- Institutions that offer shorter programs and vocational and technical degrees and certificates are most popular with adult learners.
- Community colleges and for-profit institutions have been particularly aggressive in creating programs and policies to address the needs of adult learners.

- The flexibility and convenience of online education makes it particularly attractive to adult learners and a fast-growing segment of the postsecondary market.

The U.S. higher education system can—and must—do a much better job of improving adult learner access and success.

- The remaining sections of this paper examine the areas of accessibility, affordability, and accountability for opportunities to better align the higher education system with the needs of adult learners and the employers who hire them.

Introduction

No longer is the financially dependent, 18-year-old high school graduate who enrolls full time the “typical college student.” More than half of today’s postsecondary students are financially independent; more than half attend school part time; almost 40 percent work full time; 27 percent have children themselves (NCES 2002). More and more adults are looking for ways to upgrade and expand their skills in an effort to improve or protect their economic position. Many are ending up in credential or degree-granting programs in colleges and universities.

However, today’s higher education institutions—two- and four-year, public and private—are failing to serve adult learners well. For too many adults who want to earn postsecondary credentials, the traditional structure and organization of higher education pose significant barriers to access and, particularly, to persistence and success.

This paper examines the obstacles facing non-traditional, adult learners—and points to emerging strategies for overcoming the barriers that keep too many adults on the sidelines of college learning. This paper argues that traditional higher education institutions can do a much better job of serving adults. Huge numbers of adults—over seven million individuals over 25 years of age—are enrolling in both two- and four-year institutions. However, the mismatch between adult learners’ needs and the organizational, funding, and accountability systems in higher education must be addressed—in practice and in policy—if adult learners are to routinely find higher education institutions responsive and effective.

As the convening of the Secretary of Education’s Commission on the Future of Higher Education demonstrates, there is growing national concern about the effec-

tiveness and responsiveness of higher education. High and rising college costs, weak and uneven student outcomes, limited institutional accountability for results—these are all receiving significant new attention at the national, state, and institutional levels. Too often, those who debate these challenges and their solutions give short shrift to the needs and the potential market of adult learners, falling back into an outdated conception of higher education as dominated by younger, full-time learners. The costs of this approach—both to adults who want to upgrade their skills and to our economy that desperately needs more and better-skilled adult workers—are tremendous. The purpose of this paper is to look at higher education from the perspective of the more than seven million adults enrolled in college degree and credential programs and the many millions more who need, and are trying to secure, skills and credentials that can help them succeed economically and make a more positive contribution to society.

Changing Workplaces Put More Emphasis on Education

The transformation of the world economy over the past several decades has put a premium on an educated workforce. The industrial economy of the early 20th century that created remunerative work for unskilled labor has given way to an information and service economy that demands higher levels of academic and technical knowledge, as well as other skills such as good communication and problem-solving abilities.

A more fluid and volatile global economy is characterized by more frequent job and career change, which is an important factor in the growing demand for continual learning and skill enhancement.¹ During the late 1990s, about one of every five large U.S. employers downsized its workforce. In addition, more than a third reported simultaneously creating jobs in one division while shedding jobs in another (National Governors Association 2002). To remain employable in such an environment, workers continually need to learn new skills and adapt rapidly to new job roles.

The Economy Rewards Skills and Credentials

The ability to access education and training is critical to current and future generations of adult workers seeking higher wages and a better quality of life. Unlike previous generations for whom a high school or General Education Degree (GED) diploma provided a ticket to a living-wage job, the bar has been raised for today's adults. Postsecondary degrees and certificates have become critical even for workers in the lower and middle tiers of the labor market.

A recent analysis of Census data on labor market participation in Louisiana (prior to Hurricane Katrina), conducted by the National Center for Higher Education Management Systems, found a significant disparity in labor market participation by educational attainment. Only 37 percent of those with less than a high school diploma were competing in the labor market, compared to 60 percent of those with a high school diploma and 80 percent of individuals with an Associate's degree or higher (U.S. Census Bureau 2002).

The earnings premium for postsecondary credentials is also significant. In 2003, the median earnings of an American worker with only a high school diploma was \$30,800, 38 percent less than the \$48,800 median for those with a Bachelor's degree. (See Figure 1.) The significant positive return to increasing one's education is evident at all levels of educational attainment. It has only grown over time. Whereas in 1975, a worker with a Bachelor's

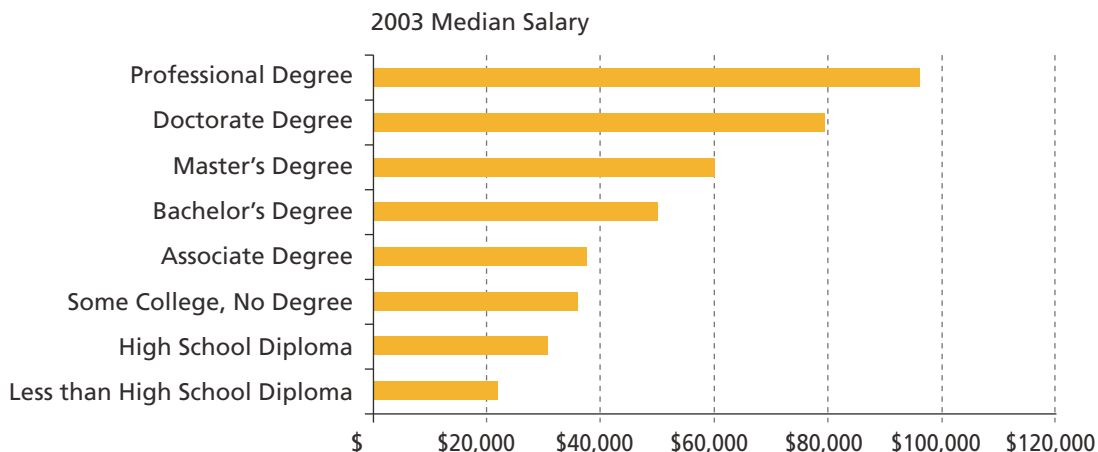
degree could expect to make 1.5 times the salary of a worker with only a high school diploma, this ratio had increased to 1.8 by 1999 (Day and Newburger 2002).

The value of a postsecondary credential for future employment and earnings is expected to rise. For example, the three job categories projected by the Bureau of Labor Statistics to be among the 10 fastest-growing through 2014 (as measured by total number of new and vacant positions) and pay a median annual salary over \$29,000 (approximately the federal lower living standard income level for a family of four) all require postsecondary credentials (Hecker 2005). Similarly, 15 of the 20 occupations predicted to grow the fastest (in terms of percentage growth in new and vacant positions) require some form of postsecondary education, while nine require a Bachelor's degree or better. All 20 jobs expected to suffer the greatest decline in openings by 2014 require only on-the-job training (U.S. Bureau of Labor Statistics 2005).

Demographic Trends Will Worsen the Gap Between Labor Market Needs and Educational Attainment

At the same time that postsecondary credentials are becoming more critical for economic and labor market success, demographic changes are working against any automatic rise in postsecondary attainment for the adult population as a whole. As the predominantly white and comparatively well-educated baby boom generation moves toward retirement, there will be fewer young people moving into the labor force to take their place. In

Figure 1. Median Earning by Level of Education, 2003



Source: *Education Pays 2004*, College Board

addition, because younger age cohorts in this country are more racially and ethnically diverse and have greater representation from groups that have historically not been well-served in either K-12 or postsecondary education, educational attainment rates are likely to drop, at just the time when the economy needs them to rise.

By 2020, the proportion of whites in the workforce between the ages of 25 and 64 is expected to have dropped 19 percentage points to 63 percent, down from its 1980 level of 82 percent. During the same period, the percentage of Hispanic residents aged 25-64 will nearly triple from 6 percent to 17 percent, and the proportion of African Americans in the U.S. population will grow by almost a third (National Center for Public Policy and Higher Education 2005). (See Figure 2.) In Texas, a state with very fast-growing Hispanic population, the state demographer projects that the state will have more Hispanic than Anglo residents by the year 2020 (Murdock 2004).

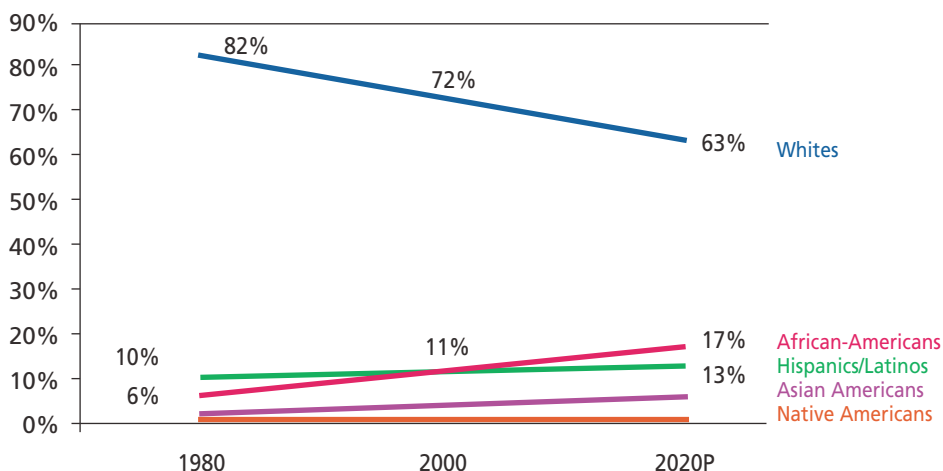
This demographic shift will have a direct impact on the educational attainment of the U.S. workforce—unless higher education institutions break with their historic patterns of access and completion. According to 2000 Census data, whites are twice as likely as African Americans and three times as likely as Hispanics/Latinos to earn a Bachelor’s degree. The racial gap in educational attainment has actually grown since 1980. Between 1980 and 2000, the percentage of working-age Hispanics/Latinos with Bachelor’s degrees rose three percentage points to 11 percent and that of African

Americans rose 6 percentage points to 15 percent. During the same period, the Bachelor’s degree attainment rate for whites jumped a full 10 percentage points (National Center for Public Policy and Higher Education 2005). If these current patterns continue, the result will be a significant erosion in the average education level of the U.S. workforce. The percentage of the workforce with less than a high school diploma may grow by nearly 15 percent over the next 20 years, accompanied by decreases in the fraction of the population that will have earned higher-level credentials and degrees (Kelly 2005).

The implications for the nation’s economy are troubling. Assuming no change in the racial/ethnic educational attainment gap over time, the National Center for Public Policy and Higher Education (2005) projects a loss of \$395 in annual personal income per capita between 2000 and 2020—a decrease of 2 percent compared to a 41 percent increase between 1980 and 2000. This expected decrease would carry broad implications, given its impact on individual purchasing power, tax revenues, and the demand for public services. In Texas, where more than half of all Hispanic adults over 25 years of age have less than a high school diploma, the state demographer projects a drop in baccalaureate attainment from 18 to 13 percent of the adult population by 2040, contributing to a projected decline in average household income of between 10 and 15 percent—unless educational attainment rises significantly (Murdock 2004).

The U.S. runs the very real risk of being hobbled economically by an adult population that is insufficiently

Figure 2. U.S. Population by Race/Ethnicity, 1980 to 2020 Projected



Source: U.S. Census Bureau as reported in National Center for Public Policy and Higher Education, 2005

qualified to meet the demands of the modern workplace. Estimates suggest that by 2014 the U.S. labor force will experience a shortage of 9 million college-educated workers: excess openings will exist for 3 million Associate’s degree holders, 4 million Bachelor’s degree holders, and 2 million advanced degree holders (Employment Policy Foundation 2004).

The inescapable reality is that the combination of rising skill requirements and changing demographics makes it essential that the nation look to better meeting the needs of its adult workers for skills and credentials—now. The solution does not lie solely with educating the next generation: the state of Washington has estimated that the number of adults with either a high school diploma or less or a need for ESL instruction is equal to the number of high school graduates projected for the next ten years from the state’s secondary schools. The U.S. must find a way to raise the skill levels of the current workforce so that adults with limited abilities will be able to succeed in jobs requiring higher levels of literacy, technological know-how, and problem-solving capabilities.

Adult Learners Are a Huge Market for Higher Education—And They Are Demanding Skills and Credentials

According to data from the U.S. Census Bureau (2004), over 60 percent of the U.S. population between the ages of 25 and 64 in 2004 had no postsecondary education credential. (See Figure 3.) That is about 65 million people

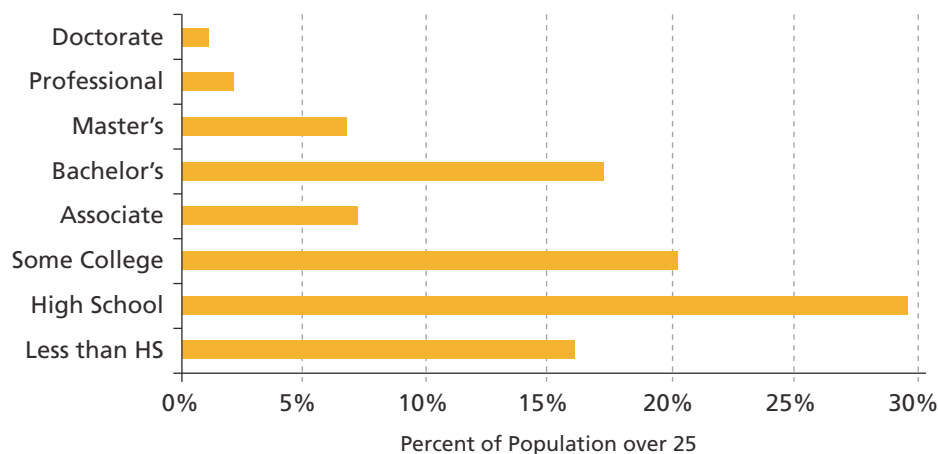
over 25 years of age (Bosworth and Choitz 2002).

Growing numbers of working adults have responded to clear economic signals that they will need more education and training to do well in today’s economy. The National Household Education Survey has found consistent increases over the past few decades in the number of adults participating in some form of postsecondary education or training and taking work-related courses. The number of adults engaging in *any* form of adult education increased from 58 million in 1991 to 90 million in 1999, a remarkable rise in a decade’s time (Bosworth and Choitz 2002). In 2003, 33 percent of the population over 25 reported participating in work-related courses (defined by the Department of Education as courses on narrow topics, delivered in concentrated courses, usually in non-accredited postsecondary institutions)—up from 24 percent in 1999. (See Figure 4.)

Many more adults would like to participate in work-related courses than currently do. An analysis by FutureWorks of the 1995 National Household Education Survey indicated that there may be as many as 37 million adults who are interested in work-related adult education but unable to participate; 27 percent of working adults in the survey had not participated in work-related education in the prior 12 months (Bosworth and Choitz 2002).

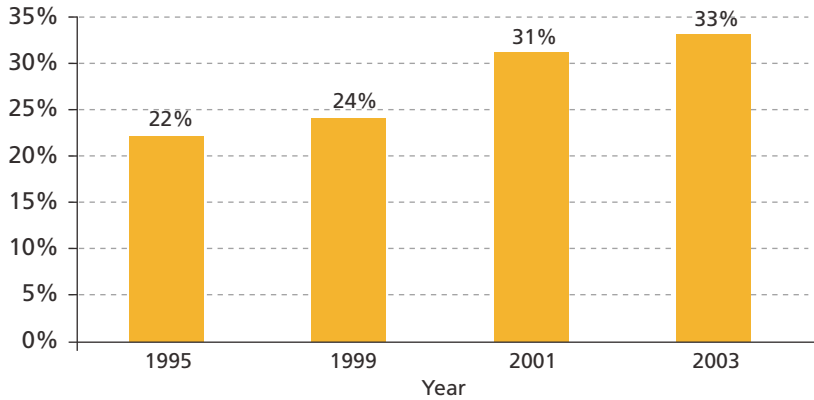
Adult enrollments in college credential programs have also risen, though more slowly. The percentage of the population over age 25 enrolled in colleges and universi-

Figure 3. Educational Attainment of Adults over 25 Years of Age



Source: U.S. Census Bureau, 2004.

Figure 4. Percent of Population Over 25 Participating in Work-related Education



Source: NCES, Participation in Adult Education for Work-Related Reasons, 2002-2003; NCES, The Condition of Education Indicator 8; Eduventures analysis

ties and seeking a degree or certificate grew from about 12 percent in 1970 to about 18 percent in 2002, an increase of 50 percent (NCES 2004). In recent decades, enrollment of adults over age 24 in college credential programs has grown far faster than that of younger students. In 1999-2000, 7.1 million individuals age 24 or older comprised 43 percent of all undergraduate enrollment, up from 28 percent in 1970 (Berker, Horn, and Carroll 2003).

This trend appears to be shifting. The U.S. Department of Education’s projections of annual growth in postsecondary students of different age ranges for the next five years assume a slowing of the growth rate for students over 25 years of age. (See Table 1.) While the rate of growth from 2000-2005 was higher for adult students 25 years and older than for the traditional 18-21 year olds, the predicted rates through 2010 are lower and insignificant relative to the need.

Table 1. Compound Annual Growth Rate of Higher Education Enrollments by Age, 2000–2010

Age Group	Compound Annual Growth Rate (2000-2005)	Projected Compound Annual Growth Rate (2005-2010)
18 and 19 years old	1.0%	1.9%
20 and 21 years old	2.6%	2.2%
22 to 24 years old	3.7%	1.5%
25 years old and greater	2.8%	1.3%

Source: NCES, 2004

Adult Learners Have Different Needs and Face Different Barriers than Traditional Students

Adult learners face significantly different challenges to completing an education program than students who enroll in college immediately after high school, depend on their parents financially, and work part time or less while in school. A 1998 study by Mathematica Policy Research found four consistent and powerful barriers to further education for working adults (Silva et al. 1998):

- The lack of time to pursue education;
- Family responsibilities;
- The scheduling of course time and place; and
- The cost of educational courses.

These obstacles pose challenges to both access to college credential programs and to persistence and success, particularly for students who work full time and attend college part time.

In a 2002 report, *Nontraditional Undergraduates*, the National Center for Education Statistics defined non-traditional students as students with any of seven characteristic risk factors:

- Delayed enrollment in postsecondary education beyond the first year after high school graduation;
- Part-time attendance;
- Financial independence from parents;
- Full-time work;

- Having dependents (other than a spouse);
- Being a single parent; and
- No high school diploma (or GED).

Students who fit only one of these characteristics were labeled “minimally non-traditional,” those who fit two or three were “moderately non-traditional,” and those with four or more were “highly non-traditional.”

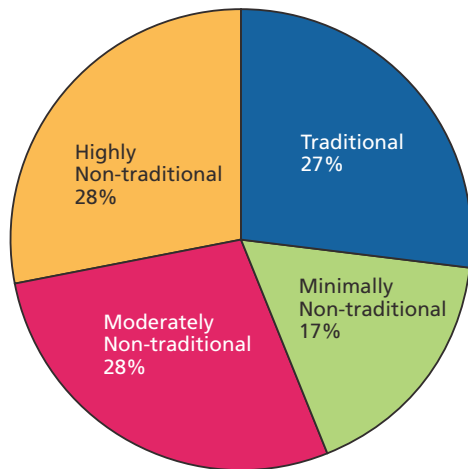
In the academic year 1999-2000, only 27.4 percent of undergraduates met none of these risk factors and could

be categorized as traditional students. Just about the same percentage, 27.7 percent, were found to be highly non-traditional. Slightly more—28 percent—were identified as moderately non-traditional and 16.6 met the criteria for minimally non-traditional (Choy 2002). (See Figure 5.)

Over half of non-traditional students in 2000 were financially independent. Just under half attended college part time, and 46 percent had not enrolled in college directly after high school. Part-time enrollment was significantly more common for students who reported working full time, with 73 percent doing so. Figure 6 summarizes the percentage of all students who reported each of the non-traditional characteristics (Choy 2002).

