BRIDGING THE GAP

Can student aid help more learners acquire skills for the new economy?

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COMMISSIONED BY

GA GENERAL ASSEMBLY

FOREWORD

Coding academies are hot. Policymakers believe that they can help to close the skills gap. For young adults and many in mid-career, the idea of diving into a vibrant, interactive training program, with teams of people focused on the same goal of being a computer programmer, is thrilling. It is made even more tempting by the idea that it could open up the door to a high-paying career at a big technology company or a start-up.

Coding academies are so hot right now that they could become dangerous. They offer last-mile, specific training for people who already have strong critical thinking skills from college or through experience in the workplace. Academies have been successful placing graduates in jobs because their instructors and curricula are tightly aligned with industry expectations—but also because they select from a pool of students that is quite advanced already.

Many of the students at coding academies have access to money to pay tuition, so it is appropriate for policymakers to ask how financial aid could expand access for a less advantaged population. The danger, however, is that in the for-profit environment there is a huge temptation to grow enrollment in ways that end up destroying the quality of the program. The providers enroll students who are not really qualified or aware of what they are getting into, they charge too much using student loans, and they spend less on the actual curriculum, instruction and support. Students, thrilled to get into a program, may not realize that it will not result in the desired outcome, because they do not have the ability to evaluate or compare among programs. They blame themselves.

I cannot vouch for General Assembly, nor am I endorsing any particular approach to addressing these questions. But I really appreciate that General Assembly, a for-profit provider, is encouraging a thoughtful conversation about the role of public funding for accelerated learning—and whether there are ways to do it well.

—Robert Shireman, Senior Fellow, The Century Foundation

ABOUT THE AUTHORS

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As a Senior Research Associate at the Center for Higher Education Policy Studies in the Netherlands, Carlo has consulted for both European and African education ministries. In 2006, Carlo became the resident higher education expert at the United States Government Accountability Office (GAO). In 2008, he left GAO to co-found BridgeSpan Financial LLC, a boutique student loan default management and data analytics company, which he sold to Xerox in 2011. Carlo has also served as an economist with Pave.com, and as Vice President for Strategy for Ceannate Corporation, a provider of student loan default management and prevention solutions.

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Ben is also an active education investor, and serves as a Senior Advisor to New Markets Venture Partners. He is a member of the Advisory Council for Rethink Education and the investment committee for the Jefferson Education Accelerator, which was founded by the University of Virginia's Curry School of Education Foundation. He has served as a judge for the Milken PENN Education Business Plan Competition, the 1776 Challenge Cup, and the Yale School of Management Education Business Plan Competition.

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TABLE OF CONTENTS

FRAMING THE ISSUE

Efforts to "bend the cost curve" on postsecondary education by creating accelerated pathways to workforce-relevant credentials have taken many forms. In the last five years, Massive Open Online Courses (MOOCs) and ultra-low-cost course developers like Sophia and StraighterLine have drawn interest from media and policy elites. Coding "bootcamps" have also captured the imagination of policymakers, who see their high job placement rates and relatively low cost as part of the solution to our national skills gap. More similar to traditional higher education in that they rely primarily on expert-led, in-person courses, "bootcamps" are often referred to as Accelerated Learning Providers, ALPs, or Learning Accelerators.

On October 14, the U.S. Department of Education announced the creation of an experimental site that will enable bootcamp students to access federal student aid. The White House signaled support for unaccredited educational programs earlier this year with its $100 million TechHire Initiative. The Department of Veterans Affairs also announced that it would invest in accelerated learning to train service members transitioning to the civilian workforce.[1]

Under Secretary of Education Ted Mitchell has argued that "innovators are leading the way to a system of higher education that is more open, often less costly, more customizable to the needs of students, and more transparent in terms of its outcomes."[2] Enthusiasm for new models comes amidst increasing skepticism about the cost and value of traditional higher education. In September, Senators Marco Rubio (R-FL) and Michael Bennet (D-CO) introduced bipartisan legislation to create a 5-year pilot program that would offer an alternative, outcomes-based process to allow nontraditional education programs to access federal aid.[3]

The success of ALPs has occurred in a regulatory environment that is both less rigid and, in some ways, more opaque than what is required of typical postsecondary education providers. Paul Fain, a Senior Reporter at *Inside Higher Ed*, explains, "This is new territory for regulators. The coding bootcamp model doesn't have a precedent, so state agencies have had to learn about it on the fly. And the bootcamps themselves are new to dealing with higher education's triad."[4] While providers are subject to state licensure, their rapid development of curriculum in response to shifting labor market demands can make it challenging for them to comply with existing licensure and consumer protection requirements.[5]

