



Whiteboard Advisors

Education Insider

Gainful Employment, Federal Legislation and a Look Ahead at 2015

December 2014

Why *Education Insider*?

We harness the wisdom of well-connected influentials to provide insights and predict policy outcomes for stakeholders in the education debate.

The Value

Whiteboard Advisors is a policy-oriented consulting practice. We provide proprietary research and strategic support to investors, philanthropic donors, nonprofit leaders, and entrepreneurs who seek unparalleled understanding of the education policy and business environments.

Education Insider helps those who need quality information to make high-stakes decisions about the direction of federal policy. Education Insider combines the wisdom of informed crowds with expert analysis to offer unparalleled information, analysis, and forecasting on a range of federal education policy issues and likely outcomes.

Education Insider conducts an anonymous survey of a **small group of key education influentials** (policymakers, thought leaders, and association heads) to get their thoughts and commentary about the context of the current debate and possible outcomes. This helps surface the underlying dynamics that can affect the trajectory of policies, positively or negatively, and go deeper than the conventional wisdom and rhetoric.

Why *Education Insider*?



The Process

Education Insider is a monthly report that uses a proprietary model to cut through the noise and provide real-time insights on national education policy trends, debates, and issues—from a small group of approximately 50-75 Insiders who are close to the process. We conduct a survey of these influencers, which includes their candid opinions and insights, to provide a unique perspective on K-12 and higher education. The views expressed do not necessarily represent the viewpoints of Whiteboard Advisors or any of its employees.

Who Are the Insiders?

Influential leaders who are shaping federal education reform, including individuals who have served or are currently serving as key policy and political “insiders,” such as:

- Current and former White House and U.S. Department of Education leaders;
- Current and former Congressional staff;
- State education leaders, including state school chiefs and former governors; and
- Leaders of major education organizations and think tanks, as well as other key influentials.

Executive Summary

56% of Insiders believe we could see ESEA reauthorization by mid-year 2016.

81% of Insiders believe that the Republican-led Congress will take actions to roll-back the gainful employment regulations, of which **82%** think action will take place in 2015.

58% of Insiders see legislation addressing student data privacy as likely. This is a significant increase since March when only **10%** thought legislation would happen.

According to Insiders, Common Core has more staying power than expected early in the year. **81%** of Insiders now believe that 20 or more states will have standards that are *at least 75% aligned*, up from **27%** of Insiders in March.

- Insiders indicate that the reauthorization of the Elementary and Secondary Education Act (ESEA) is gaining some traction. Some Insiders believe ESEA could be a legacy issue for President Obama and others cite the need for Republicans to prove they can lead as a potential driver for the legislation. Many still see political gridlock as a hurdle.
- Insiders think action to address gainful employment is very likely to occur in 2015. Respondents are divided on the potential impact of the current regulations, which are set to take effect in June of 2015. Opinions on the regulations range from “illegitimate” to ineffectual.
- More Insiders believe that federal action to address student data privacy concerns is likely, as compared to their responses in March of this year. Action via legislation is seen as more likely than action via regulations.
- There is increasing optimism about the Common Core’s durability over the next 5 years. More Insiders believe that states will have standards that are mostly aligned with the Common Core and that broad repeal is unlikely.
- Insiders are pessimistic about the future of for-profit colleges and universities, with 72% describing the outlook as either “poor” or “fair.”

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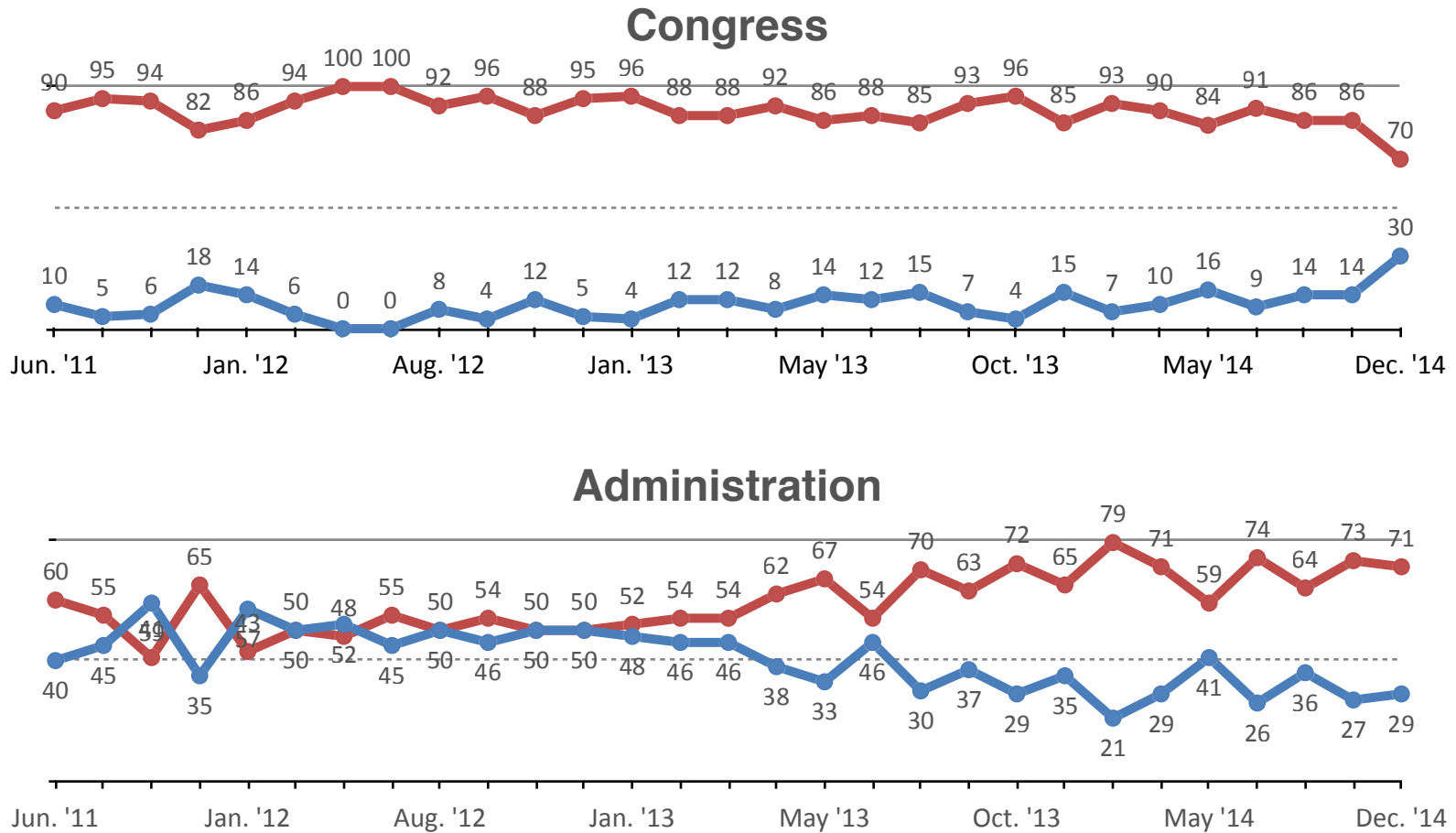