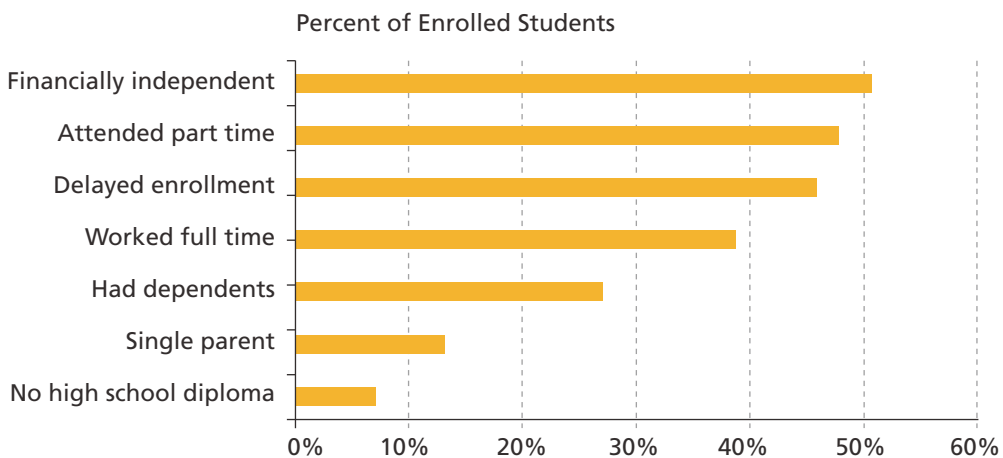
Although not all non-traditional students are adults (many 18-21 year olds meet at least one of the seven criteria), all adult college students are by definition non-traditional. Financially independent, working full time, with dependents and family responsibilities to juggle, and back in school after an extended time out—adult learners are at great risk of not achieving their postsecondary education goals. Over 40 percent of highly and moderately non-traditional students indicated in a survey that work had a negative effect on their grades. More than half also reported that working harmed their ability to schedule classes and register for the number of classes they desired (Choy 2002).

Figure 5. Distribution of Students by Traditional/Non-traditional Status, 1999-2000



Source: Choy 2002

Figure 6. Percent of Undergraduates with Non-traditional Characteristics, 1999-2000



Source: Choy 2002

A recent study took a close look at adult undergraduates who both work and attend college—about 82 percent of the population of adults age 24 and older enrolled in postsecondary education (Berker, Horn, and Carroll 2003). This study contrasted the characteristics and college experiences of two groups: *students who work*, i.e., individuals who saw themselves as students first, working to help pay expenses; and *employees who study*, individuals who see themselves as workers first, taking college programs to help them improve their job prospects or for other reasons. In 1999-2000, a significant majority—about two out of three working college students—saw themselves as employees first and students second. Among both groups, getting a degree or credential was their primary goal. Among employees who study, about a third had enrolled because their job required them to seek additional education.

“Employees who study” tend to be older, work more, attend school less, and have family responsibilities, compared to their peers whose primary activity was being a student. They tend, therefore, to be more likely to have multiple risk factors associated with moderately and highly non-traditional students. According to this research, 68 percent of working adults who identified themselves as employees who study in 1999-2000 were at substantial risk of not completing their postsecondary program, by virtue of their being both employed full time and studying only part time (compared to only 18 percent of students who work).

Indeed, adults who are working full time and studying part time have trouble completing their programs. Six years after beginning postsecondary studies, 62 percent of these adult learners had not completed a degree or certificate and were no longer enrolled, compared to 39 percent of students who work. Employees who study were at particular risk of leaving postsecondary education in their first year with no credential, compared to only 7 percent of students who work (Berker et al. 2003).²

These findings are consistent with those of the NCES study of non-traditional students, which found that non-traditional students are considerably less likely to complete their program. Three years after enrolling in a community college, nearly half of non-traditional students had left school without a degree, compared to only one-fifth of traditional students. Similarly, a six-year study of students enrolled at four-year colleges and universities

found non-traditional students with at least two risk factors completed at a rate of less than 15 percent, compared to 57 percent of traditional students (Choy 2002).

Some Types of Institutions Are More Responsive to Adult Learners than Others

While adult learners face significant barriers to access and success, some segments of postsecondary education have been more responsive to their needs and interests. Not surprisingly, given the preponderance of adult learners who are looking for maximum labor market benefit from shorter courses, institutions that grant vocational and technical certificates and degrees are attracting the largest numbers of adult learners, rather than traditional four-year baccalaureate institutions. A study of Census Bureau data indicates significant increases in adult attainment of shorter-term degrees in the past 20 years:

- From 1984 to 1996, the number of adults with vocational certificates more than doubled, from 1.8 percent of the population to 4.2 percent.
- During the same period, the number of adults with Associate’s degrees nearly doubled, from 3.4 percent to 6.1 percent.
- The growth in vocational and Associate’s degrees easily outpaced the increase in baccalaureate attainment, which grew about 33 percent.

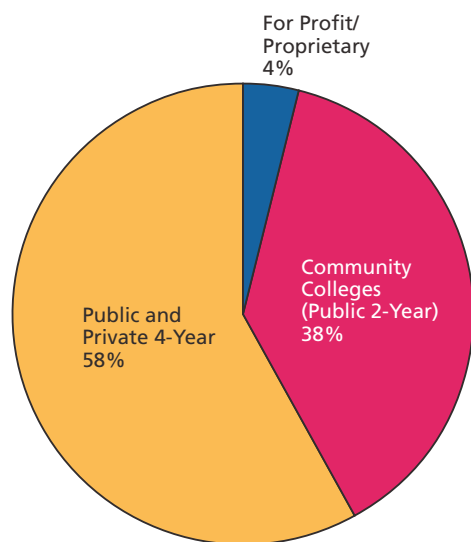
The absolute number of adult learners who are benefiting from this growth in vocational certificates and Associate’s degrees remains small—particularly compared to the attrition rates of adult learners from college credential programs. However, these data point to a clear trend among adult learners. Given their schedules and other obligations, adult learners demonstrate a preference for institutions and programs that are shorter and more vocational in nature. This is evident in the patterns of enrollment of traditional and non-traditional undergraduates in higher education presented in Table 2.

Table 2. Percentage Distribution of Undergraduates According to Type of Institution Attended, 1999–2000

Student Status	Public, less than 2 year	Public, 2-year	Public, 4-year	Private not-for-profit, less than 4-year	Private not-for-profit, 4-year	Private, for-profit
Total	0.7	44.9	33.4	0.8	14.9	5.2
Traditional	0.2	17.3	52.1	1.0	27.3	2.2
Minimally non-traditional	0.5	39.3	41.0	0.9	13.5	4.7
Moderately non-traditional	0.9	55.5	27.2	0.6	8.6	7.1
Highly non-traditional	1.2	64.2	17.2	0.8	10.1	6.6

Source: NCES: nces.ed.gov/programs/coe/2002/analyses/nontraditional/tables/tab03.asp

Figure 7. Postsecondary Undergraduate Enrollment by Type of Institution, 2002



Source: NCES 2004, Table 172

In broad terms, the U.S. higher education system can be segmented into three categories. (See Figure 7):

- Traditional Public and Private Four-Year Institutions;
- Community Colleges (public two-year); and
- For-Profit/Proprietary.

While each of these segments serve the working adult population, they vary in their approach and focus. Two—community colleges and for-profit institutions—have been far more aggressive in trying to meet the particular needs of adults who want to earn college credentials. That strategy is evident in the number of adults who have turned to these institutions for their college credential programs in the past 10 to 20 years.

Traditional Public/Private, Four-Year Institutions Use Continuing Education to Serve Adult Learners

Public and private four-year colleges and universities have persisted over the past decades as the predominant providers of higher education, serving over 10 million students in 2002 (NCES 2004). Two-thirds of these students enroll in public institutions, which offer state-subsidized tuition substantially lower than that of private colleges and universities.

Many public and private four-year institutions also offer courses and degree programs to less traditional populations through schools of continuing education. While some schools offer Bachelor's degree completion options, many cater to existing professionals interested in graduate-level degrees and certificates. Although schools of continuing education serve adult learners, the adults who have enrolled have not traditionally been drawn from the at-risk segments of the under-educated. In fact, an Eduventures (2006) survey at a range of schools of continuing education across the U.S. found that the average household income for current students was about \$70,000, and more than 70 percent of survey respondents held a Bachelor's degree or above. Moreover, these students are often supported by employer tuition reimbursements.

Community Colleges Serve Largest Portion of Adult Learners

Community colleges enroll more than 6 million students in credit programs each year (along with another 5 million students in non-credit courses) at 1,157 institutions across the nation. Community colleges are very popular with adult and other non-traditional students for a number of reasons: their relative low cost; their mission to serve less academically prepared and lower-income students; their flexibility in scheduling where and when courses are offered; their occupational and technical skill focus and close ties to local employers. In 2001, over 2.6 million people aged 25 and over enrolled in public two-year institutions, comprising 44 percent of total community college enrollment. An additional 13 percent of community college students were aged 22 to 24, meaning that more than half of community college attendees are older than the traditional college student (NCES 2004). Part-time students outnumber full-time students by 62 to 38 percent. Black, Hispanic, Asian and Native American students are all over-represented in community colleges compared to their enrollment in four-year colleges and universities.

The popularity—and responsiveness—of community colleges to non-traditional and adult students can be seen in the distribution of different groups of traditional and non-traditional students in their institutions. (See *Figure 8*.) The more non-traditional the student, the more likely that he or she will attend a community college.

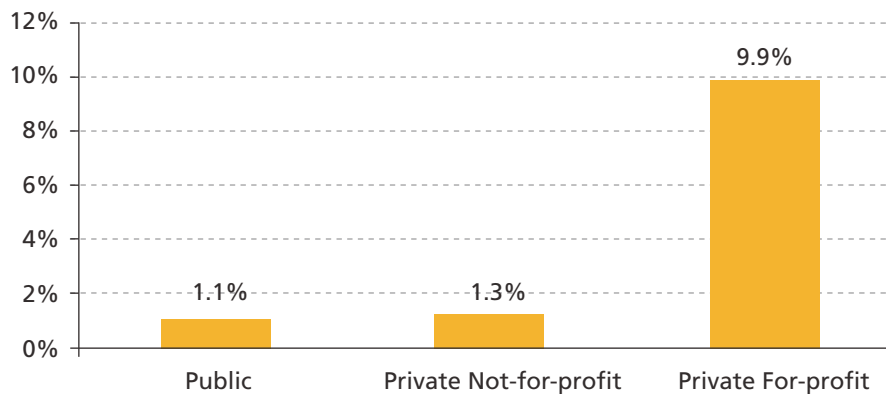
For-profit Colleges Serve as a Benchmark for Institutions Looking to Better Serve Adult Learners

For-profit institutions have been a fixture in American higher education for years, but investment by public companies with access to the capital needed to fund extensive marketing campaigns has raised the public's awareness of these schools in the past decade. This segment of higher education is small: about 770,000 students were served in 2005, according to Eduventures estimates. It has been growing rapidly, though: for-profit postsecondary education companies generated \$15.4 billion in revenue in 2004, up 14.3 percent from the prior year, with about two-thirds of this growth attributed to increases in enrollment (Eduventures 2004).

This postsecondary segment has been particularly responsive to the adult learner population. Eduventures attributes the rapid growth of for-profit institutions (see *Figure 8*) to differentiated offerings that allow for accelerated completion with flexible scheduling and to career-oriented programs tailored to the needs of specific labor markets (Eduventures 2004). These characteristics are exactly those that adult learners are seeking to complete their education. Harris Nesbitt estimates that 56 percent of students attending for-profit institutions are over the age of 24, compared to only 30 percent of those at private and public non-profits, confirming the appeal of for-profits to the adult learner (Silber and Fisher 2005).

Analysts are predicting that the kind of growth experienced by the for-profit sector in the past decade will decelerate, as competition increases and other factors come into play (Harris Nesbitt 2006).³ Regardless of the exact trajectory of this segment of the higher education market, two generalizations can be drawn. First, the sector appeals to adult learners, the market that it has explicitly targeted. For-profit institutions have the potential to play a critical role in helping adult learners advance and succeed. Second, although the for-profit sector is small and will continue to serve particular narrow industry and skill niches, the sector wields signifi-

Figure 8. Compound Annual Growth Rate for Postsecondary Institution Segments, 1992-2002



Source: U.S Department of Education, NCES, *Condition of Education*, 2004

cant power relative to its size as a benchmark of responsiveness and flexibility in serving adults that institutions in other, larger sectors (e.g., two- and four-year public institutions) might emulate. In designing more effective practices to serve adult learners, the innovative approaches of for-profit institutions point the way for other postsecondary institutions and systems to follow.

On-line Programs Hold Out Particular Promise for Adult Learners

On-line education is an important innovation in higher education design and delivery that is changing higher education products and services in for-profit and not-for-profit, public and private, institutions. On-line education has shown significant growth, particularly with adult learners, and appears to have great potential for helping more institutions serve adult learners more effectively.

On-line education programs and courses can be found in all higher education segments. It represents a new, flexible medium in which the needs of adult learners may be met. The growth of on-line learning has been dramatic. Enrollment in courses delivered *entirely* on line increased by nearly 250 percent in the three years from 2002 to 2005. Eduventures estimates that 1.2 million unique students were enrolled in postsecondary programs delivered entirely on line in 2005, a 28 percent increase over the previous year. This number is expected to continue to increase so that, by early 2008, one of every ten postsecondary students will be participating in on-line distance learning (Eduventures, 2005d).

The stature of on-line education is increasing with key stakeholders. A recent survey by Eduventures found that over 62 percent of employers considered on-line education equal to or better than face-to-face instruction (Eduventures 2005). In a survey of prospective students aged 18 and older, more than three-fourths of respondents said that they would consider a fully on-line program (Eduventures 2005c).

Older potential students are particularly interested in on-line provision. Over 80 percent of potential students over 25 years of age reported they would consider an on-line program, compared to 48 percent of respondents 18 to 25 years old (Eduventures 2005c). The increased interest by adults is most likely attributable to the flexibility and convenience offered by on-line programs. For example, students do not need to live near a college campus or commit the time to commuting, parents can complete coursework while their children are asleep without paying for childcare, and workers with unpredictable schedules can complete their coursework at a different time each week.

The Way Forward: Strategies for Better Addressing the Needs of the Adult Learner

This section has described the challenge of raising educational attainment in the U.S. and the critical importance of addressing the needs and demands of adult learners, the vast majority of whom work, have family and other responsibilities, and find it hard to free up time and dollars to attend school intensively. We have shown that a large proportion of this population wants to raise their skill and education levels and that they are finding ways to enter higher education, particularly as part-time or short-duration students in institutions that are better set up to serve this population's particular needs. This section has also highlighted the difficulties that adult learners face in persisting in their programs, completing them, and achieving their educational goals. The costs of this attrition and failure—for adults who want education, the employers who need better skilled workers, and the society that bears the costs of this inefficiency—are too high.

In the remaining sections, we take a close look at areas where changes in the practices and policies that shape how postsecondary institutions and adult learners interact could have a powerful impact on improving adult learner access and success. We focus on three areas:

Accessibility: How program structure and delivery in traditional higher education disadvantages working adults—and what can be done to make institutional offerings more adult-learner friendly, more flexible, and easier to move through quickly.

Affordability: How current patterns of student financial aid and institutional funding reinforce the disadvantages that face adult learners, particularly working adults who attend school part time—and how the biases against adult learners can be mitigated.

Accountability: How current enthusiasm for greater accountability in higher education threatens to create and intensify institutional incentives that favor enrollment of traditional students over adult learners—and take institutional attention away from reforms that can address adult student needs more effectively; also, what an accountability system geared to meeting adult students' needs might look like.

The research presented here begins to set out an agenda for further research and action to address this critical challenge from multiple perspectives. Each section begins with a set of “talking points” that summarize the main findings from our review of the literature. The examples and models we highlight in this paper tend to reflect the experience of community colleges and for-profit institutions. This reflects our own knowledge base and our research experience; it is also an acknowledgement of the importance of these institutions to new directions in serving adult workers efficiently and effectively.

This paper is a broad review of the literature and available research. We look forward to working with the Department to identify mutually agreeable, high-value topics for further research and analysis.

Section 2.

Accessibility:

Greater Flexibility and More Accelerated Learning Options Are Needed for Adult Learners

Talking Points

Adult learners have much different needs than traditional college students and face many challenges as they seek postsecondary credentials.

- Adult learners are more likely to work full time and have family responsibilities that compete for their time, energy, and financial resources.
- Adult learners want to minimize the amount of time they spend in class while maximizing the economic payoff of their effort.

The inability of the higher education system to meet these needs is a significant barrier to access and success for many adult learners.

- Traditional higher education institutions are organized in ways better suited to younger, traditional students who are more likely to attend full time, work less, and have greater flexibility in terms of time and other commitments.
- As a result, adult learners have more trouble staying in college and earning credentials than do more traditional students.

Public and private institutions that target adult learners seeking postsecondary credentials emphasize alternatives to the inflexibilities built into traditional higher education institutions.

Flexible and accelerated program schedules and designs

- Postsecondary institutions are increasingly offering more flexible schedules, such as weekend-only classes, accelerated vacation programs, on-line instruction, and critical support services during non-traditional hours.
- Some institutions offer multiple entry, exit, and reentry points, including more frequent start times throughout the year.

- An area with great promise is the shortening and modularizing of curricula and the offering of interim credentials linked to career advancement.
- Some community colleges are improving developmental education by offering basic skills and English language instruction in work-related contexts and occupational certificate programs.

“Adult-friendly” instructional methods

- For-profit institutions and many college occupational programs are emphasizing adult-focused teaching methods with applied learning models and “practical” curricula that tap into adult experiences in work and life.
- New partnerships with employers are helping to integrate job-related content and teach what students need to advance in their careers.

Easier transitions and transfer across institutions

- Many individual institutions are creating systems that make it easier to move between non-credit and credit courses and programs.
- Articulation agreements between institutions help students know in advance which courses will receive credit at their new school; statewide agreements can help smooth turf battles.

Government and institutional policies created during a different era in higher education are impeding the expansion of models designed to meet adult needs.

Program innovations are pushing against powerful traditions of how higher education does business—and point the way toward how the sector’s organizational and business models must evolve.

- Alternative financial aid programs should be considered for adult learners, whose preference for flexible schedules and shorter course offerings often prevent them from qualifying for traditional aid.

- Innovative adult learning programs that base credentialing on demonstration of competency rather than on credit hours challenge traditional funding systems based on full-time-equivalent enrollments; more study is needed of the implications of this shift from institutional to learner convenience.
- Credit transfer policy must adapt to balance adult learners' need for greater flexibility in credit accumulation with legitimate concerns about academic quality.
- The expansion of technology use has the potential to standardize course content while customizing instructional delivery, freeing up resources for more effective supports to help students stay in school and succeed; more study is needed of this promising new area.

Introduction

Adult learners are more likely than traditional students to work full time and have family responsibilities that compete for their time, energy, and financial resources. Where and when classes are available become critically important criteria for deciding where to enroll. The ability to access needed classes and skills quickly is another calculation driving students' choices of schools and programs—and their decisions about whether to enroll in any postsecondary program.

Adult learners—particularly the most economically vulnerable and those most in need of additional credentials to advance in the labor market—use a simple calculus. They ask: How can I maximize the economic value of my time in school while minimizing the amount of time I have to spend in classes? They are looking for flexibility, convenience, and accelerated progress to skills and credentials that pay off, as well as better odds for completion.

Adult learners, many of whom have weak academic preparation, have much lower persistence and completion rates than more traditional and younger students. According to a 2003 General Accounting Office study, about two-thirds of less-than-half time enrolled adults who began postsecondary certificate and degree programs in 1995-1996 did not complete a certificate six years later and were no longer enrolled in postsecondary education. The characteristics that make adult learners “non-traditional”—delayed entry into postsecondary educa-

tion; independent financial status; full-time employment—also make them more vulnerable to getting derailed and not achieving their educational goals.

Two sets of postsecondary institutions appear to be taking more aggressive steps to serve adult learners more effectively: community colleges and the for-profit colleges that cater explicitly to adult learners. This is certainly true for the most vulnerable and needy adult learners—those with lower incomes, poorer academic preparation, and fewer learning options. According to the National Center for Education Statistics, two thirds of “highly non-traditional” adult learners (those with four or more non-traditional characteristics) are concentrated in public, two-year community colleges. In the last decade, as noted in Section 1, the for-profit proprietary sector has grown rapidly in enrollments, revenue, and credentials granted.

If more higher education institutions are to adapt to this critically important market, they will have to rethink institutional practices that make it difficult for non-traditional adult learners to find appropriately flexible learning programs. Public policy will need to adapt as well, so that institutions can more easily respond to adult learners' needs.