Critics express concern that these novel private-sector solutions, many on the precipice of rapid expansion, are ripe for abuse without adequate regulatory oversight.[6] Bob Shireman, the architect of the Obama Administration's student loan overhaul and aggressive regulation of for-profit colleges, has praised the role of "trade schools for the digital age, holding the promise of teaching previously untrained students the latest computer programming technologies and providing fast-track access to high-paying jobs," but he has also urged focus on "quality

assurance questions" and the "hard, important questions about student learning and outcomes."[7]

To date, ALPs have benefited from serving a relatively homogeneous student population. Research on participant demographics is thin, but the high job placement rates and starting salaries likely reflect the fact that the typical student has already completed some form of higher education, is almost 30 years old, and has typically been employed for more than 5 years.[8] The potential for ALPs to serve a more diverse student population is uncertain.

The backdrop of for-profit higher education looms large as policymakers and pundits consider whether the model can successfully be ported to serve the nation's undergraduate population. Important unanswered questions remain. Is accelerated learning more akin to workforce training or higher education? Is it possible to expand the population of students served without compromising quality? What metrics should be used to gauge student performance? If public funding is appropriate, under what federal legislation and administering authority does it make the most sense?

This paper takes a step back to consider the history of federal student aid programs and map the landscape of financing alternatives as they exist today. It addresses the challenges that economists face as they consider efficient policy solutions, and provides a set of key considerations for policymakers. Our goal is to highlight the contours of existing programs and their origin stories to inform the current discourse with an understanding of history so that we can avoid regulatory missteps and consider the breadth of policy alternatives.

But first, a disclaimer: General Assembly (GA) commissioned this brief to provide policymakers and the media with a better understanding of student aid programs and models. It is not an exhaustive or comprehensive report, but rather a roadmap for analysts and policymakers as they look to study, analyze, and implement policy around financing non-traditional education programs. The views contained in this primer are those of the authors.

THE CURRENT MODEL

Today, most students who participate in ALPs pay out of pocket. While deferred payment programs are on the rise, fees are typically paid up-front and sourced from personal wealth, friends and family, crowd-funding campaigns, and—in some cases—employer sponsorship.[9]

Historically, both ALPs and the students they enroll have shied away from consumer loan products, but that is slowly changing. A number of boutique lending platforms, such as Earnest, Climb, Skills Fund, Pave, Credibly and Affirm, have developed short-term loan products that mimic offerings in the private student loans space, including deferred repayment periods and varying term lengths. Even lending giant Sallie Mae offers a career-training student loan option that caters to students in non-degree-granting institutions.[10]

Although the interest rates offered by the current crop of boutique lenders vary from as low as 5% to upwards of 20%, they generally constrain lending to students with above-average credit profiles.[11] Unlike typical federal student loans, which have repayment terms of 10-20 years, these alternative financing options often have terms of three years or less. These shorter repayment terms can result in lower overall repayment costs; however, origination fees can approach 5% and interest rates are more representative of traditional credit products. Typically, lenders do not impose penalties on students who repay loans ahead of schedule. As with student loans, most lenders defer repayment until a student has completed a program, though students typically pay interest during enrollment.

According to General Assembly CEO Jake Schwartz, while the number of students who finance tuition is increasing, less than 15% of students who participate in their programs utilize alternative financing options.[12] Rick O'Donnell, Founder and CEO of the student bootcamp lending platform Skills Fund, explains why: "Lenders are just now beginning to understand these programs in terms of quality and outcomes. Rates are reflection of risk. As we learn more, we can base rates on the impact of the program, rather than simply student characteristics, and rates should fall."[13]

BACK TO BASICS: A BRIEF HISTORY OF STUDENT AID

Our current system of federal student aid is rooted in Title IV of the Higher Education Act of 1965 (HEA), which normalized lending to ensure affordability following a post-war boom in college enrollment triggered by the G.I. Bill in the 1940s and 1950s.[14]

FAFSA and Title IV Eligibility
Student eligibility for Title IV federal assistance is largely based upon being enrolled in an "approved" institution of higher education and a program that leads to a recognized qualification. Each year, students must complete a Free Application for Federal Student Aid (FAFSA), which collects personal and financial data used by the Department of Education and certain states to determine the amount and type of aid that a student is eligible for.