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Tracking Measures

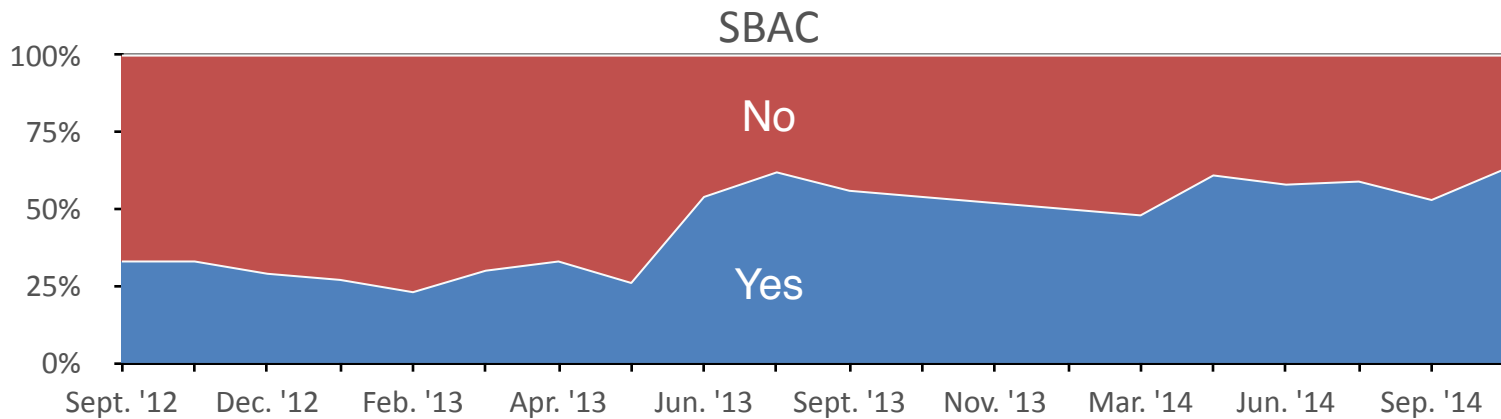
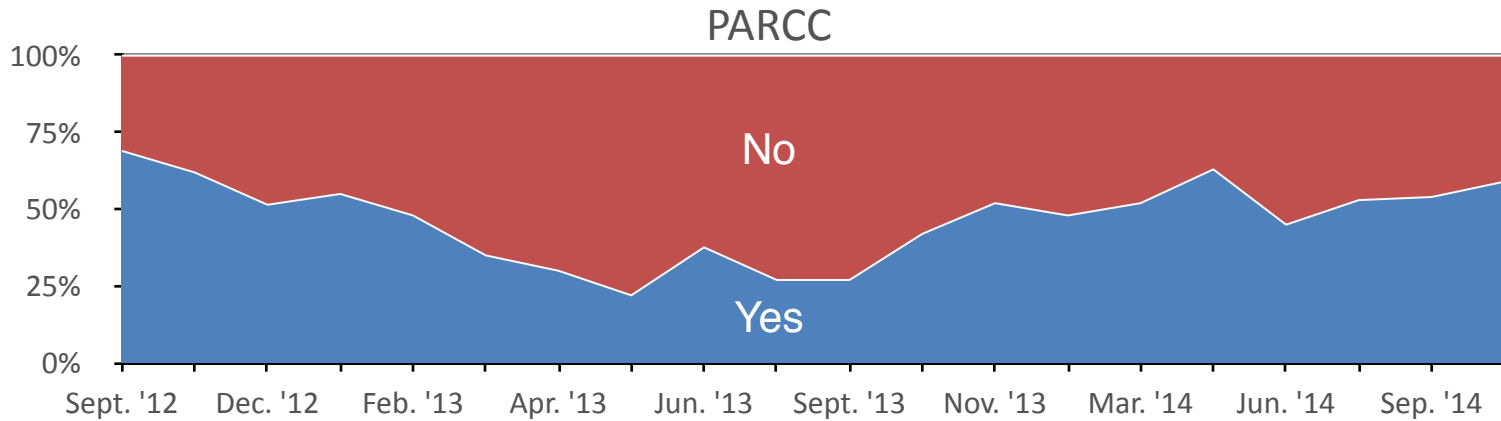
Approval of Congress and the Administration
Testing Consortia
Elementary and Secondary Education Act
Higher Education Act