Fortunately, the past decade has been one of significant innovation and change within segments of higher education interested in competing for adult learners, among two- and four-year, public and private, for- and non-profit institutions across the country. In this section, we:

- Outline key **challenges and barriers** facing adult learners in higher education;
- Describe specific **institutional-level innovations** and promising practices that can improve outcomes for adult learners; and
- Suggest challenges and solutions that require significant and thoughtful innovation beyond the capacity of individual postsecondary institutions, **at the level of state and federal policy**, if new practices and delivery frameworks are to have an impact at significant scale.

Challenges and Barriers Faced by Adult Learners

The challenges facing adult learners trying to upgrade skills, earn needed credentials, and advance to further education and/or in the labor market can be grouped into three categories:

- Program structure and duration that make access and persistence difficult;
- Pedagogy and supports that do not meet adult learner needs; and
- Alignment of institutions and of courses and transferability of credits that slow progress to credentials.

Program Structure and Duration that Make Access and Persistence Difficult

Two- and four-year colleges, excluding perhaps the most selective four-year institutions, have long tried to serve students who work by offering “night school” classes outside the traditional nine-to-five business day. This recognition of many students’ need for flexibility enabled institutions to tap a broader market. In the current environment, the need for flexibility has grown well beyond the scheduling of daytime courses in the evening.

Given their diversity, adult learners require a menu of flexible options for: when, where, and how courses and programs are offered; how long it takes to complete a class or a program; how easily students can move into and out of classes and programs as their schedules change; and how they can shorten the time it takes to learn sufficient basic skills to succeed in occupational or academic programs.

Inflexible Schedules and Difficult to Access Locations: Adult learners trying to fit education into schedules dominated by work and family obligations need to be able to take courses at night, on weekends, in intensive blocks of vacation time, and in other varied schedules. They need access to courses at workplaces, in their neighborhoods, or at convenient satellite campuses, not just in main campuses that may be many miles away.

Long Course and Program Duration: Adult learners are particularly challenged by inflexibilities built into many multiple-year programs and courses of study that lead to credentials. Two-year programs, for most adult learners, are that in name only: about 78 percent of first-time, full-time community college students do not complete a two-year course of study within even three years (and this data

do not include the majority of community college students who attend part time) (Bailey et al. 2005). Taking six or seven years to complete is not uncommon. For adults who want a credential indicating that they have learned new skills, perhaps skills their employers want them to demonstrate, shorter-duration programs of study or programs broken into smaller “chunks,” each with an intermediate credential, would be quite attractive.

Inflexible Entry, Exit and Reentry: Many part-time adult learners attend college intermittently, picking up credits or upgrading particular skills whenever they have the time. Traditional degree programs are not designed to stretch-out completion over a longer period of time and have their often varied courses add up to a certificate or degree in the end. Open-entry, open-exit policies that enable adult students to drop out of a course and return in another term, picking up where they left off, without having to repeat the entire course, can be critical to an adult learner’s ability to successfully complete certification and degree programs (Cook and King 2005).

Pre-collegiate Education: Where Many Adults Enter—and Stop: Many working adults enroll in postsecondary programs that can improve their career and income potential—only to find that they lack basic skills necessary to take even introductory degree-credited courses. As a legacy of an often substandard secondary education, these adult students must first complete one or more non-credit “developmental” English and math skills classes. Approximately 40 percent of all community college students are required to take at least one remedial course (McCabe 2000). Many adult learners start even further back on the educational ladder—in adult basic education courses geared to those with less than eighth-grade reading, writing, and math skills. Many from immigrant families start in English as a Second Language courses and programs.

Although such courses are designed to be a door into postsecondary education (and there is sufficient evidence that students who lack college-level reading and math skills are unlikely to complete occupational or academic college degrees), they function for many students as the wall that keeps them from earning college credentials. Unable yet to take the classes that brought them to college, time-constrained adults can get frustrated, lose motivation, and give up. It is not surprising that fewer than half of all developmental education students complete their programs and move on to for-credit work (Kazis and Liebowitz 2003).

Pedagogy and Supports that Do Not Meet Adult Learner Needs

Another set of obstacles to adult learners' success is the lack of instruction and support that can engage them and put and keep them on a path to success. These are important challenges facing institutions that are geared more to teaching younger, traditional students.

Teaching Methods: Traditional postsecondary instructional methods tend toward “chalk and talk” lectures and textbooks that assume the student to be passive, with little experience or expertise to bring to the learning relationship. The instructor defines what, how, and when learning takes place. For adult learners, these traditional teaching methods can not only demean and infantilize them, but they do not acknowledge the real-life experiences and knowledge that the students bring to class. For many low-income adult learners, traditional pedagogical approaches replicate the very techniques that did not work particularly well for them in high school. Adult learners benefit from active engagement in defining the learning program and approach, from methods that tap their experience base as workers and in other aspects of life, and from learning that is structured in ways that align with work settings—in teams, group discussions, emphasizing skill practice, use of technology, and use of case method to elicit lessons (Knowles 1970).

Adult-focused Academic and Social Supports: Because adult learners typically have spent a significant amount of time away from the classroom, they often require additional supports to succeed. This is especially true of low-income, minority, and first-generation college-going adults, many of whom attended weak high schools that prepared them inadequately for college success. In fact, adult learners need as much help as, if not more than, their younger cohorts. They frequently need non-academic advice and assistance: for example, finding dependable child care is one of the biggest challenges confronting adult learners, particularly at the lower-income levels.⁴ Adult learners also need a range of academic supports and services, such as tutoring, financial aid advising, and personal counseling—available on and off-campus, during and outside of traditional business hours, from paid staff and peers. Particularly important for adults who are trying to navigate their way to a credential is quality career counseling.

Poor Alignment of Learning Institutions and Systems that Limit Adult Worker Choices and Progress Toward Credentials

On its Web site, the KnowledgeWorks Foundation reports the plight of a fairly typical adult worker in Ohio: call him Ken Thomas. Ken is a custodian at a well-known Ohio manufacturing facility, who decided that he wanted to be a draftsman to increase his salary. After earning his drafting certificate at a nearby adult career center (while working full time), Ken realized that he made even less money than before. Setting his sights higher, Ken checked out the engineering technician program at his local technical college, but he was told that none of his credits were transferable, despite the fact that he had taken many of the same courses through his drafting certificate program. Defeated, Ken returned to being a custodian.

Like Ken, adult learners want to earn credentials as quickly as they can. Frequently, though, the dominant organizational model of higher education—individual institutions that create and offer their own programs, with little cross-institutional collaboration or sharing of resources—creates barriers to achieving that goal:

- Within comparable segments of higher education (e.g., four-year institutions), transferability of credits earned from one institution to another is uncertain and can set students back as they try to get credit for prior experience and courses.
- Across different levels, this becomes more problematic: community college courses are frequently rejected for credit by four-year institutions; technical classes are rejected when students want to switch into different programs.
- Credits earned at for-profit institutions are routinely rejected for credit by traditional private and public non-profit colleges.

In addition, disconnects between non-credit and credit programs within two-year institutions, and between adult education providers and postsecondary institutions exacerbate the inflexibility that constrains adult students:

- A worker might enroll in a non-credit course at a community college, then continue on in a credit program, only to find that he must repeat similar material for credit.

- A new immigrant might take an ESL class at a community-based organization but then find that the material taught did not align with the progression at the local community college.
- A returning veteran might seek credit for skills learned in the military, but is frustrated by institutional inflexibilities regarding prior learning outside traditional institutions.

As individuals become more mobile and freer to choose among geographic regions, labor market sectors, and educational institutions, students (and policymakers) are beginning to demand that our educational institutions and systems become less isolated, more interconnected, with greater transparency to the learner. Repeating course work unnecessarily and negotiating institutional bureaucratic obstacles can be powerful disincentives for adult learners. The need for strategies that recognize the outcomes of learning undertaken in different contexts, and that ensure that credit is more readily transferable, has become increasingly important.

How Innovative Postsecondary Institutions are Responding to Adult Learner Needs

Adult learners pose some fundamental challenges to the organizational model of traditional higher education. Yet the growth in demand for higher education among adults of many different skill and educational attainment levels is driving many institutions—in the public and private, for-profit and non-profit sectors—to seek a larger share of this market.

Lessons from the For-profit Sector

An entire industry has emerged in response: for-profit proprietary colleges and universities devoted exclusively to serving the needs of working adults have been rapidly expanding and flourishing. The sector is small in relation to all of higher education: 3 to 5 percent of all postsecondary education students enroll in for-profit institutions, while only 10 percent of the entire for-profit industry possesses the regional accreditation that enables them to compete with traditional universities. Because of their limited range of course offerings tightly linked to students' skill and career aspirations in a small number of business and technical fields, direct competition with community colleges is likely to remain limited (Bailey et al. 2003). However, these schools are making significant

inroads—and appear to be having great success—serving adults within their targeted markets.

Data from the 1990s indicate that for-profit two-year institutions account for a much higher share of completion of degrees and certificates than they do of enrollments: their emphasis on credentials and completion pays off (Berg 2005).⁵ Even with fees higher than public community colleges, for-profit models are surprisingly effective with minority, adult, and first-generation students. Of the top 100 institutions conferring degrees on people of color, the top producer of minority B.S. degrees in engineering-related technologies was ITT Technical Institutes of California, while the number two and three institutions conferring B.S. degrees in computer and information services on African Americans were Strayer College and DeVry University—all for-profit institutions (Berg 2005).

Moreover, proprietary colleges provide a road map to the kinds of changes in organizational model that will be needed across higher education if adult learners are to be better served. Here are some of the innovations that distinguish these institutions (Bailey et al. 2003):

- Focused offerings targeted to meet specific career needs of adult learners.
- Curriculum and course content that are standardized and developed centrally, making it possible for students to take courses at different campuses of the same institution or find the same course taught at different times at different campuses.
- Use of technology to deliver instruction on line and in combination with classroom instruction.
- Faculty hiring decisions that are biased toward applicants with industry experience and an appreciation of applied learning (in addition to an education credential in their field).
- Instructional methods that are hands-on and practical.
- Integration of some general education courses with occupational content, and delay of general education courses until after students have started their technical program.
- Aggressive and integrated marketing strategy that links admissions, financial aid, assessment, advisement, and registration.

- Employment focus that emphasizes counseling and placement and tracking of employment outcomes.
- Flexible scheduling with frequent entry and exit options.
- Accelerated time to degree as a priority, with shorter course lengths.
- Data-driven assessment of student learning and program value to students.

Like any new and fast-growing industry, the for-profit college industry is vulnerable to wide variations in quality and outcomes, as well as to fraud and exploitation of students (Dillon 2005). There is a need for policies that can mitigate the excesses without constraining the very real strengths of this sector (Sperling and Tucker 1997). But the power of their redesign of education is significant. As one University of Phoenix administrator notes, “We’re really fulfilling a need for what has been an almost forgotten segment of the population: adults” (Berg 2005).

Responses from Traditional Institutions

Like the for-profit sector, two- and four-year colleges are also responding to the new demand for more flexible and accelerated models of adult learning. Nearly 60 percent of colleges and universities articulate some type of commitment to serving adult students in their mission statements or strategic plans (Cook and King 2005). “Traditional” colleges and universities with a majority 18- to 22-year-old population offer special programs targeted toward adult learners, such as support services, night and weekend classes, and distance education. Community colleges—for which the adult market is a critically important part of their mission and business strategy—are making particularly aggressive efforts to incorporate some of the approaches evident in the for-profit world into their more comprehensive and complex institutional culture.

In the following pages, we present some novel and promising solutions to the dominant inflexibilities built into more traditional higher education institutions. We look at innovations in:

- Availability and duration of courses and programs;
- Instructional strategies for adults;
- Use of technology for on-line learning; and
- Alignment of institutions and systems.

While the innovations we highlight are certainly not restricted to community colleges, they are more commonly found in these institutions. For this reason (as well as the nature of our own expertise), we have used community college examples to illustrate the following approaches.⁶

More flexible structure and duration of courses and programs

To address adult learners’ needs for flexible delivery of learning, innovative postsecondary institutions are following a path similar to that of for-profit schools, when feasible: more varied and flexible schedules; easier and more individualized entry and exit options; and restructuring of two-year degree programs into shorter, credential-granting modules that roll up into the full degree.

Flexible Scheduling Options

Nearly 70 percent of all higher education institutions now have course offerings that allow students to complete a degree by taking classes exclusively on nights and weekends. However, this meets just part of the need for scheduling flexibility. Many adults do shift work at night or have better child care options during the day, and find traditional daytime classes a better fit. In response to these challenges, postsecondary institutions are increasingly offering adults:

- Classes that meet one night a week instead of two or three;
- Classes that meet on weekends only;
- Accelerated program options that enable adult learners to squeeze learning into available chunks of time;
- Courses and curriculum formats that are fully or partially self-paced;
- Distance learning and on-line options that do not require a physical presence of all students in the same place.

Institutions are also beginning to offer critical support services such as career counseling, library services, and administrative functions at non-traditional times. Many schools provide such services on line, along with some forms of instruction and tutoring on a 24-hour basis.

Sinclair Community College in Dayton, Ohio, which has a large population of shift workers, has focused on flexibility in scheduling. In some programs, courses are offered at times convenient to all three work shifts, including midnight to 7:00 a.m. Sinclair also offers flexible times for students to access educational support. Faculty are required to hold office hours that are convenient to all shifts, some as late as 3:00 a.m.

Flexible Entry, Exit and Reentry

Some postsecondary institutions have come up with strategies to offer adult learners a menu of more flexible ways to enter and exit individual courses, programs and institutions. For example, a degree program can offer clearly defined, but varied, starting points for students who need English-language or basic reading, writing, and math skills, or for students who are ready for college-level work but lack experience in the occupational or technical field they are entering. For adult students with more experience and skills than a traditional undergraduate, some colleges grant credit for previous knowledge, enabling them to enter programs at a more advanced point in the curriculum. The Council on Adult and Experiential Learning has been a pioneer for decades in the use of models for assessing prior learning and granting college credit for experience (CAEL 2005).

For students who return to school to acquire a skill set for employment purposes, some institutions create non-traditional exit points other than established degree or certificate programs. In these programs, students are given interim certificates that indicate completion of a particular cluster of classes. This certification allows students to get the skills they need without having to take courses that are less immediately relevant. It provides “stepping stones” that are recognizable to employers and other educational institutions.

In acknowledgement of the dynamic career and family lives of adult learners, some institutions are beginning to provide flexible entry and exit points for an entire course of study, allowing students who drop out to return to the same course in another semester and pick up where they left off.

City College of San Francisco, a public two-year institution with nine campuses, has long been the city’s designated provider of adult and vocational education. One out of three students begins in non-credit, developmental courses, and more than 22,000 students speak English as their second language. CCSF established an “open entry, open exit” poli-

cy whereby students can drop out of a course and return in another term, picking up where they left off, without having to repeat the entire course.

Modularized curricula and certification

An important innovation with promise for adult learners involves enabling students in credential programs to earn certificates or degrees in more manageable “chunks” of time. This may involve either less total time in classes or shorter, sequenced modules that yield interim credentials recognized by employers and linked to career advancement. Such models make it easier for adult learners to maximize credits and credentials during the times they can afford to be in school.

Modularization frequently involves breaking existing credential programs into segments that combine existing courses in new ways. In an effort to address adult motivation, modules typically put the technical skill classes upfront, move general education requirements into later modules, and emphasize career development early so that students understand possible and ultimate pathways. Well-constructed efforts to shorten and modularize offerings are attentive to the skills employers value, provide interim credentials employers value, and roll up into longer-term credentials that allow for further education and economic advancement. They also tend to emphasize assessment of skills through competency attainment.

In some fields, such as information technology, well-defined career ladders exist, linked to industry-recognized certificates. In others, it is necessary to secure agreements with local employers and industry associations so that they will recognize completion of a particular sequence of courses in a long-term credential program as a milestone for career advancement.

Portland (OR) Community College is a leader in efforts to modularize the curricula and credentialing pathways for occupational programs. PCC first redesigned its Machine Manufacturing Technology Associate’s degree and certificate programs into an articulated sequence of open entry-open exit modules. Courses are organized around skill sets identified and validated by employers. Completion of modules is through demonstration of mastery of performance outcomes linked to industry standards—and recognized by interim certificates. Modules are designed to roll together into a longer-term credential. This model, which includes career planning early in the sequence and general education courses nearer the end, is also used in accounting and facilities management.

Redesign of Pre-collegiate Education

Modularization and structural strategies for accelerated progress are also important in the organization and delivery of developmental education, required of students who are not yet ready for college-level academic success. Restructuring developmental education into shorter and more integrated pathways to credit programs is critically important if adult learners are to persist to completion. Key elements of some promising new strategies in use among some community colleges include:

- Integrating developmental skills instruction into occupational certificate programs, rather than requiring completion of developmental education before entering the skills program;
- Teaching developmental skills within a work-related context, tied to a course of study that leads to higher-wage employment in high demand sectors;
- Partnering with the non-college adult basic education system to create a bridge from their programs into college credential programs;
- Offering basic skill instruction to entry-level workers at worksites through distance learning and on-line technology; and
- Accelerating progress through developmental education courses by increasing use of self-paced learning, tied to skill assessments that pinpoint weaknesses and target instruction to them, so students need only a few weeks' refresher.

Community College of Denver has revamped its developmental education courses to emphasize accelerated mastery of basic skills. An intensive GED lab for welfare recipients makes it possible for students with seventh-grade skills to earn a high school equivalency credential in four months rather than well over a year. Individualized learning targets what a student needs to learn to pass each of the five GED test sections, with a concurrent focus on test-taking and critical skills. The college's CNA (Certified Nursing Assistant) to LPN (Licensed Practical Nurse) program enables working adults at the lowest developmental math level to gain the skills they need to enter the LPN degree program in 24 weeks, compared to the 45 weeks of a traditional developmental education sequence (Goldberger 2006).

More Adult-appropriate Pedagogy

Adult-Focused Teaching Methods

The Council on Adult and Experiential Learning (2005) has developed a set of principles of effectiveness for serving adult learners in higher education. CAEL emphasizes the need for multiple methods of instruction—including experiential and problem-based methods—for adult learners in order to connect curricular concepts to useful knowledge and skills. Of particular power are methods that recognize learners' individual differences and that model the kind of learning that is expected at work (CAEL and ACE 1993). In many proprietary programs, students are typically organized into learning teams, enabling them to incorporate work experience into their classes. Learning objectives are clear and there are many opportunities for assessment of both student learning and teaching quality.

According to the administrator at one for-profit technical college:

[Our] approach is different because of how we teach. [We] provide an education for students who are not that theoretically oriented to mathematics but who want to pursue a career in technology. Due to these students' particular orientation, they do best in a hands-on environment. . . . We do have theory here, but we try to make the theory easier to understand through the use of lots of experiments [labs]... Students look through our curriculum and they see lots of labs and they say, "Oh, I can learn from labs" (Bailey et al. 2003).

In keeping with this more practical orientation, for-profit colleges and many innovative occupational programs in two- and four-year colleges rely on instructors who are also practitioners and have experience in their field. In for-profit institutions, while introductory general education courses are usually taught as stand-alone courses, second-level "gen ed courses" and some electives—such as Motivation and Leadership; Professional, Business, or Technical Writing; Technology and Ethics—are frequently integrated with career classes (Bailey et al. 2003).

Contextualized Learning that Takes Advantage of Work Setting and Needs

The adult education field stresses the importance of contextualized learning, which sets course instruction within meaningful academic, real life, and occupational contexts. This approach enables learners to see more clearly the relevance of their education by tying learning to tan-

gible, more immediate, results in terms of job performance and opportunity.

To do this well, postsecondary institutions work closely with employers who are looking for workers with particular skills or want to upgrade the skills of their existing workers. Postsecondary institutions are beginning to form strategic partnerships with individual employers and employer associations so they can design curricula, projects, lessons, and assessments that maximize the institution's ability to integrate job-related content into instruction, build on learners' job-related knowledge and motivations, and organize instruction to help students learn what they need to move forward in their future careers.