At the time, Congress found that banks were averse to lending money to 18-to-24-year-old students with thin repayment histories. Absent federal intervention, policymakers were concerned that rates and loan terms would discourage, rather than encourage, college participation. In order to get banks to make loans at reasonable rates, Congress created a program that put in place two very important incentives:

- A guarantee that if the student defaults on the loan, the government would pay banks the cost of that default; and
- A premium payment, meant to keep the loan affordable, which offsets the difference between what banks would be charging students and what they could have obtained by making loans in traditional consumer markets.[15]

Seven years later, in 1972, Congress created Basic Educational Opportunity Grants. These were the first federal grants to support higher education, and the forerunner of today's Pell Grant program, which provides tuition aid to low-income students pursuing undergraduate education without any repayment requirement.

In 1980, Parent Loans for Undergraduate Students (PLUS) emerged to provide greater financing flexibility to families supporting college students. By the mid-1980s, the National Defense Student Loan program (the 1958 forerunner to the loans created by the Higher Education Act of 1965) was recast as the now-familiar Perkins Loan, which provided a shared pool of federal and institutional loan dollars for postsecondary students until its expiration on September 30 of this year. In the early 1990s, federal student loans were split into unsubsidized and subsidized pools, whereby the government would agree to make the interest payments on poorer students' loans while they were still enrolled.

Notwithstanding the success it had in helping generations of students finance their postsecondary education, the federal student loan system sketched out above and conceived in the 1960s was built upon a complicated framework that reflected both banks' unwillingness to lend and the limited technology available at the time for operating a nationwide system. Interest rates on federal loans were set statutorily, which meant that rates only changed sporadically and students could find themselves with terms that were notably higher or lower than prevailing market rates. A complicated reimbursement system was put in place through which the federal government provided banks with special allowance

payments on a quarterly basis. The federal government also created a nationwide system of Guaranty Agencies to manage the administration of the entire system, including the government-provided default guarantee.

In the early 1990s, Congress established the Federal Direct Loan program as a competitor to the bank-based system, whereby the U.S. Department of Education would originate and disburse loans directly to students. In 2008, the financial crisis triggered the need for emergency federal funding to ensure that students would have access to bank-based federal student loans, yet it also raised concerns about the program's long-term efficiency. In 2010, Congress permanently closed the bank-based system, and since that time all new federal student loans have been made directly by the U.S. Department of Education.

Beyond the loan and grant system, the federal government has also expanded the federal student aid system through the addition of college savings plans, federal income tax credits, public service loan forgiveness, and income-based loan repayment options. States have also created a range of need- and merit-based loan and financial aid programs that serve the dual purpose of promoting college access and supporting economic development. Beyond state and federal programs, today's students can tap into grant and loan options provided by education institutions themselves, employer tuition assistance, scholarships, commercial lenders, parents and friends, and even online crowd-funding platforms.

The distribution of resources used to pay for higher education today is not uniform. According to the annual survey How America Pays for College, grant aid in 2014 covered some 31% of a "typical" family's college expenses and student borrowing another 15%. Parent support in the form of income, savings, and parent loans, however, still accounts for the largest percentage of students' college costs.[16]

STRUCTURAL CONSIDERATIONS

The diversity of funding sources and complexity of mechanisms reflect both policy priorities and the range of educational options that students pursue. Table 1 provides a starting point for thinking about policy alternatives for students pursuing accelerated learning programs. When considering these support mechanisms, it is useful to consider four basic attributes:

Delivery of Funds

Are dollars channeled to students directly as portable subsidies, or indirectly invested in institutions that would then offer lower-priced programs? Programs like Pell provide students with dollars that they can take to the institution of their choice, whereas workforce-training grants authorized under the Workforce Investment and Opportunity Act (WIOA) typically go to institutions directly.

Front- or Back-end Support

While most financing provides dollars at the point when the education purchase is made, the use of tax credits and deductions provides an alternative approach that can help augment the large percentage of private resources individuals already draw down to pay for education and training.

Public Benefits or Private Incentives

Programs can be constructed as pure public subsidies that transfer directly to consumers or institutions. Alternatively, options like tax benefits for employers can be developed to create incentive structures that encourage affordable private financing solutions (e.g. employer or consumer lending).

