

February 6, 2023

James Kvaal
Under Secretary
U.S. Department of Education
400 Maryland Ave., SW
Suite 7E307
Washington, DC 20202

Dear Under Secretary Kvaal:

Excelsior University is pleased to provide the following response to your request for information regarding low-financial-value postsecondary programs.

We encourage the Department to develop a *social value multiplier* to address the fact that many jobs and occupations have high social value even if they do not command high salaries. Primary and secondary education is one obvious example, but there are many others, such as social work, long-term patient care, public lands management, and so on. Ensuring that well-educated, qualified people work in these areas is critical to the health and wellbeing of individuals and society. Moreover, it is also an essential part of a vibrant and sustainable economy. To account for the social value of education that does not necessarily lead to high income upon graduation, we recommend that the Department create a social multiplier to be applied to salaries of graduates of these programs to assess their holistic value and account for the social impact and import of the work.

We recognize and appreciate the challenges posed by poor quality, high-cost postsecondary programs that lead to students defaulting on or otherwise unable to repay their student loans. This becomes an individual and social burden that impedes social mobility for students and passes costs onto taxpayers and society. Unscrupulous actors and higher education institutions taking advantage of students to enrich themselves, while impoverishing those they should be serving, is a blight on the spirit and purpose of higher education. We applaud the Department's 90/10 rule and other efforts being made to minimize this type of usury.

While we understand the need to address the challenges posed by postsecondary programs providing entry to lower paying jobs, we are concerned about the unintended consequences of determining the value of higher education programs only by the salaries commanded by graduates and their ability to repay loans. Over the last several decades, the national conversation about the value of higher education has moved almost completely away from higher education as a public good to higher education as an individual investment in one's own future earnings. This has directly impacted student choices, decisions by higher education institutions, policies at local, state, and federal levels, and philanthropy. Yet, the social value of a more educated populace is indisputable, with ample data showing the transformative power of postsecondary education on health, culture, defense, the economy, the environment, and many other areas of grave importance to all Americans.

There is no better example of the national transformative power of higher education than the 1944 G.I. Bill. Although the initial purpose of the Servicemen's Readjustment Act was to prevent widespread unemployment and economic depression by successfully reintegrating returning soldiers into civilian society, the consequences of the G.I. Bill were widespread and truly revolutionary. As Jason Fernando highlighted, "By 1951 8,170,000 veterans had attended over 1,700 schools and colleges at a cost to the Government of \$14,000,000,000. 3,430,000 were able to finish high school; 2,350,000 went to college; 1,630,000 received on-the-job training, and 760,000 obtained on-the-farm training."

From a financial investment perspective, the G.I. bill was a resounding success. In 1988, the Congressional Subcommittee on Education and Health observed that "For every dollar the government invested in education under the GI Bill, the nation received at least \$5 of benefits and as much as \$12.50 of benefits." The money, however, was only one small part of the return. The primary benefit of the investment was social transformation.

Prior to World War II, only one-third of Americans had finished high school, and higher education was a privilege primarily for the wealthy. The G.I. Bill changed that and opened doors to Catholics, Jews, people living in rural communities, first-generation immigrants, and others to move into the middle class through education and training. Simply put, the G.I. Bill created a smarter population that changed the nation. Jeff Nilsson summarized the impact well. "The millions of veterans who took advantage of a free college education helped raise the productivity of the American work force and bring it into the space age. They provided the technical expertise that revolutionized electronics, computers, aeronautics, media, and business management. They also found employment on major new government projects, like the interstate highway system and the space program."

In 2007, a half-century after the G.I. Bill ended, former Federal Reserve Chairman Ben Bernanke highlighted the ongoing value of higher education far beyond increased salaries of graduates.

Education imparts significant benefits both to our society and the individuals who pursue it. Economists have long recognized that the skills of the workforce are an important source of economic growth. Moreover, as the increase over time in the returns to education and skill is likely the single greatest cause of the long-term rise in economic inequality, policies that lead to broad investments in education and training can help reduce inequality while expanding economic opportunity. But the benefits of education are more than economic. A substantial body of evidence demonstrates that more-highly-educated individuals are happier on average, make better personal financial decisions, suffer fewer spells of unemployment, and enjoy better health. Benefiting society as a whole, educated individuals are more likely to participate in civic affairs, volunteer their time to charities, and subscribe to personal values--such as tolerance and an appreciation of cultural differences--that are increasingly crucial for the healthy functioning of our diverse society.

We encourage the Department to refine the meaning of "low-financial-value postsecondary programs" by accounting for and including the social value of many of those programs. For example, a rural schoolteacher who makes \$40,000 per year and must support a family might not be able to repay her student loans right away. Yet, her role in her community is critical for the wellbeing of many other families. Might the Department devise a *social value multiplier* for this type of job that would be applied to salaries of graduates of certain programs to determine their value from a holistic

perspective that accounts for the social impact and import of the work? This would not be a significant departure from current practice. For instance, low interest Health Education Assistance (HEAL) Loans, with lean repayment forgiveness of up to \$40,000 for serving clinicians with the Indian Health Service (IHS), is one example of how the Federal Government already recognizes the social value of education well beyond salaries commanded and ability to repay loans.

Just as the G.I. Bill generated multiples of value relative to the financial investment, the Department could develop a similar, contemporary calculator. Such a calculus could in turn be used to determine loan forgiveness and other policies to ensure that socially important, yet economically undervalued programs are not compromised. One can imagine, for instance, that the social value of the schoolteacher's work is worth three or four times the salary that she is receiving. That would then make the holistic value of the job worth \$120,000-\$160,000, which would significantly change the perception of value of elementary or secondary education. The Department could then use this formula as a loan forgiveness calculator to revise the repayment requirement to only one-third or one-fourth of the loan. This would help focus loan forgiveness to be more strategic and socially impactful.

A social calculus or other formula to account for the holistic value of programs will not solve the bad actor issue posed by unscrupulous higher education providers. However, that is a separate challenge from the low-financial-value problem. To address the former, clearer learning outcomes, a focus on competencies, and other metrics must be developed to identify bad programs that fail to properly educate students, regardless of the academic areas or the salaries they command.

In conclusion, we support the Department's efforts to address the challenges posed by low-financial-value postsecondary programs, but we strongly encourage the Department to develop a *social value multiplier* to account for the social value of programs in that calculation. Jobs in education, social work, and other services might command salaries that make it difficult to repay high loans, yet individuals in those professions help reduce crime and poverty, improve health and wellness, and support the social fabric in myriad ways. An accounting of that value to our communities and the nation is critical.

We encourage the Department to consider developing and utilizing more reliable, valid, and robust and inclusive measures of social value.

Cordially,

A handwritten signature in black ink, appearing to read 'David Schejbal', with a stylized flourish at the end.

David Schejbal
President