Partnerships between colleges and employers are strengthening the ties between adult education and labor market outcomes by:

- Enabling postsecondary institutions to keep abreast of and adapt to changing employer and industry demands;
- Recruiting non-traditional practitioner instructors with experience and contacts in the field of study, broadening their role beyond teacher to include career mentor;
- Offering adult student internships and externships to ground their learning in the context of work;
- Delivering instruction at workplaces when employers request it;
- Revising curriculum and program content to promote contextualization of developmental education, particularly in occupational and skills programs; and
- Making it easier for working adults to fit college credential coursework into their busy schedules.

Genesis Health Care Systems, the largest extended care provider in Massachusetts, and WorkSource, Inc., a labor market intermediary, are partnering with a consortium of community colleges to operate a career advancement program designed to help entry-level workers in CNA, house-keeping, and dietary positions move on tracks toward better-paying LPN and RN jobs in two parts of the state. This program is made possible by the state's Extended Care Career Ladder Initiative, designed to meet an acute nursing shortage in the long-term care industry and provide inter-agency funding for career ladder pathways. The partnership provides intensive career counseling and case management to incumbent employees and facilitates access to education and

training. The "Campus on a Campus," on site at Genesis's Agawam facility, provides a range of education and training, including an LPN degree program. Employees meet with career counselors to set career advancement goals and begin to map an education plan to reach those goals (Goldberger 2006).

The Power of Technology to Increase Flexible Access and Accelerate Progress

At the heart of most innovative approaches to increase postsecondary accessibility for adult learners is the power of new information and education technologies. The Internet, email, and videoconferencing create the opportunity for learning to proceed in virtual rather than physical space, in asynchronous schedules, within more media-rich environments, and with connections to workplaces that might otherwise be more limited.

As noted in Section 1, the rise of the Internet has made on-line distance learning a significant presence in American postsecondary education. By early 2008, one of every ten postsecondary students are likely to be participating in their education via on-line distance learning (Eduventures 2005d).

The diffusion of on-line courses and programs is likely to accelerate: in March 2006, in a budget bill, Congress passed a provision eliminating the "50 percent rule." Instituted in 1992 in the wake of fraud investigations of on-line institutions, this rule had required colleges to deliver at least half their courses on a campus to qualify for federal student aid. A waiver program created in 1998 allowed exemptions for a few dozen colleges with on-line programs. Enrollments at eight colleges jumped 700 percent in six years (Dillon 2006).

The spread of on-line education—individual courses combined with traditional classroom courses or wholly on-line programs—greatly increases the options available. An extra course might be taken on line to complement a classroom course, making it easier to gain credits and advance. An on-line program might make it possible for a working adult to participate in higher education at night, on weekends, or from varied locations.

The Center for Academic Transformation has shown that the redesign of college courses using instructional technology can also improve quality, reduce cost, and result in higher completion and persistence rates. A project to redesign large enrollment courses at both two- and four-year public institutions found that redesign that used technology for on-line tutorials, continuous assessment

and feedback, on-demand support, increased interaction among students, and clear milestones for learning found a 10 to 20 percent decrease in the drop-failure-withdrawal rates and higher course completion rates, compared with traditionally taught courses at the same institutions. At the same time, redesign is able to reduce the costs of delivery of large-enrollment classes and expand access to new populations (Twigg 2005).

Alignment of Institutions and Systems

A student who is trying to squeeze the maximum amount of value from a short stint in higher education can ill afford setbacks, particularly those that end up costing time and money because one institution does not recognize learning from courses taken elsewhere. For adult learners, the disconnects between institutions in a given education sector—and across sectors—can be the toughest obstacle to overcome and the most deflating aspect of trying to advance educationally and economically. As noted above, these problems are varied: they exist between non-credit and credit programming within a single institution; academic and occupational courses, within an institution or across them; pre-collegiate adult education and college credit-granting programs; two and four-year institutions; and between for-profit and more traditional institutions.

Individual institutions can—and many do—address some of these obstacles to smooth and speedy student progress. They can:

Create career pathway models that make it easier to move from credit to non-credit programs within an occupational area. Career pathways are efforts to create clear road maps of how entry-level individuals, usually adults, can navigate a sequence of pre-college and college-level technical and other courses that prepare them for advancement in a particular industry or occupation. Negotiated through partnerships that include employers, adult basic education providers, and postsecondary institutions, career pathways smooth the transitions that enable adults to accelerate the earning of credentials that employers seek in fields such as information technology, allied health, hospitality, and early childhood education (Fitzgerald 2006).

Align credit and non-credit courses and divisions better. Many adult learners find their way to college initially in a non-credit course that they or their employer might want them to take. This can lead to an interest in moving into a credit program. Colleges can make this transition easier

in a number of ways, such as better counseling and advising for non-credit students and clear pathways from non-credit offerings into credit programs. Some schools offer the same course in a credit and non-credit format, with credit students having more assignments and requirements, but with non-credit students having the ability to opt for credit at the end of the course by taking a test on the course material (Alssid et al. 2002).

Negotiate articulation agreements among institutions in a region to accept courses in particular programs for credit. These agreements are common in higher education, particularly between two- and four-year institutions (and between high schools and colleges), so that students who transfer will know which courses that they take will be given what kind of credit from the school they move into. These agreements can be important tools in helping students get the most out of courses they have taken at different institutions (Jobs for the Future 2004).

Ultimately, though, flexibility and accelerated learning demand action at a level above that of individual institutions and consortia of regional providers and employers. State policy is a critical arena in this regard. For example, state policy can help smooth some of the institutional discontinuities and turf battles that often catch adults in the middle. Take the case of articulation agreements: states with more centralized public higher education systems, such as North Carolina and Florida, have developed a number of statewide articulation agreements. Florida, by having statewide course numbering and curricula, makes it easier for students to know whether their courses will be transferable to other institutions in the state.

Or consider how states fund non-credit versus credit programs. In a number of states, including Oregon, credit and non-credit courses are funded at the same reimbursement rate by the state. This minimizes the tendency to focus all the attention on traditional courses and encourages more innovation and less of a divide between divisions within higher education institutions. The impact of equal funding is significant. In Washington State, which does not fund non-credit courses in the state community college FTE formula, non-credit courses account for 3 percent of the community college FTE. In neighboring Oregon, in 1999-2000, 32 percent of the total FTE generated by Oregon community colleges was non-credit (Warford 2002).

Kentucky has tried to minimize the discontinuity between non-credit and credit courses by helping students secure credit for developmental courses taught in the state's adult education system. The state has also turned a significant number of non-credit courses in its community college and workforce system into credit offerings by adjusting curriculum and learning expectations to align with both college and employer standards.

Beyond Institutional Innovation: Implications for Systems and Policy

The key to serving adult learners is providing them with opportunities to earn work-related postsecondary credentials with a maximum of flexibility, speed of mastery, and useful learning. Market forces have led both for-profit and more traditional learning providers to seek new ways to serve this vibrant market more effectively.

However, as the adult higher education market evolves, new models are bumping up against rigidities not just in institutional practice, but also in the rules, regulatory frameworks, and other policies that shape institutions and their behavior.

We are at the beginning of complex debates and battles over how these rules and policy frameworks—at the state and federal level, but also in longstanding accountability mechanisms like accreditation—must change to accommodate adult learners and their particular needs (while sustaining strengths that have developed over time in serving more traditional students). The outcome of these debates and policy battles will play a significant role in determining how well the existing higher education systems and institutions ultimately will respond to adult learner needs.

The kinds of flexible delivery systems and innovative program structures described above raise a number of very serious challenges to the organization and business models of traditional higher education that must be addressed thoughtfully.

More Flexible Program Length and Scheduling: Can Financial Aid Systems Adjust?

As the next section explains, federal and state student financial aid is far more easily accessed by traditional and full-time students than adult learners, who typically attend school part time. As instructional delivery

becomes more flexible, competency-based, and customized to student needs, the “fit” between financial aid rules and student course-taking patterns weakens. If planners and policymakers are not careful, flexible scheduling can make it more difficult for students to qualify for financial aid and to access aid across various smaller modules or “chunks” of a program, particularly if those segments do not explicitly constitute a credential program when reassembled as a whole package. This mismatch constrains institutions' interest in and ability to experiment with shorter and accelerated programs and courses. As the next section suggests, alternative aid programs that are a better fit with adult learning realities might be needed.

Competency Assessment: Can Proficiencies be Reconciled with Credit Hours?

Innovative adult learning programs—particularly those that are responsive to student needs for acceleration and employer interest in particular technical or work-related skills—frequently base progress and credentialing on demonstration of specific competencies. Courses are designed in shorter-than-semester chunks. Students earn credentials—whenever they are ready—by showing mastery of content or skills on self-paced exams, through performance assessment and other methods, not for completing a certain number of credit hours.

These models pose a challenge to the structure, organization, and business model that dominates traditional higher education, which is primarily funded on the basis of Full Time Equivalent enrollments in courses of specific length. As learning becomes more centered on adult students' needs and experiences, organizational and finance models built around standardized course duration may need to change, so they are better aligned with the notion that adult learning will occur when the adult learner has the time, not when the institution has pre-arranged it (Bonk and Kim 2004). The full implications of the emerging shift from institutional routine and convenience to a flexible customer-responsiveness are only beginning to be understood.

Transfer of Credits: Can Greater Flexibility and Access be Balanced with Academic Quality Concerns?

About 60 percent of undergraduates enroll in courses at more than one institution during their college career, according to U.S. Department of Education researcher Clifford Adelman (2004), a proportion that has risen

from 40 percent in 1970.⁷ This growing tendency to take courses at multiple institutions makes the ability to transfer credits increasingly important for adult learners. Larger for-profit institutions like the University of Phoenix use standardized curricula and course content: Phoenix can offer the same course across its many campuses without any questions about consistency and comparability (Berg 2005b). However, traditional institutions have long protected their right to accept or reject courses and credits from other institutions, in the name of academic standards. (They also want to protect revenue, which can be threatened by more fluid transfers of credits across institutions.) A number of states, such as Florida, have recently standardized course numbering and learning content, to make it easier for courses to be assessed as to the transferability of credits. However, private colleges are frequently more resistant; and in states where public higher education is decentralized, individual institutions typically retain the power to accept or reject credits from another institution. The transferability of credits is particularly difficult for students taking occupational courses and sequences. Transferability between for-profit and traditional higher education institutions is similarly fraught.

The balance between different public purposes needs to be addressed carefully, but head-on. Those who view credit transfer primarily as an academic issue see the current practice of case-by-case faculty review of course and program standards as a critical protection of instructional quality. Those who see transfer primarily as an accessibility issue focus on the need to promote flexible accumulation of learning and credits to meet the realities of adult enrollment patterns (Eaton 2005).

The question is: how can transfer policy advance both goals? How our nation—its states, regional and program accreditation bodies, and institutions—responds to this complex challenge will have a great impact on adult learners' ability to pursue coherent, yet flexible, learning paths toward higher education credentials and valuable skills.

Technological Innovation: Would Adult Learners Benefit from More Standardized Instruction and More Customized Support Services?

The rapid expansion of technology use in higher education, particularly in for-profit institutions but also in more traditional institutions, raises huge questions for the future structure and organization of higher educa-

tion—and for the traditional conceptions of how instruction and learning are delivered. In a provocative essay, Dewayne Matthews, senior research director at the Lumina Foundation for Education, argues that “[b]ecause of telecommunications and inexpensive computing power, the content of the college curriculum is rapidly becoming universally available at little or no cost to the consumer” (Matthews 2005). Content is becoming a commodity and traditional college classroom delivery is no longer the most efficient delivery method. Matthews argues that value will increasingly come not from the creation of content, but from its packaging and delivery to meet the specific needs of particular groups of individuals.

If content costs can be reduced, this can free up resources for customization of delivery methods—to workplaces, non-traditional venues, or in the home. It can also free up resources for more effective and powerful supports for students—academic supports such as counseling, tutoring, mentoring, and advising, as well as social supports that can help students find services they need to stay in school. As content becomes more standardized, the value-added of institutions might be their ability to support students so they persist, complete, succeed, and move on to meet their personal goals.

The implications are significant. Greater attention to the demands of particular niche markets, such as groups of employers in particular industries or groups of students with particular basic or technical skill needs, will be critical to the long-term viability of many higher education institutions. In that environment, learner outcomes will become the coin of the realm. As the accountability section below argues, the measure of effectiveness will have to be in the payoff in the labor market and in access to future further education and credentials. The competitive edge (and perhaps the relative investment of resources) may shift away from the development of course content to its packaging in a rich system of delivery options and support systems.

Section 3.

Affordability:

New Strategies of Student Aid and Institutional Financing Are Necessary to Support the Needs of Adult Learners

Talking Points

Federal financial aid policies disadvantage working adults who struggle to balance the conflicting demands of work, family, and college enrollment.

- Federal education loans are available only to students attending half time or more. Working adults are seldom able to maintain this pace of enrollment for more than one or two semesters.
- Pell grants are technically available even to less-than-half-time students, but the eligibility formula does not allow these students (as opposed to students who are half-time or more) to count living expenses or other indirect costs as part of the cost of education.
- The practice of determining Pell eligibility based on *the previous year's* income penalizes working adults seeking to return to school following layoffs and sharp reductions in income.
- Pell grants cannot be used for non-degree or non-credit programs that might otherwise be attractive to working adults who want to improve specific job-related skills.
- Requirements to demonstrate “satisfactory progress” toward completion can be a barrier for those working adults who can take only one or two courses at a time; the two- semesters-per-year limit can be a problem for those trying to accelerate their way through programs.
- Even though working adults strongly prefer intensive, short-term programs, Pell grants pay only for programs provided over a traditional 15-week basis with a minimum of 16 credit hours.
- Pell grants can be used for distance learning programs only if they lead to a degree; one-year or shorter certificate programs otherwise attractive to adults are not eligible.

- New (1998) federal tax credits are not much help to working adults. Less than 20 percent of the credits (which totaled \$6.3 billion in 2003) are going to working adults.
- Of the two tax credits, the generous one—the Hope Scholarship—is only available to families of more traditional students (half-time or more). The Lifetime Learning Tax Credit that was intended for working adults is much less generous and is irrelevant for millions of working adults whose lack of postsecondary education forces them into low-paying jobs where tax credits are not useful.

State student aid policies generally follow federal eligibility rules, severely limiting aid to less-than-half-time students.

- A majority of the states provide no grant aid to less-than-half-time students.
- A few states have more liberal, need-based formulas that do not disadvantage students based on enrollment intensity.
- A few states provide grants to students in short-term, intensive, non-degree programs that would not be eligible under Pell.
- Almost all states have very early aid application deadlines (March or April preceding the fall semester of intended enrollment) that disadvantage adults whose work and family obligations discourage long-term planning.

Federal workforce development programs—TANF and WIA—can sometimes pay for postsecondary study, but eligibility requirements and program restrictions pose sharp limitations.

- Some states aggressively utilize TANF resources (including state MOE funds) for postsecondary study.

- Less than 40 percent of WIA funds are used for education and training.
- Proposed new “Career Advancement Accounts” offer strong promise to boost postsecondary studies by the WIA-eligible population.

State institutional financing methods discourage programming that would be better suited to the needs of working adults.

- The shift toward tuition support and away from state support disadvantages those working adults with limited resources and those not eligible for financial aid.
- FTE-based funding formulations can make part-time adult students less attractive to colleges.
- State funding seldom supports non-credit coursework that is otherwise attractive to employers and their workers.
- The gap between “workforce development” and “academic” programs is widening.

In order to meet the needs of adult learners, state and federal governments should undertake a systemic redesign of student aid policies. Specific new directions to help working adults afford the postsecondary credentials they need for economic success might include:

- Recognizing more adequately in Pell grant distribution formulas the educational costs facing working adults and their interest in year-round study.
- Using aid policies to encourage short-term, intensive programs and innovative delivery mechanisms that will help underprepared working adults rapidly acquire postsecondary credentials with immediate labor market impact.⁸
- Providing federal loans, subsidized for the most needy, for working adults who have demonstrated their commitment and capacity for postsecondary study but are unable to complete college on a half time or more basis.
- Encouraging states to apply their aid programs to working adults in ways that complement federal support.
- Modifying the Lifetime Learning Tax Credit (LLTC) to offer working adults parity with the more generous credits available for traditional students through the Hope program.

- Making the LLTC credits available to low-income working adults through new “refundability” provisions similar to those of the Earned Income Tax Credit.

Introduction

From the original enactment of the federal Higher Education Act in 1965, federal and state student aid and institutional financing policies have been designed primarily for traditional students—dependent adolescents who enroll full time in residential institutions immediately after high school graduation and pursue traditional programs with traditional classroom models of program delivery. As described in Section 1, such students are a declining minority of postsecondary enrollment in both community colleges and four-year colleges (NCES 2002).

Most adults attempting postsecondary education have jobs and families and are unable to enroll on a full-time or even a half-time basis, especially over the 15-week semester model of traditional postsecondary education. Those who lack any postsecondary education and therefore need it the most (about 60 percent of working adults over age 24 have no credential beyond high school) tend to be employed in low-wage jobs that do not offer employer supports or the time flexibility to pursue traditional postsecondary opportunities. Yet because aid eligibility is based not just on need but also on enrollment intensity, adult learners frequently find that they are ineligible for student aid or that they can receive only nominal amounts.

State institutional financing models offer little financial incentive to colleges to serve these part-time, working adult students. Funding formulas that are based on full-time enrollment equivalency advantage those colleges that have mostly full-time students and discourage better attention to the needs of working adults. While working adults do not necessarily require more expensive support than traditional students, it often costs the college more to educate two half-time students than one full-time student (MDRC 2003). In addition, federal and state aid policies and state-based institutional financing systems have tended to discourage compressed and accelerated programming that would better meet the scheduling needs and learning styles of many working adults (FutureWorks 2002).

If we are to respond more effectively to the challenges of a 21st century economy, where the good jobs require credentialed postsecondary skills and where competitive businesses need better educated workers, postsecondary financing and student aid policies must change to better serve those 65 million working adults who have no postsecondary credentials.

A Quick Primer on Federal Student Aid

The federal government provides student aid for postsecondary education in the form of grants, loans, and tax credits.⁹ The grant programs and some of the loan programs require a demonstration of financial need. To determine their eligibility for need-based aid, students and their families supply detailed financial information using a uniform process known as the Free Application for Federal Student Aid (FAFSA), from which the Department of Education calculates the Expected Family Contribution (EFC). Schools estimate their Cost of Attendance (COA), subtract the EFC, and then work with the student to at least partially bridge the gap with grants, loans, and work-study as appropriate.

Grants: Under the federal Higher Education Act (HEA), there are two types of grants available to students who can demonstrate financial need.¹⁰ The Federal Pell Grant is by far the largest program. In 2003-04, 5.1 million students received an average award of \$2,466, for a total of \$12.7 billion. The maximum grant is now set at \$4,050 and the minimum award is \$400. The Federal Supplemental Educational Opportunity Grants (SEOG) are awarded to undergraduate students with exceptional financial need. In 2003-04, 1.2 million students received an average award of \$615 for a total of \$760 million.

SEOG awards range between a minimum of \$100 and a maximum of \$4,000. Both Pell and SEOG grants are available to students regardless of enrollment intensity, but the determination of need for less-than-half-time students differs from the calculation for those who are half-time or more.

Loans: There are three federal student loan programs under the HEA—the small “Perkins Loan” program for students with exceptional need who are enrolled full or part time and two larger “Stafford Loan” programs for students who are enrolled at least half time.¹¹ The Federal Stafford Direct Loans come from the U.S. Department of Labor and are delivered through the schools and repaid to the schools. The Federal Family Education Stafford Loans come from a bank, credit union, or other private lender and are repaid to the lender or its collection agent. In 2003-04, about \$1.2 billion was loaned under the Perkins program, and about \$48.4 billion was loaned under the two Stafford programs. While the Perkins loans cannot exceed the unmet need of the student, the *unsubsidized* Stafford loans do not require a demonstration of need. However, students who have financial need after counting all other grant awards may receive a *subsidized loan* up to the amount of that need. Under these subsidized Stafford loans, the federal government will pay the interest while the student is enrolled at least half time for the first six months after the student leaves school (or reduces enrollment intensity to less than half time) and during any period of deferment. Interest on the Perkins loan is set at 5 percent. Interest on the Stafford Loans changes yearly; in 2004-05 it was 3.37 percent for loans in repayment. There are annual and total limits that a student may borrow under the Stafford Loan programs, as outlined in the chart below. (See Table 3.)