Oversight

Higher education investments at the federal and state levels have traditionally been overseen by the U.S. Department of Education or similar state agencies. Programs supporting areas like skills training, career transition, and workforce investment, though, have traditionally been monitored and controlled by the Department of Labor.

TABLE 1

Category	Funding Mechanism	Program	Attendance at an Accredited Institution Required?	Annual Max. Amount Available	For Undergrad Education Only?	Field Specific (For Work Following Completion)?	Need Based?	Covers Non-Direct Education Costs?
Federal Student Aid	Grants	Pell Grants	YES	$5,775	YES	NO	YES	YES
		Supplemental Educational Opportunity Grants	YES	$4,000	YES	NO	YES	YES
		TEACH Grants	YES	$4,000	NO	Y-Teaching	NO	YES
		Iraq & Afghanistan Service Grants	YES	$5,775	YES	NO	YES	YES
	Loans	Ford Federal Direct Loans*	YES	$20,500**	NO***	NO	YES	YES
		Perkins Loans	YES	$8,000**	NO	NO	YES	YES
		PLUS	YES	Remaining Need	NO	NO	YES	YES
	Other	Federal Work Study	YES	No Max	NO	NO	YES	YES
Tax Benefits	Tax Credits	American Opportunity	YES	$2,500	First four years	NO	YES*****	YES
		Lifetime Learning	YES	$2,000	NO	NO	YES	YES
	Deduction	Qualified Student Loan Deduction	YES	$2,500	NO	NO	YES	YES
		Tuition & Fees Deduction	YES	$4,000	NO	NO	YES	NO
	Exclusion	Employer Tuition Assistance	NO	$5,250	NO	NO	YES	NO
		Retirement Withdrawal	YES	No Max	NO	NO	NO	NO
		529 Plans, Coverdell Plans and Prepaid Tuition Programs	YES	No Max	NO	NO	NO	YES
Other Federal Programs	Grants	GI Bill / Post 9-11 GI Bill	NO	$21,084.89	NO	NO	NO	YES
		WIOA	NO	Set by State/ Local	NO	Y-Workforce Needs	YES	NO
School Based Assistance	Grants	Institutional Grant	NO	Set by institution	NO	NO	Potentially	YES
	Payment Options	Tuition Payment Plan	NO	Set by institution	NO	NO	YES	NO
		Deferred Payment	NO	Set by institution	NO	NO	YES	NO
Personal	Direct Pay	Private Pay	NO	No Max	NO	NO	NO	YES
	Loans	Credit Card	NO	No Max	NO	NO	NO	YES
		Home Equity Line	NO	Depends on Equity	NO	NO	NO	YES
Private Lenders	Loans	Traditional (Sallie Mae, Wells Fargo)	NO	Up to cost of attendance	NO	NO	NO	YES
		Alternative Finance Providers	NO	Vary	NO	NO	NO	YES
State Student Aid	Grants	State Need Based Aid	YES	Set by State	YES	NO	YES	YES
		State Merit Only Based Aid	YES	Set by State	YES	NO	NO	Vary
	Loans	State Student Loan Programs	YES	Up to cost of attendance	NO	NO	YES	YES
	Other	State Assistance for Workforce Shortages	YES	Vary	Vary	Y- Typically Nursing and Teaching	NO	NO

*Includes both subsidized and unsubsidized

**This is the maximum amount for graduate students

***Subsidized grants for undergraduates only

****Penalty free withdrawals can be subject to income tax

*****If the AOTC pays one's tax liability down to zero, up to 40 percent of the balance can be refunded

AN (ECONOMICS) BRIDGE NOT TOO FAR

In many ways, the challenges for policymakers or lenders considering the financing of new education programs mirror those that Congress encountered over fifty years ago when it first explored ways to enhance affordability of postsecondary education.

From an economics standpoint, higher education is an unusual product.[17] Unlike goods and services that are consumed and immediately valued, neither students nor regulators can easily value the return on an education investment until years later.

> "So to thousands of young people education will be available. And it is a truism that education is no longer a luxury. Education in this day and age is a necessity. Where a family cannot afford that necessity… We can provide loans, free of interest and free of any payment schedule until after you graduate, to worthy, deserving, capable students."
>
> *Lyndon Johnson's address at Southwest Texas State College on signing HEA, Nov. 8, 1965*

Higher education is also uniquely susceptible to "used car dealer" risk, in which information asymmetry means that providers have incentives to charge higher prices and shirk on quality. By the time education consumers are able to determine whether they got their money's worth from an educational experience, it is too late to do anything about it.