Approval Of Congress Trends Upward While Views Of The Administration Remain Steady



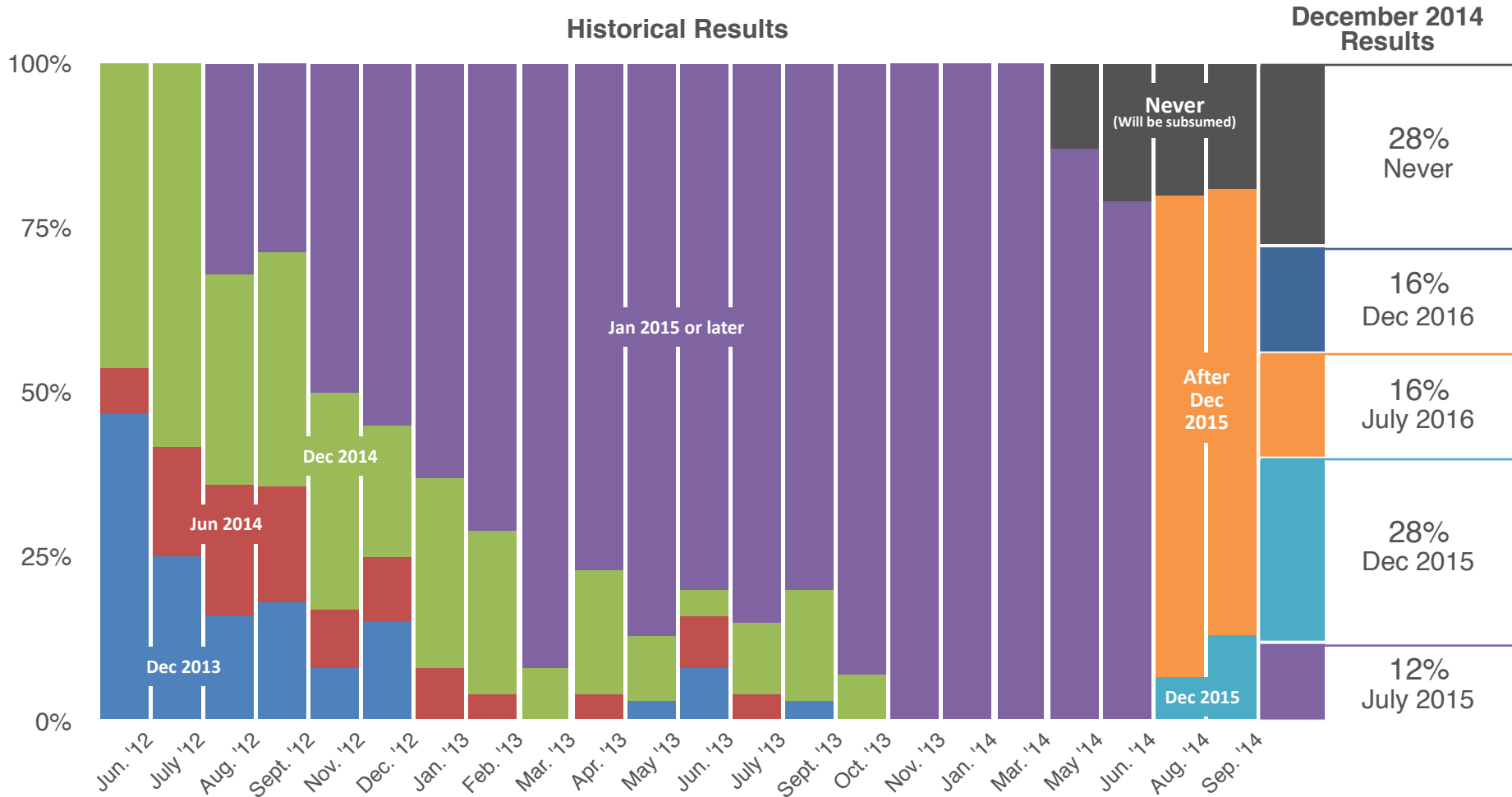
Question: Do you approve or disapprove of the way Congress/the Administration is handling education?

Insiders Express Optimism That Both Consortia Are On The Right Track



Question: Are the Common Core assessment consortia on the right track or the wrong track?

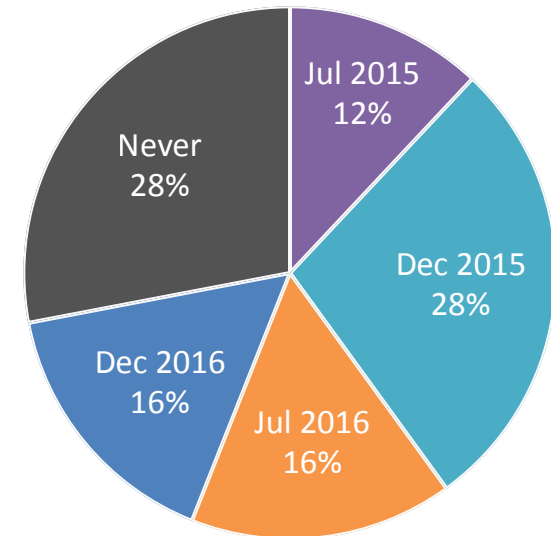
Timing of ESEA Reauthorization, Historical Perspective



Question: By about when do you believe a final ESEA bill will be signed into law?