Table 3. Annual and Total Limits to Student Borrowing under Stafford Loan Program¹²

	Dependent Undergraduate Student	Independent Undergraduate Student	Graduate and Professional Student
1st Year	\$2,625*	\$6,625	\$18,500 for each year of study
2nd Year	\$3,500**	\$7,500	
3rd and 4th Year (each)	\$5,500	\$10,500	
Maximum Debt at Graduation	\$23,000	\$46,000	\$138,500 (includes undergraduate loans)

* As of July 1, 2007, this will increase to \$3,500.

** As of July 1, 2007, this will increase to \$4,500.

The prohibition against federal loans, subsidized or unsubsidized, for less-than-half-time enrollment does not mean that many working adults taking only a few courses at a time do not borrow; it simply means that they must borrow from higher-cost, private sources. In fact, for all categories of students, private, bank-based borrowing is growing at a very rapid pace. From just less than \$1.3 billion in 1995-96, private borrowing increased to almost \$10.6 billion by 2003-04 (College Board 2004). This data may not capture much private lending that is not certified by or directly received by a college or university, and it does not include credit card debt (ACE 2004). While there is little hard data about private college debt incurred by working adults, research suggests that independent students who maintain their own households rely more heavily on credit card debt to finance college expenditures than their younger, dependent peers (ACE 2004).

Tax Credits: There are two major tax credit programs—the Hope Scholarship and the Lifetime Learning Tax Credit (LLTC)—established under the Taxpayer Relief Act of 1997 that directly offset the cost of postsecondary education for eligible families.¹³ Both programs are tied to similar family income levels; the credits begin to phase out at modified adjusted gross income levels above \$43,000 for single filers and above \$87,000 for joint filers. They phase out fully at income levels above \$53,000 and \$107,000, for a single return and a joint return, respectively. Unlike the Earned Income Tax Credit, these programs are not *refundable*, that is, the taxpayer must have tax liability equal to or greater than the amount of the credit for which they may qualify. Low-income families and individuals may not have enough income to qualify for the credits.

The Hope Scholarship provides a tax credit of up to \$1,500 for each of the first two years of postsecondary education. Depending on family income, tax filers can claim a credit equal to 100 percent of the first \$1,000 and 50 percent of the next \$1,000 spent on qualified expenses (limited to tuition and fees and net of any grants received) for themselves and/or any (each) of their dependents. Students must be pursuing a formal academic credential, and they must attend at least half time to qualify. Because eligible costs almost always exceed \$2,000 for half-time or more attendees, most fully income-eligible taxpayers are almost always able to obtain the full amount of the Hope credit.

The LLTC allows students (or taxpayers claiming the students as dependents) who are studying beyond the first two years of undergraduate coursework, or those taking courses on a less-than-half-time basis, to claim a credit of 20 percent on the first \$10,000 of tuition and fee expenses (net of grants received) up to a maximum credit per taxpayer (family) of \$2,000. Those claiming the LLTC need not be pursuing a recognized credential. Full-time or more-than-half-time students frequently have eligible expenses approaching or even exceeding \$10,000. Less-than-half-time students, especially those attending public community colleges, would almost certainly not incur tuition and fee costs that would result in a substantial credit.

In 2001, 7.4 million taxpayers received \$5.2 billion in credits—44 percent of those taxpayers received \$3.1 billion in Hope credits, 52 percent received \$1.7 billion in LLTC credits, and an additional 5 percent of them received \$.47 billion in benefits from both programs. About 35 percent of the credits went to households with annual adjusted gross incomes below \$30,000. The mean credit for Hope recipients in 2001 was \$969 and the mean for LLTC recipients was \$432. Filers who received the credit for their own/spouse's expenses but did not indicate on their tax return that they were primarily students (that is, they indicated an occupation other than student) received less on average—\$881 mean for the Hope and \$361 mean the LLTC.

Barriers to Federal Higher Education Act Financial Aid for Working Adults

In its 2002 report *Held Back: How Student Aid Programs Fail Working Adults*, FutureWorks determined that there were about two million independent students enrolled in postsecondary institutions who worked full time, considered themselves *employees* rather than *students*, and had dependent children (Bosworth and Choitz 2002). Of these, almost half (47 percent) were enrolled on a less-than-half-time basis. (As might be expected, only 15 percent of these full-time working adults with dependents were enrolled full time.) Of those enrolled less-than-half-time, 28 percent earned less than 200 percent of the federal poverty level for a family of four, a family income level that would almost certainly make dependent students Pell-eligible. However, only 7.7 percent of them received any federal, state, or institutional aid. Only 3.3

percent of them received Pell grants (they received an average award of \$813); 1.7 percent received state aid; and just less than 3 percent received institutional aid. Because they were less-than-half-time students, none of these low-income students were eligible for federal loans.

However, the limited, almost negligible, participation of working adults in the Pell program is not a simple matter of eligibility *per se*; rather it is a consequence of how the aid is calculated and the kind of programs for which it may be applied. There are several ways that the Pell formula negatively affects less-than-half-time working students.

Indirect education expenses: The Pell formula calculates the Cost of Attendance differently for students attending half time or more versus those attending less than half time. For students attending half time or more, the formula counts both direct expenses—tuition, fees, books and supplies, dependent care expenses, and transportation—and indirect expenses—most importantly, room and board, but also student loan fees, study-abroad programs, and even the cost of obtaining a computer. Less-than-half-time students can count only the direct expenses, specifically not including room and board, towards their costs of attending school. As a result, the real costs of attending school are underestimated for less-than-half-time students; they are not awarded a proportional share of what they received when attending full-time, but typically receive less, or no aid at all. This creates a student aid “cliff” for those who were attending half or full time but are sometimes forced to drop down to quarter-time status for a semester. This is especially true for students attending low-cost institutions, whose indirect costs for rent and food often exceed direct costs such as tuition and fees.

An Illinois study found that a majority of less-than-half-time students in any semester actually attend half time or more for the rest of their college careers, averaging 7.6 credits per term. They drop down to less-than-half-time because of interruptions in child care, transportation problems, or conflicting work schedules. Eliminating aid for these students causes significant problems: it discourages them from continuous enrollment and decreases their likelihood of persistence and completion (Center for the Study of Education Policy and the Illinois Student Assistance Commission 2004).

The Deficit Reduction Act of 2005 permits room and board costs for less-than-half-time students to be included in their Cost of Attendance, using the current statutory room and board requirements. However, the use of a room and board cost allowance for these students is limited to not more than three semesters. This change became effective on July 1, 2006.

Lack of satisfactory progress: Postsecondary institutions have the discretion to deny Pell aid to students based on a lack of “satisfactory progress” toward completion. Most schools establish both qualitative and quantitative standards that typically include a minimum grade point average and the steady accumulation of credits toward completion. For working adults who might be forced by job or family considerations to drop out for a semester, and who in any case often enroll less-than-half-time, these standards can constitute a tough barrier. Two or three under-average grades in succession, or feeling forced to drop a course and then not being able to “double-up” the next semester, can quickly jeopardize aid eligibility. Even with decent grades, working students enrolled part time may not be able to keep up a pace of enrollment that allows them to make what their college deems satisfactory progress in their program. As a result, they may be denied Pell aid.

Sudden changes in income: Eligibility and need for federal financial aid are calculated according to the previous year’s income. This presents a special problem for dislocated workers who might otherwise be inclined to enroll quickly in programs leading to new skills and new job opportunities. While most colleges give their financial aid administrators discretion to allow estimates of current-year income to be used under special circumstances, suddenly dislocated workers unaccustomed to navigating the complexities of postsecondary education bureaucracies are often too quickly discouraged by apparent regulatory constraints to ask for special consideration.

The two-semester limit: Pell grants are available for only two semesters each year. Working adult students who enroll on a less-than-half-time basis for the two regular semesters are forced to make do without aid or to sit out the summer even if they are prepared to take one or two courses. (Full-time students who wish to accelerate their path toward completion are hampered by this regulation as well.) Further, even if students only receive a Pell grant for one term, they are eligible to receive a Pell grant for the summer term only if their summer enrollment status is full-time.

Non-degree and non-certificate programs: In order to be eligible for Pell funding, individuals must be considered “regular students.” This criterion requires that students be enrolled in programs leading to a degree or certificate. However, many working adult students enroll in school in order to obtain job-specific skills; they do not intend to pursue a degree or formal academic certificate. Frequently they enroll in vocationally and occupationally focused non-credit courses that are offered through continuing education departments at times that fit their work schedule better than for-credit courses. Often these students are seeking skills and knowledge that would help them pass an industry-certified examination leading to an industry-recognized certification. These certifications have been quite popular for several years in computer hardware service and repair and in software applications, but they also include specific training applicable to such diverse occupations as automotive service, health and nutrition, electrical installation and repair, real estate sales and management, welding, and appliance repair. These students are not considered regular students and therefore would not be eligible under Pell to receive a grant to help them with their skill development.

Program eligibility: Non-traditional students, such as working adults, frequently find it difficult to attend college in traditional schedule formats because of competing demands of work and family. Postsecondary institutions could respond to these students’ needs by breaking longer college programs into shorter modules or compressing longer programs into shorter, more intensive formats that can be completed as students have time. However, such modules or compressed programs can be ineligible for financial aid because of their shorter length. Pell’s “eligible program” criteria stipulate that Pell-eligible students must attend courses that meet for a minimum number of total hours. Federal student aid regulations require that in order to be Pell-eligible, programs must provide at least a 15-week program that offers 600 clock hours, 16 semester or trimester hours, or 24 quarter hours. Shorter programs that offer a minimum of 300 clock hours over a 10-week program may be eligible for federal loan participation, but not for Pell grants.

Because concerns about aid eligibility tend to drive program structures, most colleges do not provide short-term, for-credit courses that require fewer than the mandated minimum hours, even though they may help workers develop job skills quickly. Programs available on a non-credit basis are not eligible for federal aid.

Limits on distance learning: Pell also places restrictions on correspondence and on-line courses, including denying Pell eligibility for correspondence courses that lead to a certificate, as opposed to a degree. These restrictions limit the potential of promising new approaches to reach students for whom traditional instruction is not accessible.

Working Adults and the Lifetime Learning Tax Credit

When the two federal tax credits for postsecondary education were first introduced in the Taxpayer Relief Act of 1997, it was suggested that they would complement each other by targeting different groups of students. The Hope Scholarship was intended to make traditional postsecondary education more affordable to the children of middle-income families by offering a \$1,500 tax credit for each of the first two years of college. Available for only two years, and of full consequence only to families with at least a few thousand dollars of federal tax liability,¹⁴ it explicitly favors families of dependent students attending colleges and universities on a full-time basis. It requires at least half-time study and supports only pursuit of a conventional academic degree or certificate.

The Lifetime Learning Tax Credit was targeted more explicitly at helping working adults develop career-building skills. It is not limited to two years; it does not require half-time enrollment; and it does not require pursuit of an academic degree or certificate. On the other hand, it is also available to more traditional students—those in their junior or senior year of college and those pursuing graduate studies.

A 2004 report by FutureWorks concluded that working adults were not gaining as much benefit from the LLTC program as was hoped at its introduction. First, according to the 2001 Household Education Survey, most students simply did not even know of the education tax credits—only 17 percent of working adults without a Bachelor’s degree had heard of either Hope or LLTC (Choitz, Dowd, and Long 2004). On the other hand, it appears that of those who do file for the LLTC, most do appear to be working adults. About 80 percent of those who claim the LLTC claim the credit for their own or their spouse’s educational expenses, and of those 82 percent did not indicate “student” as their occupation.

However, the amount of credit these working adult taxpayers actually received was very modest—on average, they claimed just \$361 in 2001 (the most recent year for which research has been done). Those who sought the LLTC on behalf of a dependent received an average of \$536 in credits, the same amount as those who claimed it on their own behalf but listed their occupation as “student.” Effective credits under Hope appear to be much higher. Taxpayers who claimed Hope for a dependent received an average of \$1,104, while those who claimed it for themselves or their spouses received an average of \$936.

In 2001, the Hope and LLTC resulted in about \$5.2 billion in tax credits. Less than 20 percent of that amount appears to have gone to working adults pursuing education or training (Choitz et al. 2004). The total tax credits have climbed over the past few years to about \$6.3 billion in 2004, but it seems unlikely that the share of the credits going to working adults has increased beyond that found in 2001.

This underscores another fundamental issue in the impact of the tax credits on working adults: most of the tax subsidy goes to middle-income rather than low-income families. This is as true for LLTC as it is for Hope. Only 36 percent of those “non-student” taxpayers claiming the 2001 LLTC for themselves or their spouse reported adjusted gross incomes below \$30,000, and only 17 percent had incomes below \$20,000.

There are two reasons for this skewed impact. First and most obviously, the majority of working adults who might benefit most from the tax credit programs (those with no previous postsecondary education) do not enroll at least half time and are therefore ineligible for Hope. Second, even if they can manage half time or more enrollment intensity and qualify for Hope, their limited taxable income makes these credits much less relevant. Finally, to the extent they seek benefits only under the LLTC, the tax credits are far less generous and are still reduced by their limited tax liability.

State Student Aid Programs

State-financed undergraduate grant aid programs have increased consistently in current dollar terms over the past several years, from about \$2.9 billion in 1994-95, to over \$5.7 billion in 2003-04. Non need-based grants increased rapidly, doubling as a share of that total and now constituting about \$1.5 billion. Still, the need-based programs alone increased over 100 percent in that 10-year period. In addition to these grants, states provided another \$1.2 billion in loans, loan forgiveness, work-study, tuition waivers, and other non-grant programs in 2003-04. All the states have some form of direct student aid and some are quite large—in 2003-04, 18 states had grant programs of over \$100 million, 11 of those were over \$200 million, and six were over \$300,000.

On the basis of need-based grant dollars per undergraduate full-time equivalent (FTE), New York had by far the largest program in 2003-04, allocating \$1,094 per FTE. The average among all the states was \$378. New Jersey, Pennsylvania, and Illinois also spent more than twice that national average. However, on the basis of grant expenditures as a percentage of total higher education expenditures, South Carolina led the states, followed by Vermont, New York and Georgia, all at more than twice the national average.

It might be hypothesized that because the states are more directly or more immediately influencing the changing economic circumstances of working adults in need of postsecondary education, the state-based student aid programs would demonstrate greater diversity of program structure and more attention to the financial needs of non-traditional students. In its 2002 study, FutureWorks did find a number of state programs offering direct aid to non-traditional, working adult students. Only two states (Illinois and Virginia) had established special programs to focus directly on the less-than-half-time students. However, six other states had created special programs for part-time students for which less-than-half-time students were eligible, and a number of other states did not discriminate on the basis of enrollment intensity in their general aid programs.¹⁵

Most states determine the level of their award by using the same needs determination procedures as are used in the Pell program, often with the same unfortunate consequences for less-than-half-time adults, whose room and board costs are not included. However, a few states were found to have more liberal, need-based formulas that

allowed working adults to qualify for more aid by counting living expenses, child care, and transportation costs. While most states simply follow the federal guidelines for determining eligible programs (length of program, contact hours, etc.), FutureWorks found that several states provided grant awards to students in short-term, intensive, non-degree programs that would not be eligible under Pell.

On the other hand, FutureWorks also found that early financial aid application deadlines imposed a significant barrier for working adults. Commonly, applicants for state aid (and institutional aid) must complete and submit the required federal forms by March or April before the fall semester in which the student would enroll. Such deadlines do not work well for working adults, whose work and family schedules seldom encourage such long-range planning. As a result, aid grants for most states tend to go to traditional-aged students and full-time enrolled students and are less likely to be awarded to non-traditional students (St. John and Tuttle 2004).

In 2003-04, 11 states surveyed by the National Association of State Student Grant and Aid Programs reported that they provided state-financed loans to undergraduates. Most of these programs require half-time attendance, but a few states provide loans to students taking only one three-credit-hour course.

Federal Workforce Development Programs: TANF and WIA

The federal *Temporary Assistance to Needy Families (TANF)* program assists states to move people off public assistance and into work. TANF requires that each state engage at least 50 percent of assistance recipients in “work activities.” The legislation provides that vocational training is an allowable work activity, but limits training to 12 months and forbids states from allowing more than 30 percent of the work participation requirements to be met by individuals in vocational training or attending high school.

Under TANF, states must supplement to match federal funds with at least 75 percent of what they had been spending for welfare when TANF was enacted in 1996. This required state expenditure is known as the states’ Maintenance of Effort (MOE). The TANF law permits states to spend from their MOE for education and training without being limited to the 30 percent of work participation requirement or the 12-month length of pro-

gram requirement. States are also permitted to reduce their 50 percent work participation requirements by the percentage that they have reduced their welfare caseload since TANF was enacted in 1996.

States may define “vocational education” to include academic programs offered at postsecondary institutions, but the 12-month limitation usually precludes enrollment in degree programs, even at the Associate level. Therefore, most TANF recipients in postsecondary programs are participating in one-semester or two-semester programs, typically resulting in a certificate rather than a degree. A few states use their MOE funds to effectively waive that 12-month limit for some individuals, enabling them to complete a degree (MDRC 2001).

These restrictions on the use of TANF resources only for shorter-term programs have had the effect of inducing some community colleges to develop alternative and more flexible programs and delivery models. In a few states (California, Washington, and Oregon), TANF funds were allocated to community colleges specifically to design shorter classes and training programs, increasing weekend and evening offerings and developing tighter linkages with the regional labor market to help assure that completers would find their way quickly to good jobs. Some of these new programs are reserved for the TANF population and, because of their length and contact hours, they would not meet the requirements of the Pell grants or Stafford loans. In other cases, however, innovations that serve TANF eligible individuals also help other working adults by offering modularized and carefully sequenced programs that can lead to a degree but also have labor market value in “chunks” short of a degree (MDRC 2001).

Reliable data about the number of adults participating under TANF in postsecondary vocational training or degree-oriented programs is not readily available. Analysis of TANF spending indicates that combined state (MOE) and federal funding for education and training activities was about \$494 million in 2003, the most recent year for which data is available (CLASP 2005).

The *Workforce Investment Act (WIA)* of 1998 guides federal workforce investments, including those for job training, adult literacy, and vocational rehabilitation. In addition to other major provisions that establish a system of

state and local planning, provide for universal access to employment and career development services, and facilitate intensive services (assessment, job readiness, case management) to dislocated and disadvantaged youth and adults, WIA also provides training for eligible individuals by certified education/training providers through the use of Individual Training Accounts or vouchers. States decide who will be eligible for ITAs. WIA requires that low-income and public assistance recipients be given priority for service, but states have broad flexibility to set priorities or to allow local boards to set priorities.

Due to the decentralized administration of WIA, there is little information available on training activities, and especially on training outcomes. A 2005 GAO report examining data from 2003 concluded that about \$929 million was expended on training by local boards for training programs enrolling about 416,000 individuals, 323,000 of those in occupation programs. (This GAO estimate is controversial. According to the U.S. Department of Labor, about 200,000 people complete WIA-funded training annually.) According to the GAO, only about 38 percent of the funds that were available through local boards to services to WIA-eligible individuals were spent on training (GAO 2005). Of course, in addition to these funds the Department of Labor has provided over \$3 billion of Welfare-to-Work grants and a wide variety of other competitive grants to Workforce Investment Boards and their local partners over the past several years.¹⁶

The Department of Labor has proposed a new approach to funding training for WIA-eligible individuals. It proposes to consolidate four major funding streams—the WIA Adult, Dislocated Worker, Youth, and Employment Service Programs—into one single grant to states. The states would be required to allocate at least 75 percent of their grants to individuals in need of education and training. DOL estimates that about 800,000 people would receive these “Career Advancement Accounts.” The maximum amount of an account would be \$3,000 for one year, and the accounts could be renewed for one additional year. The remaining funds would be used to provide core employment services and related activities at One-Stops and for administrative costs. The President’s 2007 budget proposes about \$3.4 billion to fund these accounts and employment services.