According to Ryan Craig, an investor in Galvanize and author of *College Disrupted: The Great Unbundling of Higher Education*, "The promise of 'just-in-time' programs like coding bootcamps is shorter, less expensive, and accessible credentials. To date, bootcamps have primarily served a population of college graduates with the ability to pay out-of-pocket. In order to realize their promise as viable alternatives to degree programs, a level playing field for financing is required."[18] John Bailey, a former White House domestic policy advisor and Vice President of Policy at the Foundation for Excellence in Education, believes that "federal higher education and job training policy must be flexible enough to accommodate new models, such as those offered through learning accelerators and code academies." Without this flexibility, he argues, "federal funding will reinforce existing systems and further protect entrenched incumbent institutions that may inadequately service both students and employers."[19]

Ben Miller, from the Center for American Progress, raises a note of caution regarding access to debt for bootcamp students, explaining, "We often talk about opening up access to Title IV as if it's a monolithic policy issue, but it contains two very different components: loans and grants. The risk to students is by far greater for loans and therefore must be approached cautiously."[20]

Policymakers have historically used second-best mechanisms, like a parent's credit history, to assess lending risk, while quality has been addressed through the imposition of regulations designed to ensure that programs are consistent or meet minimum standards. State regulators and accreditors also impose and enforce

requirements to ensure some level of evidence that demand for a given program actually exists. Bill Hansen, CEO of USA Funds and Former U.S. Deputy Secretary of Education, told us that "striking the right balance between fostering innovation and mitigating risk is absolutely critical—policymakers have to take a hard look at the quality of individual programs, completion rates, and workforce outcomes."[21]

Despite the similarities to traditional higher education programs, accelerated learning creates new challenges and opportunities for policymakers and lenders. Unlike traditional programs, ALPs are typically hyper-explicit in where their graduates can expect to find employment. The duration of programs is relatively short—which mitigates "used car dealer" risk and creates opportunity to assess outcomes closer to real-time. Near-term employment outcomes also allow for three-way risk sharing among institutions, students, and employers. The rise of forward-looking finance providers, like UpStart or Pave, goes a long way towards aligning lender and borrower incentives, and may be instructive for state or federal policy design. As Oren Bass, co-founder and CEO of Pave, explains, "lending to these career-focused and motivated borrowers presents a clear opportunity: we encourage behavior that can positively affect individuals' careers and earning potential, and, as a result, benefit in terms of better credit performance."[22]

Sector-specific programs also present unique challenges for policymakers. With limited exceptions, education finance policy has been tailored to types of programs and institutions rather than fields of study. Pundits and policymakers should be legitimately concerned that granting access to the deep well of federal education dollars may provide perverse incentives for a flood of new entrants who, if left unchecked, will fall into a pattern of charging high prices in return for low-quality services by luring students into applying for federal grants and loans. Ben Miller reminds us that "Title IV is not great at letting new actors in, but it's even worse in letting out struggling actors. If we change the entry policy, we also need to change the exit policy."[23] General Assembly's Jake Schwartz raised broader concerns in a recent *Inside Higher Education* article: "Title IV is a big part of the problem with traditional higher education. Federal aid tends to contribute to ballooning costs and the industry's long-term debt model…That's the wrong side of history to be on."[24]

TOP 10 CONSIDERATIONS FOR POLICYMAKERS

The growth of ALPs holds great potential to both serve students and influence the alignment of postsecondary education with workforce needs. The economics of higher education, however, make navigating the terrain towards success challenging. How consumers are able to unlock and leverage their potential should be important to policymakers as they look to better understand the dynamics that shape this evolving marketplace. Below are ten considerations that might help to guide policymakers as they think about how ALPs can work to enhance postsecondary education well into the 21st century.

1 Who should pay?

The notion that, "he who benefits, pays" is important in thinking about the roles that public subsidies should play in education investments. Education clearly provides the individual receiving it with private benefits, particularly in the form of higher wages. Yet, graduates also create public benefits, notably lower overall unemployment or greater economic productivity. Balancing the role of public vs. private financing is particularly relevant when considering mechanisms to support accelerated learning, which, in relation to traditional higher education, has a much more narrow policy purpose.

2 Look beyond current program offerings

The accelerated learning programs that are driving demand today were developed around a narrow set of high-demand fields capable of offering disproportionately high early-career wages in emerging industries and hybrid jobs. A framework for accommodating ALPs in the context of public funding needs to look beyond such unique characteristics and consider a more diverse array of offerings in more traditional career paths and with less lucrative near-term job prospects.