Insiders Slightly More Optimistic That ESEA Reauthorization Could Happen In the Next Congress

A slightly higher number of Insiders indicate that ESEA reauthorization could happen in the next Congress. Some caution that action may just be legislative and think that President Obama is not likely to sign a bill. Many cite Obama's need for a legacy issue as a key driver while others think Alexander's leadership will help to spur things along. A number of Insiders continue to express pessimism that reauthorization could happen with a divided government, given deep philosophical disagreement.



Note: The answer choices have changed to reflect the shift in expected timing.

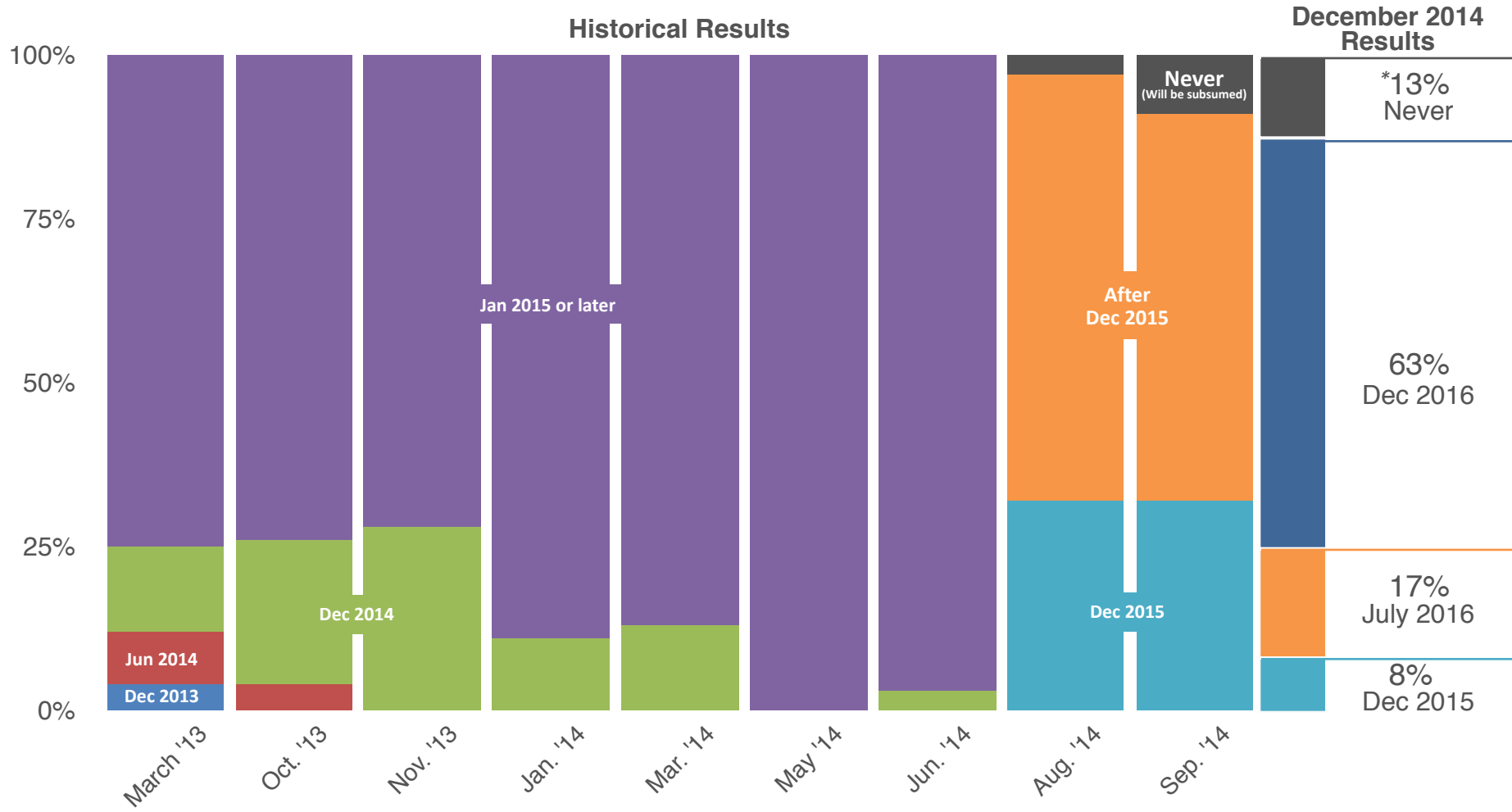
Question: By about when do you believe a final ESEA bill will be signed into law?