DOL proposes that these accounts would be available to adults and out-of-school youth entering or reentering the workforce or transitioning between jobs and to incum-

bent workers in need of new skills to remain employed or to move up career ladders. States would have flexibility to establish additional criteria for eligibility priorities. Unlike the case with Department of Education programs, use of these funds would not be limited to postsecondary institutions certified by the Secretary. Rather, the states would be allowed to establish eligibility for participation and accountability standards for those providers. To the extent that Pell-eligible individuals used their account for Pell-eligible education, the career advancement funds would supplement, not replace Pell funds. However, these funds might be expected to spur the development of specialized programs not now eligible under Pell or other federal grants or loans. They would be available for individuals studying less than half time and for programs of less than 10-week duration.

Institutional Financing for Postsecondary Education

Two issues in institutional funding dominate discussion of postsecondary education finance: (1) the total amount of funding for higher education; and (2) the expression of public policy priorities in funding decisions—i.e., what dollars are available to invest in education and what the public should get for its investment. Each factor has distinct impact on higher education’s capacity to provide services to adult students; collectively, they shape the access to and success in postsecondary education for working and lower income adult students.

The Overall Flow of Revenues to Higher Education and Impacts on Adult Students

Three categories of revenue provide support for public higher education institutions: state institutional finance allocations, tuition, and other funds (including federal and private). Tuition and state institutional financing are inversely related: as state allocations have fallen (or failed to keep pace with costs) tuition costs have risen. In general terms, tuition costs are determined by subtracting the amount of institutional funding from the total costs of education. Institutional financing for postsecondary education in the United States comes from appropriations and allocations of state funds. State funding for the general operating costs of postsecondary education is far larger than revenue from federal funds. Most federal dollars for postsecondary education generally flow through financial aid and loans to students, who then use these funds for tuition. Some federal funds are provided in the form of restricted grants to institutions for specific pur-

poses, such as research or facilities. Other revenues to colleges and universities come from philanthropic sources and may or may not be for restricted purposes.

States derive an overall budget and appropriation for higher education based on calculations of what's possible, given tax revenues, and shaped by the operating needs in the postsecondary system. In general, states decide the amount of support to education using allocation formulae and assumptions of base costs in two-year colleges, four-year colleges, and research universities. The most important factor in any formula is the number of full-time students or full-time-equivalent students enrolled at an institution; this factor is then adjusted by a range of others, including a measure of base costs, increases, special services, and special programs (Jones 2003; Center for Community College Policy 2000). The two important characteristics of institutional financing are the methods of calculating funding (based on enrollments such as FTE formulas) and the impact of trends in declining amounts of funding over time.

According to State Higher Education Executives Organization, as higher education FTE enrollments increased from about seven to ten million students between 1980 and 2004,¹⁷ educational appropriations per FTE declined from about \$6,100 in 1980 to \$5,750 in 2004. This is the lowest level of per FTE funding since 1983, and down from a high of nearly \$6,900 in 2001, for a sharp three-year decline of nearly 17 percent.¹⁸ It is true that state funding for education grew considerably in dollar amounts during this 25-year period, but the increases were eclipsed by growth in the number of students and in the costs of higher education. Between 2001 and 2004, total postsecondary revenues per FTE remained almost flat, but enrollment grew by 11.8 percent and costs increased by 10.3 percent (Lingenfelter, Wright, and Bisel 2005). In community colleges, state appropriations (not including local tax allocations) accounted for an average of nearly 44 percent of the major sources of revenue in 1981, but by 2003 this proportion amounted to 33 percent (NCES 2004).

Although there is considerable variation by state, legislated funds for higher education declined during the last economic recession and are not recovering as quickly as their cyclical history would predict. In absolute terms, state financing for higher education fell by \$2.5 billion in just two years, from 2002 to 2004, and several states cut education budgets by more than 10 percent (Kane and Orszag 2004).

State spending on education is highly cyclical, but long-term trends of higher education's share of state expenditures show consistent decline. Higher education's share of state's general fund spending fell from 15 percent in 1987, to 12 percent in 1998 (Zumeta 2005). Other means-tested or mandated expenditures (notably, Medicaid and corrections) create unavoidable demands on state funds, and these may now be crowding out more discretionary allocations of funds to education (Jones 2003).

Declining appropriations of funds relative to steadily increasing education costs leads to tuition hikes. State-appropriated funds now make up a smaller proportion of total per student costs than in the last 15 years, as tuition increases shift the cost of education from public funds to individual obligations (and student financial aid). However, there are often political and social constraints on how much tuition is allowed to increase in public colleges. In general, tuition increases in public institutions do not completely replace losses of state allocations. This inevitably results in both an overall decline of resources available to the institution and more requirements on students and their families to finance, through loans and grants to cover tuition, a higher proportion of costs of attendance.

Tuition revenue as a proportion of higher education revenue is now at its highest levels and has risen more quickly than any other source of education revenue. Between 1980 and 2000, higher education tuition increased by 117 percent, while state government expenditures rose by 24 percent (National Center for Public Policy and Higher Education 2003). In 2004, higher education tuition stood at 36 percent of total revenue per FTE, compared to 26 percent in 1991. While community college tuition still averages less than \$2,000 a year, it has risen 33 percent between 1992 and 2002 (National Center for Public Policy and Higher Education 2003). Recent trends in tuition financing show that families at all income levels are accumulating more educational debt relative to total income in order to pay for education, and the composition of student financial aid packages is shifting toward a higher proportion of debt rather than grants or needs-based-aid. Student aid grants have declined from 52 percent of financial aid packages in 1981, to 39 percent in 2001 (National Center for Public Policy and Higher Education 2004).

How states finance postsecondary education has several implications for adult student access and participation in higher education. The following points are not exhaustive but do identify some of the critical impacts on adult students, and lower income adult students in particular.

FTE-based funding formulations can make part-time adult students less attractive to colleges. The funding formulas that states use to calculate the flow of support to higher education are shaped idiosyncratically by legislative politics, institutional history, and policy influences that accumulate over time. Most states utilize a funding formula to determine either an overall appropriation for postsecondary funding or an allocation (between institutions) of already appropriated funds in consolidated higher education funding. Despite the variety of formulas and factors considered in the equations, nearly all funding formulas include full-time-equivalent enrollments as the overwhelmingly determinant feature of funding determination (Center for Community College Policy 2000). The greater the number of students enrolling in higher education programs, the greater the amount of revenue flowing to the institutions.

Full-time-equivalency-based funding formulas can place pressure on colleges to promote enrollment growth at the expense of services that support student retention, persistence, and completion. Thus schools may focus on front-loading new enrollments and may lose many enrollees because of a lack of investment in appropriate support services and advising. This can have a sharp impact on non-residential adult students, who often depend on ancillary support to sustain their education. For adults, who are often part-time students, the services that promote persistence and completion and help them to manage work, family, and education demands are particularly important. Adult students report the centrality of services around obtaining financial aid, advising, and special programs to aid them as important in helping them manage their education and stay enrolled (Matus-Grossman 2004).

Reliance on enrollments as a source of revenue tends to diminish the revenue value of adult students to an institution. Because over half of all adult students participate in education less than half time, it typically takes more adult students than traditional students to comprise a

population of FTE students (Cook and King 2005).

Under FTE funding formula, there is an implicit value for traditional students over adult students; traditional students may simply be more valuable to schools and cost less to enroll and maintain than adult and low-income adult students (Carnevale and Deroschers 2004). Schools may thus devote greater support for marketing, information, and supportive services to enroll traditional students.

Declining state funding for education discourages smart programming for working adults. Downward pressures on state allocations for general operations strain the capacity of institutions to sustain critical services or to offer innovative services upon which adult students depend. Declines in operational support limit an institution's capacity for growing innovative curricula targeted to adult students, supporting the remediation that many require, or investing in new educational delivery methods that better fit the learning styles and constraints of working adults.

Promising directions in educational delivery, such as compressed curricula, hybridized course structures, and accelerated degree programs can benefit adult students in community colleges by making it more feasible and efficient to schedule classes, attend at convenient times, and complete a degree. Over the short run, however, such programs require developmental expenses and increase costs due to additional services (e.g., additional student advising time or different hours for the financial aid office). Without a mechanism to account for these additional development costs in the funding formula, colleges now have a disincentive to either invest in or offer the services.

Shifting the proportions of overall costs to tuition revenue penalizes working adults who face greater barriers to aid eligibility. The overall financial cost of education in the form of tuition to individuals is a major barrier to many moderate and low-income adults (Matus-Grossman 2004). Shifting proportionately more costs toward tuition to compensate for declines in institutional funding may create a complex impact on the ability of adult students to participate in education. Broadly, it makes attending college more difficult for all adult students, but for different reasons depending on their socio-economic status. Working adults with moderate family incomes are sensitive to total tuition costs because they may be outside of the limits for maximum needs-based financial aid. They bear more of the direct cost of tuition increases. At

community colleges, working adult students, whose incomes would disqualify them for grants and whose less-than-full-time enrollment may make them ineligible for full financial aid, may be forced to choose between maintaining family supports and covering tuition, even with marginal increases in tuition costs.

Lower income adult students, on the other hand, depend more heavily on financial aid programs and loans than any other group of students. These lower income students often express considerable reluctance to take on sizeable debt, though there is not a clear picture of what an unacceptable debt level threshold might be (Matus-Grossman 2004). Thus, increased reliance on tuition and financial aid for adult students may discourage some working adults from enrolling or completing their education, and may, for lower income adults, pose unacceptable levels of debt.

Public Policy Priorities Through Postsecondary Finance

As the perception of the economic role of higher education in contributing to economic development and the preparation of a skilled workforce has evolved, appropriations and allocations of public funds now come with more explicit expectations of results and outcomes. Some states now use performance measures to shape the allocation of funds toward public policy priorities, such as occupational preparation or contributions toward economic development and job growth. Some attention is now being paid to higher education efficiency, and there is much more focus on performance outcomes such as graduation rates, reducing the time to graduate, and degrees attained.

As more attention is given to performance measures and to shaping educational policy through financial allocation mechanisms, there is a greater need for understanding the differential impact of these mechanisms on different groups of students. In particular, the mechanisms must clearly reflect the goals, and reflect an accurate understanding of, who is obtaining education and how they get it.

It is especially important to grasp the changing characteristics of community colleges and to distinguish these from other parts of higher education. Community colleges, which enroll the majority of adult students and the large majority of lower income adults, have recently received much attention as key partners in a continuum of public higher education, from the K-12 system

through universities. Community colleges across the country have grown rapidly over the past 15 years, and this itself presents a complicated picture of demographics and demands on the institution. For example, the average age of a community college student has fallen from 29 years old to 27 years old, but adult students over age 25 represent the largest increase in community college enrollments and are now 40 percent of enrollments (College Board 2005).

As part of the workforce needing to increase skills and retrain and reeducate themselves in a globally competitive world, and as part of a group whose basic skills are seen as inadequate and whose educational attainment is too low, adult students are seen as a vast pool of potential students who need postsecondary education for good jobs in the economy (Cook and King 2005; Center for Community College Policy 2003; Carnevale 2004).

Broadly speaking, institutional financing for higher education and for community colleges in particular has not adapted financing mechanisms or finance policy to support this new vision for adult students and lower income adults (Lingenfelter and Voorhees 2003; Bailey and Mingle 2003). Some of the newer trends toward accountability in state financing actually work against offering more effective services for adult students. For instance, reducing time-to-graduation rates may make supporting part-time students, many of whom will be adults, a no-win proposition for colleges. Community colleges are straining to accommodate growth and to find ways of adapting to new adult students who seek postsecondary education, but in general the structures of educational finance have not.

State financing mechanisms for higher education no longer match the realities of student experience, especially the influx of adult students and especially in community colleges. As state financing policy changes, it should consider ways to better reflect both the ways students now obtain their education and the new ways that higher education can provide that education. This entails both

an overhaul of the formula on which funding allocations are made and additional clarity in specifying and then supporting the missions of higher education. The following points address mismatches between state financing mechanisms for community colleges (where the large majority of adult students and lower income adults enroll in higher education) and the tasks confronting this sector as it seeks to fulfill educational demands.

State funding seldom supports “non-credit” coursework. Only a handful of states, including North Carolina, Pennsylvania, Oregon, Kentucky, Mississippi, and Maryland, fully include non-credit and continuing education courses in FTE calculations and therefore in institutional financing calculations (Center for Community College Policy, 2000; Wang and Clowes 1994; Kaufman 1994).¹⁹ A few other states, like Arizona, Illinois, and New Jersey, provide partial funding for non-credit courses or for some non-credit programs. Most provide no significant institutional funding for non-credit courses. Yet, in community colleges, non-credit enrollments now account for nearly half of the courses offered and are the fastest growing segment of community college courses (Meyer 2002). Many adults enter postsecondary education through non-credit courses offered through workforce development or continuing education programs. Continuing education courses constitute a growing area of professional development and career development courses; these are important to adults for gaining technical skills, career building capacity, and gaining workforce credentials.

Including non-credit offerings in the calculations for institutional financing would provide incentives for schools, especially community colleges, to incorporate these courses more fully into the mainstream organization of academic educational programs and provide incentives to close the gap between many credit and non-credit courses in critical occupational fields such as information technology. This, in turn, would reflect the ways that many people, especially adults, now gain education and could help link interests in specific skill development courses or credential courses to degree programs. In other words, it could help create a more seamless pathway from

job training to full degrees and be of particular benefit to adult students (and their employers). Funding non-credit courses commensurate with credit courses also would build incentive for colleges to learn new ways of delivering education (i.e., customized training, distance education, and accelerated courses that often utilize innovative curricula to target learning for specific audiences and types of learners).

Current institutional financing policies tend to weaken and to separate workforce development programs from the basic operations of higher education. In the 1970s and 1980s, most community colleges established business and industry training divisions to offer largely customized training programs to employers and non-credit occupational or technical courses to the public. Nearly all of these divisions were self-supporting and dependent on “sales revenue” or grant-funded contracts. In some colleges, these became profit centers and revenue streams for their colleges. In many colleges, these areas became the location that carried out publicly funded training programs (WIA, TANE, etc.) as well as the more entrepreneurial efforts in new, occupationally oriented education and in aligning services to economic development needs (Spaid and Parsons, 1987; Wang and Clowes, 1994; Center for Community College Policy 2000). Today, these divisions are most commonly known as Workforce Development Divisions or Workforce and Economic Development Offices.

A historical legacy of the development of these divisions within a community college structure is the ongoing division between academic programs and workforce development. The former is still the basis of accreditation, financial aid eligibility, and enrollments that in turn are the basis for calculation of FTE. Workforce development divisions are largely sales revenue driven or grant dependent. Grant dependence is unstable; grants-driven services rightly focus on meeting the funding criteria but not on developing a stable platform of services.²⁰

These workforce development programs are often inefficient instruments for carrying out a state’s economic development and workforce development policies because they are simply not well integrated into an institution’s educational framework. Yet, many adult education and adult services are delivered through (if not consigned to) the workforce divisions of community colleges, and in many community colleges there is little communication between workforce development programs and academic programs. This usually means that a

skill development course delivered through a workforce development program will have no connection to or will not bear credit toward a degree.²¹ However, the overwhelming evidence on the impact of higher education on incomes shows that the most consequential gains in income accrue to those who achieve formal postsecondary certificates and degrees and not just coursework or a collection of courses. Achieving increases in the educational attainment of adults that has meaning for the economy and for workers means developing ways of helping adults gain degrees.

If states do seek to establish educational policy priorities and performance goals for adult students and services, then the continuing division between workforce development and academic programs will have to be bridged. One incentive to create this bridge is to build in ongoing institutional support for meeting workforce development goals, incorporating these goals into the basic foundation (that is, degree-based occupational education) of community colleges.

New Directions

The primary conclusion that emerges from this necessarily limited description of postsecondary student aid and institutional financing is that these financing systems simply do not work for working adults. These systems were built to promote postsecondary access for traditional students; they do not support the educational needs of working adults who face an economy that rewards postsecondary credentials and punishes the underprepared.

The Commission on the Future of Higher Education should encourage federal and state governments to begin a systemic redesign of student aid policies—not to reduce support for traditional students in need, but rather to offer more direct assistance to working adults and to use financing policies to foster innovations in program design and delivery. Important places to begin might include the following:

1. Recognizing more adequately in Pell grant distribution formulas the educational costs facing working adults and their interest in year-round study.
2. Using aid policies to encourage short-term, intensive programs and innovative delivery mechanisms that will help underprepared working adults rapidly acquire postsecondary credentials with immediate labor market impact.²²
3. Providing federal loans, subsidized for the most needy, for working adults who have demonstrated their commitment and capacity for postsecondary study but are unable to complete college on a half-time or more basis.
4. Encouraging states to apply their aid programs to working adults in ways that complement federal support.
5. Modifying the Lifetime Learning Tax Credit (LLTC) to offer working adults parity with the more generous credits available for traditional students through the Hope program.
6. Making the LLTC credits available to low-income working adults through new “refundability” provisions similar to those of the Earned Income Tax Credit.

Section 4.

Accountability:

Efforts to Monitor Quality and Drive Improved Outcomes Must Incorporate Measures of Adult Learner Success

Talking Points

The current debate over whether—and how—to develop accountability systems to assess and increase the effectiveness of higher education has failed to address adult learners and their needs.

- Accountability measures are intended to provide meaningful ways to assess program quality and to help institutions and systems improve by identifying strengths and weaknesses.
- Most public accountability discussions and measures center on traditional, full-time students, even though higher education outcomes are weaker for adult learners.
- Four key groups—students, employers, institutions, and federal and state policymakers—share an interest in better adult learner outcomes but have different priorities.

Existing federal, state, and institutional accountability systems demonstrate little power to monitor outcomes or drive improvement for adult learners.

- Little publicly available information exists to answer adult learner questions about employment outcomes, earnings potential, or return on education investment when choosing a postsecondary institution.
- Many employers are frustrated with the quality of job candidates, but have had little practical involvement in designing better accountability systems.
- IT certifications are an example of how occupational assessment can mutually benefit both students and prospective employers.
- Institutional accountability is managed through a peer-review accreditation process that puts variable emphasis on student learning outcomes.

- Occupational, program-specific accreditation bodies overseen by industry or trade groups with specific training and resource requirements better serve adult learners.
- Many higher education institutions express concern that overly simplistic metrics and reporting systems will fail to drive improvement and will further polarize key stakeholders.
- The most common higher education accountability measure is the IPEDS graduation rate reported to the federal government; this data does not include part-time or transfer students, who make up the vast majority of adult learners.
- The federal government does not require institutions to report labor market participation, employment, or earnings data that would be relevant for adult students.
- State accountability policies tend to emphasize enrollment, but new pressures are leading to greater attention to student outcomes. However, the particular interests and needs of employers and adult learners are rarely integrated into accountability systems.

Proposed federal legislation provides a starting point for better aligning higher education accountability efforts with the needs of adult learners.

- Proposals to strengthen accountability in the Higher Education Act would provide on-line tools for students to research and compare institutions and get more accurate information about college costs and financial aid.
- The legislation also would include part-time and transfer students in the calculation of graduation rates, a positive step to incorporate adult learners.

To be truly effective for adult learners, accountability systems should include:

- Measures of enrollment, progress, and completion of degree-seeking, part-time students;
- Disaggregation of outcomes by age and other characteristics of non-traditional students;
- Outcomes that incorporate industry credentials and licensure exams as well as educational credentials; and
- Employment and earnings outcomes that capture adult learners' economic gains.

Additional research and analysis is needed before policy-makers will be able to design accountability systems that meet adult learners' needs. Areas for further attention include:

- The study of existing programmatic accreditation processes to determine how promising approaches can be replicated, and what kinds of new approaches might help address the growing demand for such evaluation;
- Incorporating lessons from employer methods of measuring skills and learning into design of accountability systems that acknowledge the range of occupational programs that adults choose;
- Development of state data systems that can report economic as well as educational outcomes, including longitudinal tracking to capture the effect of different kinds of pre-college and college-level credential programs;
- Finding ways to engage all of the key stakeholders of adult postsecondary education—and to represent the variety of perspectives within each group—in future discussions of accountability design and implementation.

Introduction

Accountability in higher education has become a heated and divisive issue. Conflict over whether and how to assess—and increase—the quality of higher education programs has been building, as both the costs and value of obtaining postsecondary skills and credentials have been rising. Fueling the debate is growing evidence about two areas of significant concern—high rates of attrition from college credential programs and doubts about the

quality of student learning in higher education institutions. In a world where higher education is the key to economic self-sufficiency, better ways to assess results—and to improve performance—are critical. But in an industry where accountability has historically been weak and institutional autonomy strong, a shift to more effective accountability systems will not come without further debate, conflict, trial and error, and, ultimately, cooperation among the various stakeholders for whom higher education is a critical investment.