3 Disincentives for waste, fraud and abuse

The potential exists for providers to enter the market and exploit public funding with substandard programs. Early-stage education providers may not have the back-office or organizational structures to appropriately manage the compliance associated with public funds. Policymakers should consider what barriers to entry should be established to maximize provider quality in return for student access to public financial support.

4 ROI and performance-driven accountability

Establishing outcome metrics, including graduation rates, time-to-employment, and target salary ranges is key. Skill-specific programs, like coding bootcamps, create an opportunity for policymakers to develop accountability measures predicated on student return-on-investment, including the comparison of income or other pre- and post-program measures of economic value. Policymakers should work with the private sector to establish metrics that matter and employ measures that are both practical and implementable.

5 Match location with income generation

Not all programs yield the same economic returns in all locations. Some programs may do more to meet state, regional, or national labor market needs than others. Policymakers should consider alternative ways to expand public support while recognizing that employment and wage outcomes depend in part on the needs of the community.

6 Consider indirect investment opportunities

Public financing does not have to be structured as a portable subsidy. In addition to evaluating shifts to student loans and grants, policymakers might consider tax credits, exemptions, or deductions, as well as eligibility for 529 withdrawals or qualified retirement plans.

7 Consider the source

While Title IV of the Higher Education Act of 1965 provides the basis for much of our federal investment in postsecondary education, it is not the only legislative vehicle at policymakers' disposal. The Workforce Innovation and Opportunity Act, for example, funds a national network of one-stop centers designed to optimize the integration of education and regional economic development.[25] Rather than incentivizing the modification of ALP programs to fit into a traditional higher education framework, there may be value to exploring the extent to which ALPs' service offerings may be more suitably defined under more direct workforce training.

8 Identify "finance-able" units

Higher education institutions have historically used the credit hour as a unit of degree completion and the basis for assessing tuition fees. New education models like ALPs are designed around different time-on-task requirements and outcome measurements. Program lengths and intensities may also vary considerably. Developing common measuring units is important to helping consumers draw meaningful program comparisons.

9 Opportunity cost

Part of the challenge to financing higher education today is that our public investment in higher education may also trigger lost earning power. In some cases, borrowers must cover years of living expenses in addition to tuition and fees. From an economic standpoint, ALPs should cost less, resulting in lower lost wages or opportunity cost. Policymakers should consider the economic externalities associated with accelerated time-to-completion as they evaluate the net economic value of investing in new models.

10 Diversify risk and strengthen accountability

The success of ALPs reinforces the importance of tight coupling between certain types of education providers and employers. How might policymakers incentivize deeper relationships between states, ALPs, and employers as we consider levers to expand access? Stable, scalable industry-education partnerships could generate insights that help policymakers monitor and improve the quality of programs.

CONCLUSION

As a sector, higher education routinely witnesses the rise and fall of ways to re-think the delivery of education that align with industry needs and expectations. Too often, promising ideas evolve into niche fads.

Accelerated Learning Programs have crossed the first threshold: they have begun to accumulate the kind of performance data that suggests that the model can work at scale. That success has been driven in no small part by a fortunate mix of economic factors and demography. Nevertheless, it has shown what happens when motivated individuals with sufficient time and resources are given an opportunity to re-tool and invest in themselves.

As with any industry, the next phase will be monitored and evaluated by the extent to which a model like this can be extended to a wider array of education consumers and a broader set of programmatic offerings. New financing models may help—but policymakers and pundits should remain eager, yet cautious.

[1] See the March 9, 2015 White House press release on the $100 million TechHire Initiative, which looks to, among other things, foster scholarships for coding bootcamps as well as support multi-state efforts to recruit bootcamps and hire graduates (https://www.whitehouse.gov/the-press-office/2015/03/09/fact-sheet-president-obama-launches-new-techhire-initiative). The Veterans Affairs announcement can be found here: http://www.blogs.va.gov/VAntage/22063/va-launches-new-no-cost-training-programs/. For information on the Department of Education's interest in creating an experimental site focused on short-term, non-traditional providers, see the July 2, 2015 Chronicle of Higher Education piece, New Players Could be in Line to Receive Federal Student Aid (http://chronicle.com/article/New-Players-Could-Be-in-Line/231333/). Note that as far back as November 2011 the Department of Education had already announced an experimental site focused on Pell Grant eligibility for students enrolled in short-term training programs (https://experimentalsites.ed.gov/exp/approved.html).