Insider Insight: ESEA Reauthorization

Comments from Insiders:

- “Harkin will be long gone and the President will be desperate for a legacy item.”
- “I believe political will is building to reauthorize the bill if for no other reason than frustration with Secretary Duncan's approval/denial of waivers. But there should be a lot of red flags with Senator Alexander's idea to devolve all authority to the states.”
- “Alexander may be the only GOP senator who wants to focus on this. Unless he plans to roll CCSS into ESEA, it'll be a tough slog.”
- “Republicans need to prove they can govern and that they can get something done before the 2016 elections. The President needs something to get done for his legacy.”
- “I'm still not convinced this will ever happen...I don't see momentum in this Congress for any large, significant action, even with a solid Republican majority in both houses.”
- “The Left is the Left, and the Right is the Right, and never the twain shall meet.”
- “Chairman Alexander and Chairman Kline will be able to reach a successful conclusion. The big question is whether the Obama Administration will deal, but Congress will pass a bill.”
- “Alexander is sincere in wanting to get something done. Out of all the issues on the table for Congress, ESEA is one of the easiest to tackle. This could also be positioned as a vote to rein in Executive Branch authority given the growing concern with the Administration's various use of questionable legal authority with ACA, EPA, Immigration, and ESEA waivers.”
- “There may be a big push early next year - but it never goes as fast as they think it will!”
- “Why no option for after December 2016?”

Timing of HEA Reauthorization, Historical Perspective

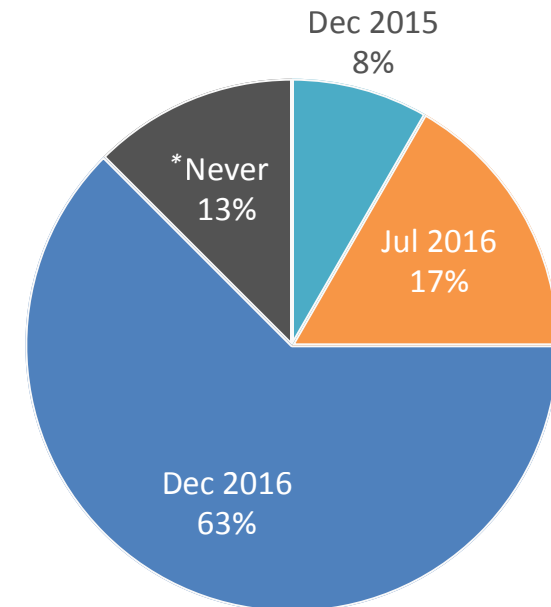


Question: **By about when do you believe a final HEA bill will be signed into law?**

**The percentages on this chart have been rounded and do not equal 100%.*

Few Insiders Think Action Will Take Place On HEA In The Next Congress

Insiders are deeply skeptical that action on HEA will take place in the next Congress. Many say that action will not happen while Obama is in office, despite Alexander's optimism. Insiders think that ESEA will take precedence over HEA, saying it is unlikely that Congress will tackle two major federal education issues.



Note: The answer choices have changed to reflect the shift in expected timing. Also, no Insiders chose the option for "Jul 2015."

Question: **By about when do you believe a final HEA bill will be signed into law?**

**The percentages on this chart have been rounded and do not equal 100%.*

Insider Insight: HEA Reauthorization

Comments From Insiders:

- “Depends on whether or not Congress does reconciliation and what they do to the student loan program if they do. A big cut in student loans—say elimination of in-school interest subsidy—makes it far less likely that they will do HEA reauthorization since they will have little money to work with.”
- “I wonder if it even matters. Most of the key changes to higher education policy in recent years have happened outside of HEA (*e.g.*, College and Career Readiness Act, American Recovery and Reinvestment Act, Student Aid and Fiscal Responsibility Act). That being said, it's clear that Alexander wants a meaningful, full reauthorization. His team is more optimistic than others about getting a bill through.”
- “Chairman Alexander and Chairman Kline will be able to reach a successful conclusion...there is a lot of common ground to fix the HEA.”
- “I'd vote for AFTER 2016. President will never sign a law that doesn't eviscerate the for-profit industry.”
- “After Obama.”
- “After 2016.”
- “Next Administration....they won't have time to do 2 reauthorizations before the legislative window closes, and they're going for ESEA.”



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Higher Education

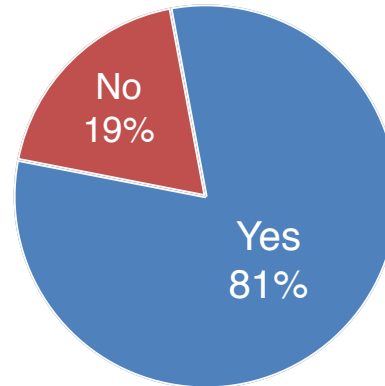
Gainful Employment

HEA Provisions

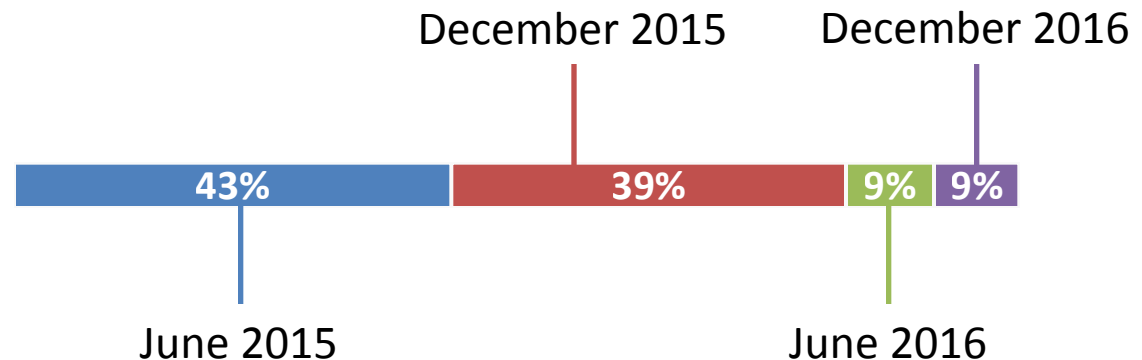
For-Profit Colleges & Universities

Insiders Overwhelmingly Agree The New Congress Will Act To Roll-back Gainful Employment Regulations

81% of Insiders say the Republican-led Congress will act to curtail the gainful employment regulations, with action likely in 2015. Many think the regulations are punishing good institutions based on the actions of a few bad schools. A number of Insiders predict it will be addressed by attaching a rider to “must-pass” legislation.