These issues are receiving increased attention as the Secretary of Education's Commission on the Future of Higher Education holds public hearings and solicits public comment. Supporters of increased accountability decry the lack of evidence currently available to help judge the impact colleges have on individual students, particularly given the amount of money that the federal government, states, and students spend on higher education each year. Others are skeptical of what they consider simplistic approaches to accountability that fail to take into account the complexity of missions, market niches, and students served at different postsecondary institutions. In recent testimony to the Commission, Paul Lingenfelter, president of the State Higher Education Executive Officers, acknowledged the growing polarization in the field when he noted, "Current accountability practices frequently reflect worry, frustration, and pique, more than confident, well-designed strategies for improvement. At its worst, current practice is a tool for placing blame on others and deflecting blame from oneself."

From the perspective of adult learners and those working to serve them better, the current interest in accountability is both welcome and frustrating. It is welcome because, as we have shown in this paper, higher education outcomes are weaker for adult learners than for traditional students and improvement is sorely needed. At the same time, it is frustrating because in most discussions of accountability, adult learners remain largely invisible. Deliberations proceed as if the 27 percent of college enrollments who are "traditional" 18- to 21-year-old, dependent, full-time students comprise an overwhelming majority of learners. They make little acknowledgement of the unique needs and interests of adults.

A striking example is the 2005 report of the National Commission on Accountability in Higher Education, *Accountability for Better Results*, a very thoughtful and rich argument for improved accountability sponsored by the State Higher Education Executive Officers. The report does a terrific job of explaining why clearer goals, better measures, and more effective use of data on student and institutional outcomes are critically important to the future of higher education and the U.S. economy. However, while the report presents powerful evidence on inequities in postsecondary outcomes for various sub-populations—minorities, low-income, and first-generation students—adult learners are never mentioned and the kinds of steps that might help improve their outcomes remain underdeveloped.

This section describes the ways in which higher education stakeholders, including students, employers, and policymakers, currently assess the effectiveness of postsecondary education. We then analyze opportunities for improving these processes for adult learners—and offer some general principles that should guide the future development of accountability metrics and systems to help improve outcomes for this important population.

Existing Accountability Systems Do Little for Adult Learners

Accountability systems are intended to provide meaningful ways to assess program quality and to help institutions and systems improve by identifying strengths and weaknesses. In recent years, following on the heels of the accountability movement in K-12 education, higher education policymakers and leaders have been evaluating the need to improve postsecondary accountability mechanisms and measures. Four distinct groups have a shared interest in better outcomes in higher education, though their priorities and concerns vary:

- **Students.** Students, both traditional and non-traditional, are the primary consumers of higher education—and their tuition rates, loans, and other costs are rising.
- **Employers.** Employers rely on higher education institutions to supply much of their workforce, at the entry, technician, professional, and managerial levels. They may be seen as the secondary customer for higher education's products.

- **Institutions.** Institutions have a clear stake in demonstrating to consumers, employers, and policymakers that their students benefit from their services. They also want to show other institutions that their courses are of sufficient quality and their credits should be transferable.
- **Federal and state policymakers.** Federal and state policymakers provide funds for higher education operations and student financial aid. Policymakers at both levels of government are growing increasingly interested in measuring higher education results as budgets are squeezed by rising health care and other entitlement costs.

At present, existing accountability systems address the interests and needs of each of these groups in only limited ways. Most important, from the perspective of adult learners, they have demonstrated little power to monitor outcomes or drive improvement in postsecondary programs serving adults.

Most Consumer Information about Higher Education Focuses on Traditional Student Needs

Prospective college students rely on a variety of commercial products when evaluating postsecondary institutions to attend. College guides that present comparative data about individual institutions (e.g., *U.S. News & World Report's* “America’s Best Colleges”) are the best-known example. However, these products, which include information on everything from academic offerings to campus social life, target traditional students looking for a residential, full-time college experience. No commercial products geared for adult learners exist.

Compared to traditional students, who are more likely to attend a four-year private institution and value academic reputation, availability of financial aid, and affordable cost most highly, adult learners place greater emphasis on flexible access to courses and future employment opportunities when making a college enrollment decision. (See *Table 4*.)

Unfortunately, there is little publicly available information that addresses the primary concerns of adult learners, especially related to employment outcomes, future likelihood of earning enough to repay student loans, and return on their education investment. This huge gap in

Table 4. Prioritized Ranking of Enrollment Factors

Rank	Undergraduate Adult Students	Rank	Traditional Students
1	Academic reputation	1	Academic reputation
2 (tie)	Availability of evening/weekend courses	2	Financial aid
2 (tie)	Future employment opportunities	3	Cost
4	Campus location	4	Personalized attention prior to enrollment
5	Personalized attention prior to enrollment	5	Size of institution

Source: Noel-Levitz 2005

the public’s ability to evaluate institutional performance as it relates to adult learners’ needs poses another serious obstacle to adults making quality choices about their further education.

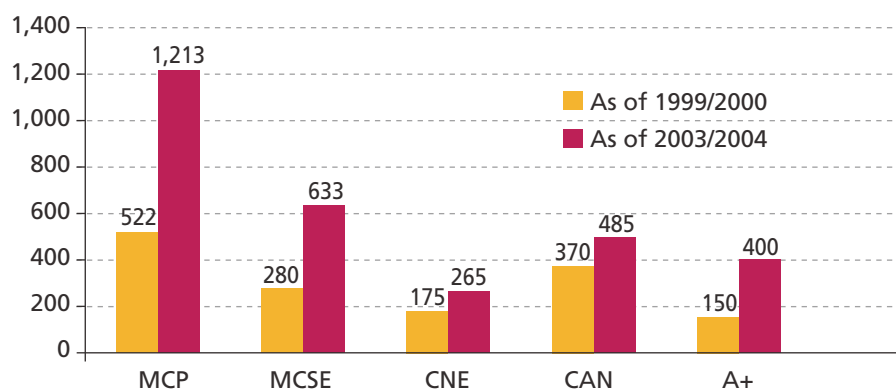
Employers Play a Limited Role in Accountability Systems, Despite Dependence on Graduates

Employers are among the most vigorous proponents of the need for better education and training, up and down the labor market. They are visible in local, state, and national debates about higher education and the access to human capital that their firms require. However, they are frequently on the sidelines when specific accountability and improvement strategies are developed. Beyond their hiring decisions, employers tend to have few direct ways to signal their interests and priorities in higher education accountability systems.

When it comes to hiring decisions, employers in many industries continue to struggle to find effective methods for evaluating recent college graduates. One proxy some employers use to guide their judgments about program quality and student qualifications is industry certification. Certification assures employers that individuals have completed a course of study that has taught them particular skills or knowledge, which they can apply to a specific workforce role.

Recent growth in the number of certifications awarded in the information technology field demonstrates one area where employers have sent clear signals to workers about the credentials that have high labor market value. (See Figure 9.) The development of IT certifications illustrates how occupational assessment can be mutually beneficial to both students and prospective employers.

Figure 9. Total IT Certifications Awarded to Date, Selected Certificate Types



Source: University Continuing Education Association 2004

Other industries have well developed occupational assessments of this kind, particularly in health care, but also in technical fields such as automotive service and construction. However, employer reliance on these certifications is spotty. The field of business, the most common undergraduate major in two- and four-year higher education, offers no such system of assessing work-readiness of program completers. In many industries, employers are left to rely on little more than program brand reputation or long-term relationships with certain postsecondary institutions.

Many employers are clearly frustrated with the quality of job candidates available today. Much of that frustration has been channeled into efforts to improve K-12 education in communities from which they hire. Recent Eduventures research identifies the priority concerns of U.S. employers regarding education and training outcomes at the postsecondary level. Above all, employers want to know whether, after a learning and development opportunity, a particular person will be able to do a particular job well. (See Table 5.)

Ultimately, employers need to be more active in demanding better accountability from higher education—and in helping to develop new accountability metrics of value to the modern workplace. Otherwise, they will remain relatively weak players in the arena of higher education improvement—despite the importance of improvement to their long-term prospects.

Institutional Accountability Is Managed Through a Peer-Review Accreditation Process that Puts Variable Emphasis on Student Learning Outcomes

Institutional accountability is managed primarily through the accreditation process. Accreditation is a peer review that may be completed by either a private agency or a government body with the goal of ensuring “that education provided by institutions of higher education meets acceptable levels of quality” (U.S. Department of Education). Institutions are required to maintain their accreditation status through ongoing reviews that may occur on a program-specific or institution-wide basis. These reviews serve to “approve” an institution’s programs based on how the institution compares to its peers and established standards.

Over the past decade, the regional bodies that govern accreditation procedures have begun to place greater emphasis on student outcomes in their standards; they were fairly silent on the subject through much of the 20th century. However, accreditation is a process that respects institutional autonomy and grants great latitude in the setting of priorities. Institutions set their own goals and then do a self-study and peer evaluation of whether they are meeting those goals and how they can improve their efforts. They are not required to pay particular attention to improving student outcomes. According to the association of accrediting agencies, “Accrediting organizations have frequently acknowledged student learning outcomes as an important dimension of quali-

Table 5. Outcome Measures Employers Value Most in Evaluating Employee Learning and Development Programs

1	Workforce proficiency (the ability to do the job well)
2	Operational efficiency (the ability to do the job efficiently)
3	Regulatory compliance (improved knowledge of regulatory requirements)
4	Changes in employee commitment to the organization (improved commitment)
5	Changes in employment motivation (increased employee motivation)
6	Learner satisfaction (with the learning program)
7	Time-to-competency (speed of learning new skills)

Source: Eduventures 2005

ty—and in many cases, have actively built or adopted new review standards and criteria to address it. But the particular ‘stances’ that they have adopted vary widely” (Ewell 2001).

For adult learners—and their employers—the program-specific accreditation bodies may be more relevant. These organizations assess the quality of specific educational programs, typically occupational, such as nursing and other allied health fields. The process is typically overseen by an industry or trade association and features specific requirements to ensure that students receive sufficient training and have access to appropriate resources. This oversight is designed to ensure that program graduates are adequately prepared to enter the workforce.

Postsecondary institutions have varied internal approaches to improving quality and trying to help their students/customers achieve their educational and career goals. Recent research indicates that many institutions’ primary strategic objectives align with the goal of improving the number and the readiness of their graduates (*See objectives 1, 4, 5, and 6 in Table 6.*)

However, institutional commitment to improvement is very different from public accountability for student learning, credential attainment, employment and earnings, or success in further education. Institution-level resistance to pressures for greater accountability combines a natural resistance to curtailment of autonomy and a desire to minimize comparisons with other institutions with a legitimate concern that the rush to more metrics and requirements will result in overly simplistic prescriptions that will do little to drive improvement.

Moving too quickly does run the risk of further polarizing institutional leaders, policymakers, employers, and students—without contributing to better outcomes.

Unfortunately for adult learners, this polarized positioning of competing interests does little to focus attention on their needs or how to improve services for them. Indeed, the current debate runs the risk of further marginalizing the interests of this significant constituency in higher education. Consider the College Learning Assessment that the Council for Aid to Education has developed to measure students’ critical thinking, analytic reasoning, and written communication skills. The exam is currently available to institutions on a voluntary basis.

Supporters have argued that this kind of standardized test is necessary to determine student learning outcomes in postsecondary institutions, while critics fear that standardized testing of college learning is too simplistic to be an effective tool given the diversity of institutions and curricula that make up higher education in this country. The CLA may or may not be a good idea, but its relevance for adult students is not yet being considered. For example, would this test be appropriate for adults who are pursuing occupational credentials? Or would it be more appropriate for those who take full general education sequences? These questions are not part of the current national debate on measuring student learning outcomes.

Table 6. Strategic Objectives of Senior Higher Education Administrators

1	Improve student learning outcomes
2	Attract/retain faculty
3	Improve fundraising
4	Improve retention rates
5	Improve use of data for strategic decision support
6	Increase enrollment
7	Enhance productivity of faculty and administrators

Source: Eduventures, 2005b

Federal Accountability Requirements Are Poorly Suited for Adults

The most ubiquitous accountability metric in higher education is the graduation data reported to the federal government. Since 1999, all postsecondary institutions that are eligible to participate in Title IV loan and grant programs have been required to report their annual graduation rate for fall semester cohorts of first-time, full-time students in degree programs. (The mandate was part of the Student Right to Know and Campus Security Act amendments to the Higher Education Act.) Four-year colleges calculate the number of students who graduate within six years, while community colleges calculate a three-year rate.

However, this common accountability tool is largely irrelevant for comparisons of quality or outcomes for adult learners. The methodology for calculating this graduation rate does not include part-time students or transfer students, who make up a huge proportion of adults furthering their education (American Association of State Colleges and Universities 2002).²³ Rather, it focuses on results for just a fraction of the nation's postsecondary population. In New Mexico, for example, only 8 percent of the 74,000 enrollments in the state's community colleges in the fall of 2004 were first-time, full-time students.

The federal government requires institutions to submit additional data, besides graduation rates. All institutions receiving Title IV grants must report information about a variety of institutional characteristics, including:

- *Basic characteristics:* tuition, enrollment, and other student expense data (e.g., room and board fees);
- *Completions:* level of degree, field of study, and demographic data for each student who earns a credential;
- *Enrollment:* number of full-time and part-time students by degree level, gender, and race/ethnicity; and
- *Financial aid:* number of students receiving financial aid, including student demographics and various types of aid (e.g., grants, loans, etc.).
- *Operational information:* selected data including staff and salary information

From the perspective of adult learners, it would be critical to include measures of labor market participation, employment, and earnings of graduates as well. However, there is no federal requirement for connecting education and employment data or for reporting employment-related outcomes.

Here is another example of how the diversity of institutions that serve adults demands careful consideration of accountability metrics and reporting standards. Many institutions—specifically the proprietary career colleges that serve a large population of adult learners—report data only on an aggregate basis, rather than breaking it down campus by campus. As a result, adult learners find it difficult to get basic information about a particular career college campus or location.

Proposed Federal Legislation Addresses Non-traditional Adult Learner Needs

In 2005, the House leadership proposed several measures designed to strengthen federal accountability systems in the Higher Education Act. H.R. 609, which was introduced but has not been acted upon, includes proposals that would make it easier for students to gather critical information about postsecondary institutions and would include adult learner data in some accountability metrics. The legislation is a starting point for better aligning higher education accountability efforts with the needs and interests of adult learners. One particularly promising proposal would include part-time and transfer students in the calculation of graduation rates. Other proposals include:

- Providing students and families with on-line tools to research and compare institutions;
- Increasing the transparency of college cost, price, and financial aid;
- Raising public awareness of available information, especially for non-traditional students; and
- Making more information available on the number of transfer and part-time students, and including them in relevant calculations.

State Accountability Systems Increasingly Track More than Enrollments, But They Are Slow to Address Adult Learners and Economic Metrics

Almost every state in the nation claims to have some form of accountability system (Wellman 2003). The State Higher Education Executive Officers Web site lists accountability reports and plans for about 40 states (www.shceo.org). The starting points are the accountability metrics reported to the U.S. Department of Education. However, states use that information in many different ways, and to different extents, to inform funding decisions. They also use more than graduation rate data in oversight and improvement roles.

By and large, because of the way in which funding formulas are constructed for public higher education, enrollment is the metric that states are most intent on collecting and tracking. Colleges are reimbursed by the state for enrollments; not surprisingly, reporting of enrollments is quite well developed.

Economic, fiscal, and other pressures are now driving states to consider strengthening their accountability systems for higher education. And a number of states have made expanded their accountability systems to address student outcomes more directly—and to address economic impacts of higher education in the state. However, particular consideration of adult learners and accountability metrics that address their progress through higher education are rare.

Almost two dozen states have begun to set overall goals for their higher education systems in the areas of attainment and completion. A smaller number of states—seven—have set specific attainment and/or completion

goals for minority, low-income, or other populations. Some, though not all, are also putting in place mechanisms for tracking progress. According to a recent Jobs for the Future report, approximately half of all states have “specified measurable goals for increasing the proportion of their population with a postsecondary education, including specific benchmarks and a specific time-frame for achieving the goals” (Collins 2006). (See Table 7.) While these goals are not necessarily formally linked to postsecondary accountability systems, identifying specific goals is a necessary first step in linking actual results with desired outcomes.

The report did not identify any goals that were disaggregated by age or that specified outcomes for adult learners.

Kentucky is one state that has begun to investigate how its higher education system is faring relative to its projected labor market needs for skilled and well-rounded college graduates. Kentucky has as one of its key accountability questions: “Are college graduates prepared for life and work in Kentucky?” (Kentucky Council on Postsecondary Education 2006).

Kentucky estimates that it will need up to fifteen years to nearly double the number of residents ages 25-64 with at least a four-year degree. Kentucky has also identified specific occupations/fields where future need is critical if the state is to remain economically competitive. From this process, the state has allocated \$1 million per year to “recruit, mentor and place minorities and women in engineering programs” (Kentucky Council on Postsecondary Education 2006).

Table 7. Statewide Numerical Goals for Student Access and Success

	Number of States
Enrollment: States with at least one enrollment goal	20
Retention: States with at least one retention goal	10
Graduation: States with at least one graduation goal	19
All: States with at least one enrollment, retention, and graduation goal	10

Source: Collins 2006

Texas is also building a comprehensive higher education accountability system focused on increasing education attainment for key population segments, in order to “preserve the state’s standard of living” (Collins 2006). Texas has a clear plan called *Closing the Gaps* that specifies targets for increased enrollment and degree completion of individuals from different population subgroups in the state by 2015. While the plan does not specify targets for adult students, it will be difficult for the state to meet its goals without addressing adult learners more effectively in higher education.

Texas and Kentucky are both tying their accountability systems and priorities to higher education gains—and to employer and economic demand. Much work remains to be done in this area, in these two states and certainly in others, if state accountability systems are to embrace and address the interests of both adult learners and the states’ employers, who want to see a greater supply of credentialed, quality employees.

Initial Thoughts on Strengthening Accountability Systems—from Adult Learners’ Perspective

It would be premature at this early stage in the discussion of accountability for adult learners to propose a specific set of goals and metrics that would focus attention on the quality of education and training they are receiving and the benefits accruing to them from college participation. However, it is possible to identify broad principles that should guide the development of accountability systems in higher education to ensure they are flexible enough to be relevant to adult learners and the programs they care most about. An adult-focused higher education system would:

- Encourage greater postsecondary participation among adult learners to support their employment and career goals and employer interest in skill upgrading;
- Promote student success from enrollment to degree completion in order to reduce high attrition rates for adult learners; and

- Connect students with employers in their fields and with routes into the labor market in order to maximize the economic gains of working adults and those who employ them.

An accountability system that monitors and accelerates achievement of these goals would feature priority statements that explicitly acknowledge the importance of serving adult learners. In order to be successful, the system must address each step in the adult learner’s path, from postsecondary enrollment through completion to participation in the labor force. Such a system would specify metrics for institutional performance and student outcomes that take into account adult learners’ distinctive patterns of college attendance and encourage colleges to be more effective in helping adult learners earn credentials. Key metrics must include measures of employment and earnings over time as well as credential and educational gains, such as:

- Measures of enrollment, progress, and completion of degree-seeking, part-time students;
- Disaggregation of outcomes by age and other characteristics of non-traditional students;
- Outcomes that incorporate industry credentials and licensure exams as well as educational credentials; and
- Employment and earnings outcomes that capture adult learners’ economic gains.

Much more research and analysis is needed before policymakers will be able to design accountability systems that better address adult learners’ needs—and drive improvement in adult-learner programming. Some areas requiring further attention include:

Strategies to strengthen program accreditation

Existing programmatic accreditation processes should be studied to determine how promising approaches can be replicated and what kinds of new approaches might help address the growing demand for this type of quality control in both public and private higher education systems. Research should also consider how programmatic and institutional accreditation processes can be better aligned to promote flexible movement across programs and institutions.