[2] Source: Undersecretary Mitchell's Blog Post "Innovation and Quality in Higher Education." (http://blog.ed.gov/2015/07/innovation-and-quality-in-higher-education/)

[3] For the bill text and history, see https://www.congress.gov/bill/114th-congress/senate-bill/2111/cosponsors

[4] Interview with Paul Fain.

[5] See, for example, the September 18, 2015 article, "Regulation Pays" in InsideHigherEd on the changing dynamics of the regulatory space for coding bootcamps. https://www.insidehighered.com/news/2015/09/18/general-assembly-leads-coding-boot-camps-regulated-side-higher-education

[6] For general concerns about bootcamp quality and federal student aid dollars, see Bob Shireman's piece from September 2, 2015, "How Not to Destroy Quality at Coding Bootcamps" (http://www.tcf.org/blog/detail/how-not-to-destroy-quality-at-coding-boot-camps).

[7] Source: Bob Shireman's Blog Post "How Not to Destroy Quality at Coding Bootcamps." (http://www.tcf.org/blog/detail/how-not-to-destroy-quality-at-coding-boot-camps)

[8] Source: Course Report's 2014 Programming Bootcamp Graduate Survey (https://www.coursereport.com/2014-graduate-survey.pdf)

[9] Source: Course Report Live Panel: How to Pay for a Coding Bootcamp. https://www.coursereport.com/resources/live-panel-how-to-pay-for-a-coding-bootcamp

[10] Source: Wired Magazine, July 2015, Now you can pay for code boot camp with student loans (http://www.wired.com/2015/07/affirm-student-loans/). Course Report has also developed a useful infographic here (https://www.coursereport.com/resources/ultimate-guide-to-coding-bootcamp-loans-financing) that allows students to compare the terms of different bootcamp loan programs. Information on Sallie Mae's career loan option can be found here (https://www.salliemae.com/student-loans/career-training-smart-option-student-loan/)

[11] Source: Wired Magazine, July 2015, Now you can pay for code boot camp with student loans (http://www.wired.com/2015/07/affirm-student-loans/).

[12] Interview with Jake Schwartz.

[13] Interview with Rick O'Donnell.

[14] See "Federal Student Aid Policy, A History and an Assessment" by Lawrence Gladieux (1995) here: https://www2.ed.gov/offices/OPE/PPI/FinPostSecEd/gladieux.html.

[15] Once the federal government was able to persuade banks to make loans to students, the next challenge it faced was the absence of a secondary market willing to purchase the portfolios of loans and resupply banks' ability to provide continued financial support. In 1972, Congress created a new government sponsored enterprise, the Student Loan Marketing Association, better known today as Sallie Mae. Coincidentally, one of the other landmark shifts in federal higher education policy that came out of the 1972 reauthorization was the widening of the definition of an institution of higher education to accommodate vocational training programs.

[16] Source: How America Pays for College, Sallie Mae's National Study of College Students and Parents, Sallie Mae/Ipsos. http://news.salliemae.com/files/doc_library/file/HowAmericaPaysforCollege2014FNL.pdf

[17] Economist Gordon Winston first espoused this idea in his landmark work, "Subsidies, Hierarchy and Peers: The Awkward Economics of Higher Education." Journal of Economic Perspectives 13(1), pp. 13-36.

[18] Interview with Ryan Craig.

[19] Interview with John Bailey.

[20] Interview with Ben Miller.

[21] Interview with Bill Hansen.

[22] Interview with Oren Bass.

[23] Interview with Ben Miller.

[24] Source: Inside Higher Education, April 2015. "Emerging Path to Federal Aid." (https://www.insidehighered.com/news/2015/04/09/political-pressure-builds-new-accreditation-and-aid-pathway-upstart-providers)

[25] Source: Department of Labor WIOA Fact Sheet on One-Stop Career Centers. http://www.doleta.gov/WIOA/Docs/WIOA_OneStop_FactSheet.pdf. WIOA spans a number of federal departments and agencies, including the Department of Education's Office of Career, Technical and Adult Education (OCTAE). While focused primarily on vocational and adult education initiatives, the office also helps encourage workforce development through participation in community colleges. More information on OCTAE can be found here: http://www2.ed.gov/about/offices/list/ovae/index.html.