More than 4 in 5 Insiders think that the Republican Congress will act on the gainful employment regulations immediately, given that the new regulations are set to go in to effect in June 2015.



Questions: Will the Republican-led Congress roll-back any of the provisions of the gainful employment regulations? If yes, when do you think Congress will act to address gainful employment regulations?

Insider Insight: Gainful Employment

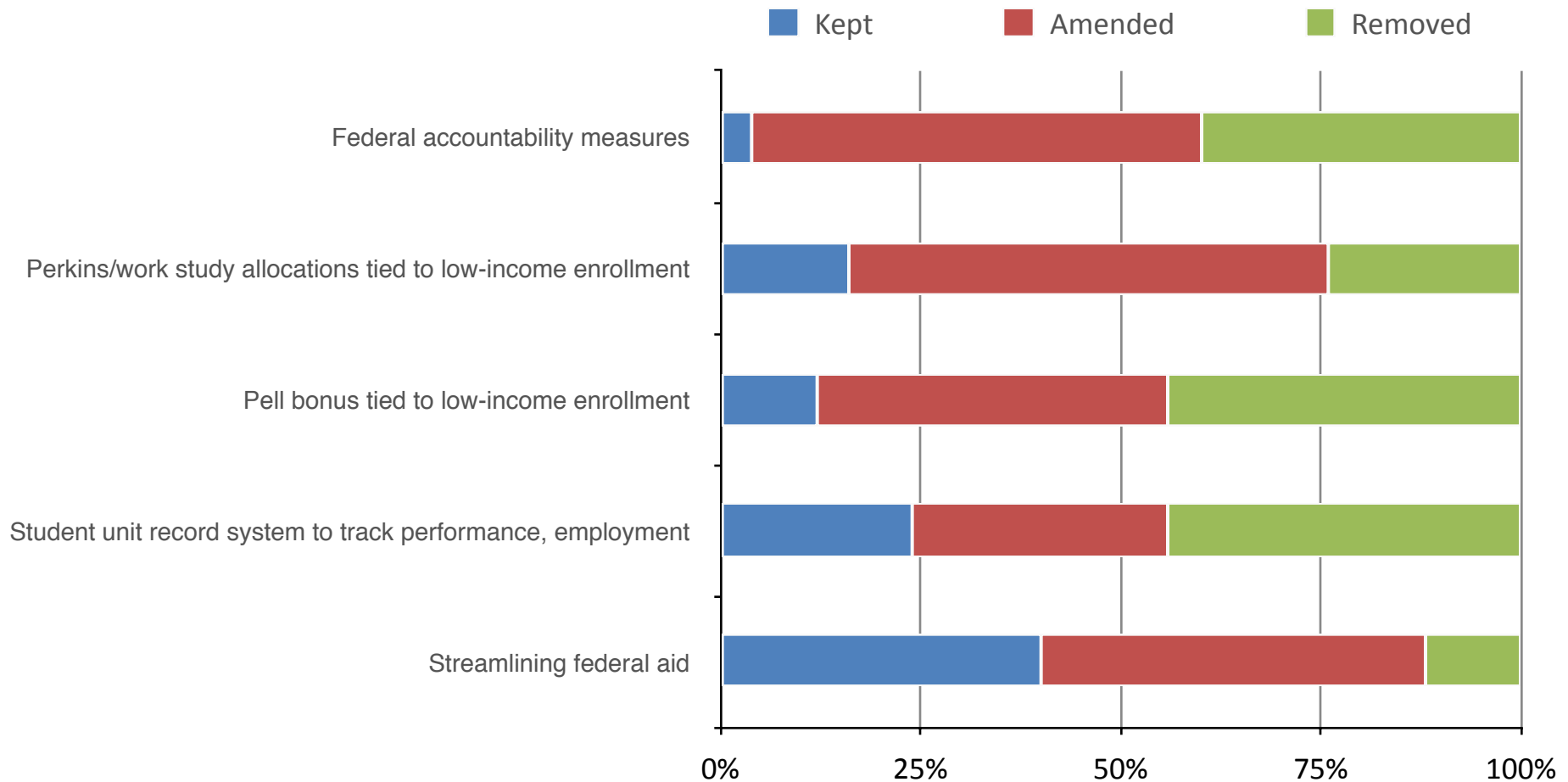
Comments from Insiders:

- “It will probably be inserted as a rider into something must-pass.”
- “...because Congressional Republicans think the regulations are misguided at best.”
- “It's easy enough to throw a rider to defund implementation on another bill. The question is what bill, which would determine whether the President would veto.”
- “They will try, but the protections are so minimal it is almost impossible to make a case for rolling them back without looking like they expect no standards at all for the use of federal funds.”
- “They have bigger fish to fry.”
- “It's just in the cards.”
- “The regulation is an illegitimate approach at policymaking that does all of the wrong things. It is a ridiculous exercise in the Red Queen method: sentence first, verdict afterwards. Policies can be written to bring about positive change that go after bad actors, but people need to accept that a bad actor is a bad actor, no matter the sector.”