Approaches to measuring student skills and learning

Employers play an important role in some credential programs in helping shape ways to evaluate whether students possess the competencies needed in new hires or whether workers have the ability to adjust to new technologies and responsibilities. Policymakers should incorporate lessons from the best of these efforts—employer roles in standard-setting, providing workplace practicums and designing performance assessments—to help them create accountability systems that acknowledge the range of occupational programs that adults choose. As accountability debates turn to what are the best ways to determine how much students are learning, through standardized exams or other means, the perspectives of both employers and adult learners themselves can help provide a broader range of options to consider.

Ways to strengthen data systems in order to report economic as well as educational outcomes

State governments have been at the forefront of developing new data and accountability systems. Some states—such as Florida, Washington, and Texas—have made progress in determining employment outcomes by linking databases to connect higher education outcome data with unemployment insurance system data. Much additional work is needed in this arena so that longitudinal tracking of postsecondary students can capture the effect of different kinds of pre-college and college-level credential programs on educational and economic outcomes.

Strategies for engaging all key stakeholders in accountability discussions and development

Designing an accountability system that meets the needs and interests of adult learners will require careful construction. All of the key stakeholders need a seat at the table, including higher education leaders from all types of institutions—public and private, nonprofit and for-profit. State and federal policymakers should also be involved. Above all, representatives of different kinds of employers must step up to argue for a system that better meets their needs and to help design its contours. Finally, adult learners themselves should participate. Just as adult instruction should incorporate adults' knowledge and experiences, so too should the design of systems intended to help them achieve their goals for a better education, a better career, and a better life.

Section 5.

Recommendations:

A Plan for Addressing Adult Learners' Needs in Higher Education

Introduction

This paper has shown the critical importance of improving adult access to and success in higher education for the economic well-being of the nation, employers and workers alike. While some postsecondary institutions have responded creatively to the needs of adult learners, the shift toward a more adult-friendly system remains far too slow. The challenge of making it easier for working adults to succeed in college credential programs requires explicit attention and a carefully tailored strategy. It is not enough to hope for improvement as a byproduct of increasing college success for traditional, younger students.

Such an effort will require commitment and action from employers, educational institutions, and adult learners themselves. But policymakers have a significant role to play, as well. At both the federal and state levels, policymakers can take important steps to create conditions and supports that encourage commitments to developing the affordable, flexible, and responsive postsecondary programs working adults need.

For this reason, we recommend here a policy plan for increasing the number of working adults pursuing and earning postsecondary credentials. The plan addresses the three major topics of this report—accessibility, affordability, and accountability—as well as employer engagement, which affects each of the other areas. While our analysis of the challenges facing adult learners in higher education highlighted many issues meriting attention, this section presents the top priorities for immediate action. Each would require significant levels of both cooperation and funding, but without them, systemic change in higher education that would dramatically improve outcomes for adult learners will be unlikely.

These recommendations, summarized here, are outlined in detail below:

- Develop federal-state partnerships to promote and test innovative approaches to increasing adult access to and success in higher education.
- Update federal student financial aid programs to stimulate and support the postsecondary education of working adults.
- Create a national system to track and report individual adult student outcomes over time.
- Establish research and development programs to encourage employer engagement in the postsecondary education of working adults.

Recommendation 1:

Develop federal-state partnerships to promote and test innovative approaches to increasing adult access to and success in higher education.

Except for the funds it provides for student financial aid, the federal government has little influence over the structure or programming of postsecondary education. State governments oversee and fund these institutions, and therefore states must be important partners in any effort to make postsecondary systems more amenable to working adults. Nonetheless, the federal government can play a critical role, working closely with states and offering financial incentives that jumpstart the process.

Specifically, the federal government should partner with states to create Innovation Partnerships that: 1) test new approaches for increasing adult access to and success in higher education; and 2) scale up promising strategies. There is no shortage of innovative ideas for better meeting the needs of adult learners. A number of postsecondary institutions in the nonprofit and for-profit sectors target working adults by offering flexible and accelerated programs, adult-friendly instructional methods, and easier transitions within and across institutions. Their successes point the way toward a system that would encourage, not block, adults in their efforts to earn

postsecondary credentials, despite the difficulties of juggling work, school, and family obligations. They also highlight how institutional, system, and public policy might better support such innovations.

The new federal-state Innovation Partnerships would be propelled by a competitive grant program, offering federal matching funds to states interested in testing some of these varied approaches to helping their adult learners complete higher education credentials more quickly and successfully. The partnerships would focus on any area of higher education policy where change is likely to improve results for adults, including governance, financing, programming, licensing, and accreditation.

This would be a time-limited “research and development” investment by the federal government, designed to leverage state innovation and investment to serve a critical student population. States would not have to participate, but the incentives would be available only to states that, in partnership with their higher education systems, submit clear proposals for multi-year activities to test and expand approaches to increase adult learner access and success.

Key features of the Innovation Partnerships should include:

- *A sharp focus on improving results for working adults, as measured by credential completion, the strengthening of performance measures, and system reform to expand and sustain innovations statewide;*
- *Strong employer involvement in all levels, from state oversight to local partnerships with educational institutions;*
- *A dollar-for-dollar match from participating states;*
- *One-year planning grants, followed by annual, formula-based implementation grants (for a maximum of five years total);*
- *Data-based management for the implementation grants, against clear, annual progress goals; and*
- *Waiver authority where needed for institutions and postsecondary systems that wish to research specific learning and programming needs of adult students and test strategies that can increase their access to and success in postsecondary credential programs (e.g., adjusting FTE-based funding formulas for innovative efforts to provide education for hard-to-serve populations).*

**Recommendation 2:
Update federal student financial aid programs to stimulate and support the postsecondary education of working adults.**

It is essential to rethink how the federal and state governments provide financial aid to adult students. Aid programs designed for full-time, traditional students, while slowly being updated for the modern educational experience, remain sorely out of touch with the needs of working adults. Many adult learners do not qualify for financial aid because they cannot sustain a more-than-part-time school schedule, or they are eligible to receive only a few hundred dollars in aid each year. This prevents many low-income adults from accessing or completing postsecondary education. Working adults need a student aid system that matches their needs, and more must be done more quickly to improve it. Such a redesign must not reduce support for traditional students in need but rather offer more direct assistance to adult learners.

Two priorities emerge from the research. First, the federal government should continue to update the Pell Grant program and revisit restrictive rules of the federal student loan programs. At the same time, the federal government should energetically pursue the expansion of education tax credits and deductions, which are a promising alternative to complex, burdensome traditional grant and loan programs. In fact, the U.S. government is already delivering more and more student aid through the tax code, including credits and deductions for spending on tuition and fees in the current tax year and for saving toward college in the future. This method of delivery works particularly well for working adults, who pay taxes and who—unlike most traditional students—can benefit from offsets to their tax liability.

Updates to the Pell Grant and federal student loan programs should include these features:

- *Create a “year-round” option for Pell Grant recipients:* Many students—especially part-time, working adult students—must attend year-round in order to graduate within a reasonable timeframe. However, Pell Grants are limited to two semesters per academic year. Allowing students to receive Pell funding year-round promises to increase their persistence and, ultimately, their ability to complete degrees.
- *Repeal the “tuition sensitivity” provision of Pell Grants:* This provision stipulates an automatic reduction in aid

for students attending lower cost institutions, such as community colleges, where adults often make up most of the student body. This disproportionately harms working adult students, especially those whose low incomes force them to attend low-cost colleges.

- *Allow use of “current-year income” to determine Pell Grant allocations:* Many working adult students would benefit from easing the rigid adherence to using a student’s prior-year income on the Free Application for Federal Student Aid to determine the amount of aid the student will receive. Many adults enroll in postsecondary education because they are displaced from a job and no longer enjoy their former income. Streamlining the FAFSA to consider the current year’s income—at least for students in these types of special circumstances—would provide a significant benefit for these students.
- *Expand loan eligibility to part-time students:* Current federal policy limits student loans to those who enroll at least half time. However, most working adults consistently attend less than half time or vary their enrollment intensity. The federal government may be able to improve persistence and completion rates by expanding student loans to students who are committed to postsecondary study but are unable to consistently enroll half time or more.

Amendments to the Hope Scholarship and Lifetime Learning Tax Credits should include these provisions:

- *Increase the percentage of “qualified educational expenses” allowed under the Lifetime Learning Tax Credit:* Increasing the percentage from 20 percent to 50 percent (while capping the total credit at an appropriate level) would mean that financial aid covers more of the real costs of attending a postsecondary institution.
- *Expand the definition of “qualified expenses” for both the Hope Scholarship and Lifetime Learning Tax Credit:* Including room and board, books, supplies, equipment, transportation, and child care as “qualified expenses” would target the costs that burden working students the most. It also would bring the credits in line with current student aid rules, thereby reducing some of the confusion surrounding the student aid programs.
- *Allow the Lifetime Learning Tax Credit to be applied on a “per student” basis:* Current rules allow only one credit per family. Changing the policy—which would put it

in line with the Hope guidelines—would help families with two generations of students in college, and it would simplify the credits for filers.

- *Make both the Hope and Lifetime Learning Tax Credits “refundable”:* This would allow tax filers to keep the full amount of the credits, including any amount beyond their tax liability. This would provide a necessary boost for low-income working adults who need postsecondary education the most to help them climb out of poverty, but get stuck in a “Catch 22”: they earn too much to qualify for student aid but too little to incur a tax liability. Therefore, they receive no benefit from the education tax credits.

**Recommendation 3:
Create a national system to track and report educational and employment outcomes for adult learners over time.**

Higher education accountability systems were designed with traditional, full-time students in mind and fail to meet adult learner needs. The federal government can play a significant role in creating tracking systems for adult learners that better capture not only educational outcomes but also the economic and employment outcomes that are important to them. This would help adults make informed decisions about where to seek higher education. It would also enable policymakers to more accurately assess the impact of higher education spending and to plan institutional and system improvements.

However, the federal government must proceed carefully, so that the ability of states and institutions to use data for decision making and improvement is maximized in the shift to a national system.

Some proposals for amending the Higher Education Act would provide a starting point for better alignment of higher education accountability efforts with the needs of adult learners, such as including part-time and transfer students in the calculation of graduation rates and providing on-line tools for students to research and compare institutions. However, even if these win approval from Congress, much more change will be needed. Metrics for a comprehensive, adult-focused accountability system also would include: measures of enrollment, progress, and completion of degree-seeking, part-time students; disaggregation of outcomes by age and other characteristics of non-traditional students; outcomes that incorporate industry credentials and licensure exams in addition

to educational credentials; and employment and earnings outcomes that capture adult learners' economic gains.

The federal government can take two important steps to improve the ability of higher education data and accountability systems to reflect the progress of adult learners. First, it should create a national, longitudinal, student record system that includes working adults and can disaggregate their progress. Second, it should promote state-level higher education accountability systems that contain richer information on adult learners and their educational and economic successes.

The U.S. Department of Education should move toward a national, longitudinal, unit record system for tracking all postsecondary students that would include²⁴:

- *The ability to distinguish among students enrolled at different intensities—full-time or part-time, as measured by number of credit- or clock-hours enrolled;*
- *The ability to distinguish among students seeking all types of postsecondary education—certificates, degrees, and non-credit education;*
- *The ability to follow students as they combine courses and programs from a variety of educational providers;*
- *Disaggregation of student populations and their outcomes by age, ethnicity, employment status, and other demographic characteristics to create a better picture of the entire higher education population, and the hard-to-see adult learner population in particular; and*
- *Integration with other education and employment data systems, so that individual K-12 education records and unemployment insurance history are also accessible.*

It is clear that there are political sensitivities around this recommendation. Not long ago, intense opposition from various constituencies (certain groups of colleges, state data offices, privacy advocates, and others) caused a proposal for a national system to be shelved. However, several states—including California, Washington, Oregon, and Texas—have made significant progress in the mechanics and design—and effective use—of such systems. Any movement toward a national unit record system can and should work closely with these lead states and learn from their experience and expertise. This is particularly important if data on students and their outcomes are to be helpful in decision making to improve results. States need access to student data regularly and

quickly to inform decisions about funding and policy priorities. If a national student unit record data system is created, the federal government must make a strong commitment to provide states and institutions with easy access to data for decision making.

The federal government should encourage and support state higher education accountability systems that include labor market outcomes, as well as educational outcomes.

Institutions and public accountability systems should report not just on credential completion rates but also on employment and earnings outcomes for those who enter and complete their programs of study. A number of states do this by integrating educational data systems with the employment and earnings data reported through the unemployment insurance system. Federal funding and other policies should promote and support this integration so that it is more readily available information in more states.

**Recommendation 4:
Establish research and development programs to encourage employer engagement in the postsecondary education of working adults.**

Despite the occupational focus of most postsecondary graduates, few educational institutions and postsecondary policies engage employers—the demand side of the labor market—beyond a limited advisory capacity. It is rare for these institutions to involve employers deeply in designing curricula, importing information and materials from the workplace into the classroom, providing student internships and other types of work experiences merged with course activities, providing faculty externships, and delivering classes in the workplace. Likewise, federal and state policies fail to fully leverage employer involvement in targeted financing for credentialed education and skill development of working adults who lack postsecondary credentials.

Encouraging deeper engagement of employers in all aspects of postsecondary education could result in tremendous benefits for students, employers, and the educational institutions themselves. However, research to document existing practices or what works is limited.

For this reason, the federal government should undertake two sets of research and development activities to learn more about and better leverage employers in higher education. First, it should research current practices in employer involvement in postsecondary program design,

delivery, and financing. Second, it should invest in the seeding and testing of promising practices in employer engagement, with the goal of promoting successful strategies for broad adoption.

Research to understand current practice in employer involvement in postsecondary education should include:

- *Benchmarking the extent of intensive employer involvement in postsecondary curriculum design, faculty development, and program delivery:* A scan of how colleges and universities engage employers would help to establish this benchmark and uncover “pockets” of innovation whose lessons can help guide future employer activity and supportive policy.
- *Basic research on employer financing of postsecondary education:* Current estimates of what employers spend vary wildly because they are based on select sample surveys. One area of research that would be particularly helpful is on employer tuition assistance programs. Reinstating and expanding IRS reporting requirements for “section 127” filers would help tremendously in understanding how these investments are made and who benefits from them.

- *State efforts to better leverage employer investment:* For example, some states provide tax credits to companies that invest in education and skill development of workers. However, little is known about how widely used these policies are, which companies claim them, or which workers benefit. A better understanding of an employer’s return on investment could help shape the expansion of such credits to other states.

The promoting of promising practices in employer engagement should provide stronger incentives for employer partnerships.

At the institutional level, the incentives to engage employers in postsecondary improvement are weak. A grants program—perhaps a partnership among business, private philanthropy, and government—could help institutions and their employer stakeholders expand their partnerships and ultimately institutionalize new ways of collaborating. It could promote and advance innovations—in curriculum design and delivery, the use of workplaces as learning places, and employer financing of employee education costs—that could have a lasting impact for adult learners, their employers, and the economy.

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Endnotes

- ¹ Job tenure for men has dropped significantly in recent decades, from 5.9 years per job to 5.0 between 1982 and 2000. At the same time, job tenure for women has increased. The trends for women appear to be a function of the rise of the percentage of women in the labor force since the 1970s.
- ² Persistence in the first year is the challenge: differences in rates of attrition between the two groups of adult college students were similar after the first year.
- ³ Policymakers and others have been concerned by the emergence of sometimes over-zealous and occasionally fraudulent recruiting and/or financial aid practices. These very real excesses are not adversely affecting overall growth of the sector. Nor should the practices of unscrupulous operators overshadow the value delivered by legitimate and ethical institutions.
- ⁴ In 1999, 55 percent of all adult students and 59 percent of low-income adult students had dependent children. Fewer than 30 percent of postsecondary institutions offer on-campus child care. Institutions that offer child care have important gaps in services—child care is intended for institutions' employees, many child care centers have limited capacity and do not offer care during late-evening and weekend classes, or have age restrictions that allow toddlers but not infants or older children.
- ⁵ These data must be interpreted cautiously. Many of the schools with the highest rates of completion are not accredited by regional bodies, raising issues of quality. In addition, for-profit students are in school full-time, many at their employers' expense, for particular certificates, while community college students are attending part time. Similarly, selectivity in admissions among for-profits means that a segment of the adult population with very low basic skills will be referred to adult education providers and not admitted.
- ⁶ We are unable to characterize the extent to which the practices we describe have diffused through either two- or four-year institutions. It is safe to say that there is widespread experimentation with new approaches to organizing and delivering instruction in ways that are more flexible. However, as with so many innovations, the challenge is in introducing not just a pilot or a boutique program, but also to rethink institutional practice so that specific innovations are more broadly available and are part of a more concerted effort to address the needs of large numbers of potential or existing students.
- ⁷ While course-taking at multiple institutions has risen, the patterns vary for different groups. The vast majority of students who start their education at a four-year institution, particularly traditional age students, finish their degree at the school where they started. They may be taking courses elsewhere, but they have not transferred or been "mobile" students. For adult students and for students who begin at two-year institutions, mobility is much more of an issue.
- ⁸ As seems feasible in the DOL-proposed new "Career Advancement Accounts."
- ⁹ Most colleges and universities also participate in the federal work-study program, which provides part-time jobs to full-time or part-time students. Adult students usually work already and rarely are in a position to benefit from the work-study program.
- ¹⁰ There are some federal grants available through non-HEA programs, including tuition assistance for active-duty armed forces personnel, Reserve Officers Training Corps members, and education and training payments for veterans and dependents. There are also Americorps national service grants, a variety of small programs for Native Americans, and modestly funded NSF and Health Service grants for graduate studies. In 2003-04, these grants amounted to about \$3.7 billion.
- ¹¹ There is an additional program, the PLUS Loans, available without subsidy for parents of dependent undergraduates who are enrolled at least half time, up to the amount of need minus other aid. In 2003-04, the interest rate for loans in repayment was 4.17 percent and about \$7.1 billion was loaned. In addition, there are a few small and highly targeted loan programs for health professionals available through HHS.
- ¹² The Deficit Reduction Act of 2005, signed by the President on February 8, 2006, will increase the interest rates on all these federal loans, probably effective on July 1, 2006. However, because of technical inconsistencies in the act, the Department of Education will have to clarify these new rates by administrative ruling.
- ¹³ Federal tax laws also permit a variety of tax-advantaged college savings plans (*i.e.*, Section 529 savings plans, education IRAs, and penalty-free IRA withdrawals) that are not discussed here.
- ¹⁴ A four-person family with one student needs at least \$18,000 of income to have any tax liability, and it would need income of about \$32,000 to realize the full benefit.
- ¹⁵ The states are Delaware, Michigan, New York, Ohio, Vermont, and West Virginia (Bosworth and Choitz 2002).
- ¹⁶ The GAO report was unable to determine average expenditures per participant due to the multiplicity of programs and conflicting definitions. There were many different kinds of providers used: community colleges and secondary school

vocational centers were frequent providers, but many boards also authorized training by community-based organizations, private training firms, and proprietary schools. The GAO found that most of the 600 local workforce boards had established time limits and dollar limits for WIA-financed training; these limitations varied widely. According to the GAO, it was not possible to determine how many individuals received academic degrees or certificates or industry-recognized certifications.

¹⁷ FTE, or full-time equivalency enrollment, is a standard unit of measure for most postsecondary reimbursement or allocation calculations. It is, of course, a smaller number than total postsecondary enrollment, which in 2004 was just over 14 million.

¹⁸ These figures are in 2004 constant dollars.

¹⁹ No states fund hobby, avocational, or recreational, non-credit classes.

²⁰ Ironically, the workforce development departments are the main areas where employers have a say in the design of educational services to the workforce. In fact, some community colleges point to their workforce development programs as the “industry responsive” or “industry driven” components of

their services. The effect of this is to let the traditional academic, degree-based programs off the hook for industry responsiveness. A clear institutional financing policy on workforce development would help end the isolation of academic programs from industry.

²¹ For example, until recently the information technology curricula that led to certifications in Microsoft, Novell, or Cisco systems were by and large delivered as non-credit courses and did not—without what amounted to an internal articulation agreement—count toward credit in an academic computer science program.

²² As seems feasible in the DOL-proposed new “Career Advancement Accounts.”

²³ This data is gathered through the Graduation Rate Survey, conducted by the National Center for Education Statistics.

²⁴ For more information on how a national unit record system might be structured and managed to support improvement and state and institutional decision making, see Florida Community Colleges and Workforce Education, KnowledgeWorks Foundation, and North Carolina Community College System (2006).



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