Which gainful employment regulation provisions are most at risk?

- “All of them. Its component parts are like the Three Musketeers—all for one and one for all.”
- “All of it.”
- “The whole shooting match.”
- “It's more likely that they'd move to prevent the Department from spending any money implementing gainful employment, rather than picking apart certain pieces. So, the whole thing is most at risk.”
- “Most of it.”

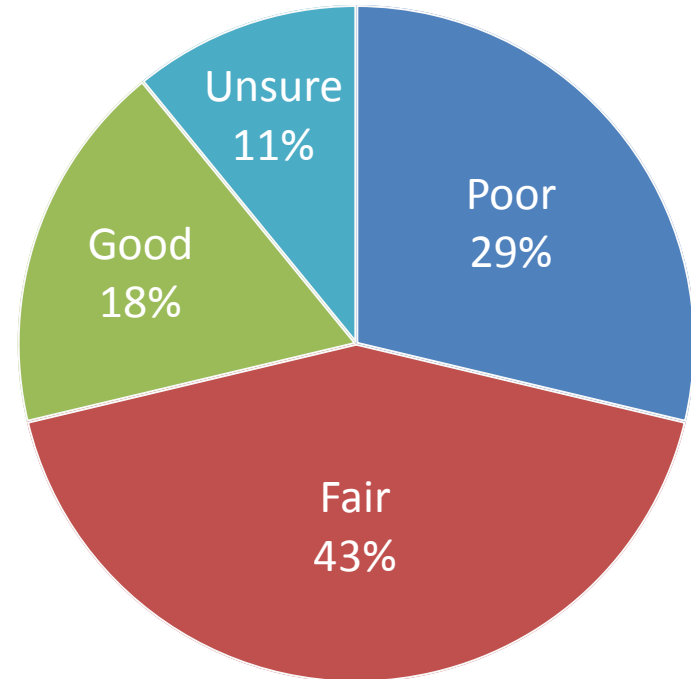
Which Parts of Senator Harkin's Legislation Will Survive in New Congress?



Question: For each of the below provisions from Senator Harkin's proposed HEA reauthorization bill, please indicate whether you think it will be kept, amended, or removed in subsequent versions in the next Congress.

Insiders See Little Upside For The Future Of For-Profit Higher Education Institutions

Insiders express pessimism about the future of for-profit colleges and universities. 72% say the outlook is “poor” or “fair” and none reported that they felt the outlook was “excellent.” Given that many Insiders think gainful employment regulations will be rolled back, it seems that both consumer skepticism and general distrust of for-profit institutions may continue to hinder the growth of for-profits.



Note: 0% said the outlook was excellent.

Question: What is the outlook for for-profit higher education institutions over the next 3 to 5 years?



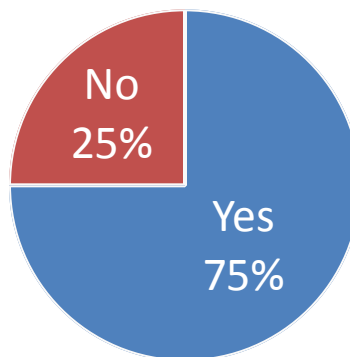
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K-12

Annual Testing
Teacher Preparation Regulations
Student Data Privacy
Common Core

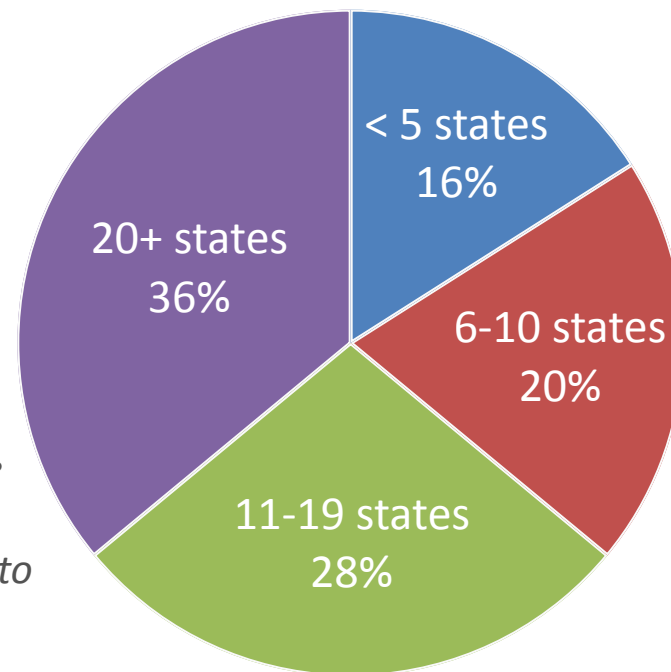
Annual Testing For ESEA Funding Is Here to Stay, But States Likely To Move Away From Yearly Tests If Given Flexibility

3 out of 4 Insiders believe that the federal requirement for annual testing will remain in place for states to receive ESEA funding. However, Insiders think that many states, if given the flexibility, would move away from yearly tests. 64% of Insiders predict that 11 or more states would forego high stakes exams, with a more than a third predicting that 20 or more states would do away with requirement.



3 in 4 Insiders think federal annual testing requirements are here to stay.

If given the flexibility, many states would move away from annual testing, according to Insiders.



Questions: Will federal policy continue to require annual testing for states to receive ESEA funds? If the federal government gives states the flexibility to not assess annually, how many will states assess less than annually in grades 3-8?

Insider Insight: Annual Testing

Comments From Insiders:

- “Who still believes the paint-by-number, annual federal requirement by itself actually increases achievement? Right. So why don't we let states be innovative here, but still be transparent about what they're doing and how they're measuring?”
- “There will be a lot of pressure to reduce the amount of testing when the pressure should be on states and districts to eliminate testing that goes above and beyond federal requirements.”
- “No matter what some believe, accountability is going nowhere. Metrics may become more nuanced, but it will remain.”
- “Republicans will realize that many of the issues they care about (accountability, transparency, choice in particular) rely on annual testing and will include the requirement in their base bill in both the House and Senate.”
- “Hard to see the Administration fighting hard for this of all things...unions want it gone...it will become an issue in the Democratic primary.”
- “This will be a big fight. At this point in time I think annual testing will prevail.”
- “I can't see the current requirement surviving. Some form of annual performance data is possible, though.”
- “Too much pressure building up from the states and teachers and parents to allow other innovation. Annual testing per se isn't the culprit, but the pre-testing, test prep, quarterly, monthly, weekly, daily, hourly testing is destroying our education system.”

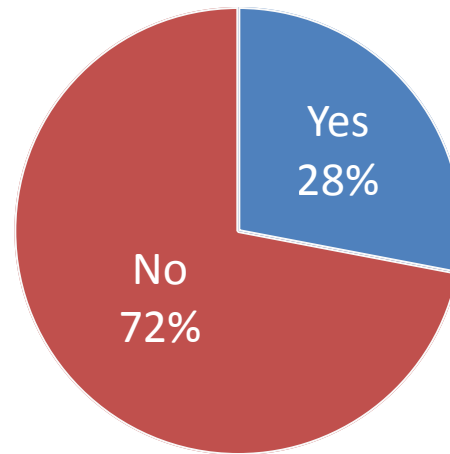
Insider Insight: Number of States That Would Move Away From Annual Testing If Given Flexibility

Comments from Insiders:

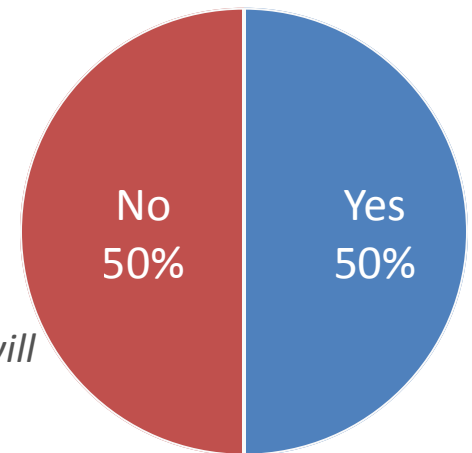
- “States will feel the pressure from parents to reduce testing.”
- “Many states have built widespread understanding, appreciation of and demand for growth data as a tool to inform transparency, decisions, continuous improvement. These states will continue to lead the nation in doing the right thing and in increasing student achievement—not because the feds told them to, but because they know it works and helps kids.”
- “If the option is provided, there will be too much pressure to gut testing to reduce the money spent on testing.”
- “States that are committed to evaluation systems will need data from annual assessments.”
- “Unions will win this debate at the state and local level.”
- “Not many states will fully abandon it, but maybe they will develop smarter accountability measures and use testing as it is intended as a spot audit, not an executors decision.”

Teacher Prep Regulations Will Likely Not Be In Place By September Deadline, Outlook During Obama's Term Unsure

A significant majority of Insiders do not think the proposed regulations will be in place by the expected September deadline given the complexity of the rules and the nature of the rule making process. Many of the naysayers indicate that the regulations will lose steam and get lost in the 2016 election cycle if not addressed in 2015. Insiders are split on the level of political will in either party or among state leaders on this issue.



Nearly 3 in 4 Insiders do not believe the regulations will be in place by the September deadline.

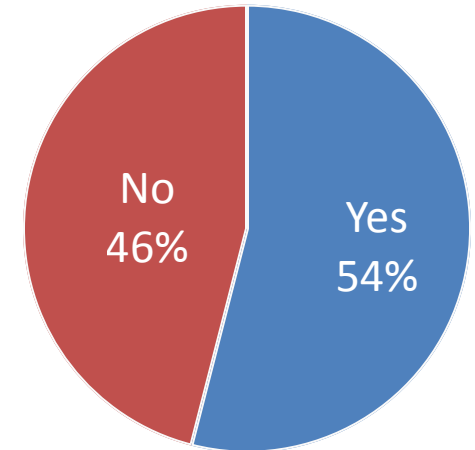


Insiders are divided on whether the regulations will be in place by the end of Obama's term.

Question: Will the newly proposed teacher preparation program regulations be implemented before the September 2015 target? If NO, will they be implemented before the end of the Obama administration's term?

A Slight Majority Of Insiders Think The New Regulations Will Have a Greater Impact Than Previous Efforts

Just over half of Insiders are hopeful that the new regulations will have a positive effect on teacher preparation programs, citing the creation of a helpful feedback loop, more useful data, and an increase accountability as the key mechanisms. Skeptics had little positive to say about the regulations, calling the rules “ridiculous” and describing them as “sound and fury, signifying nothing.”



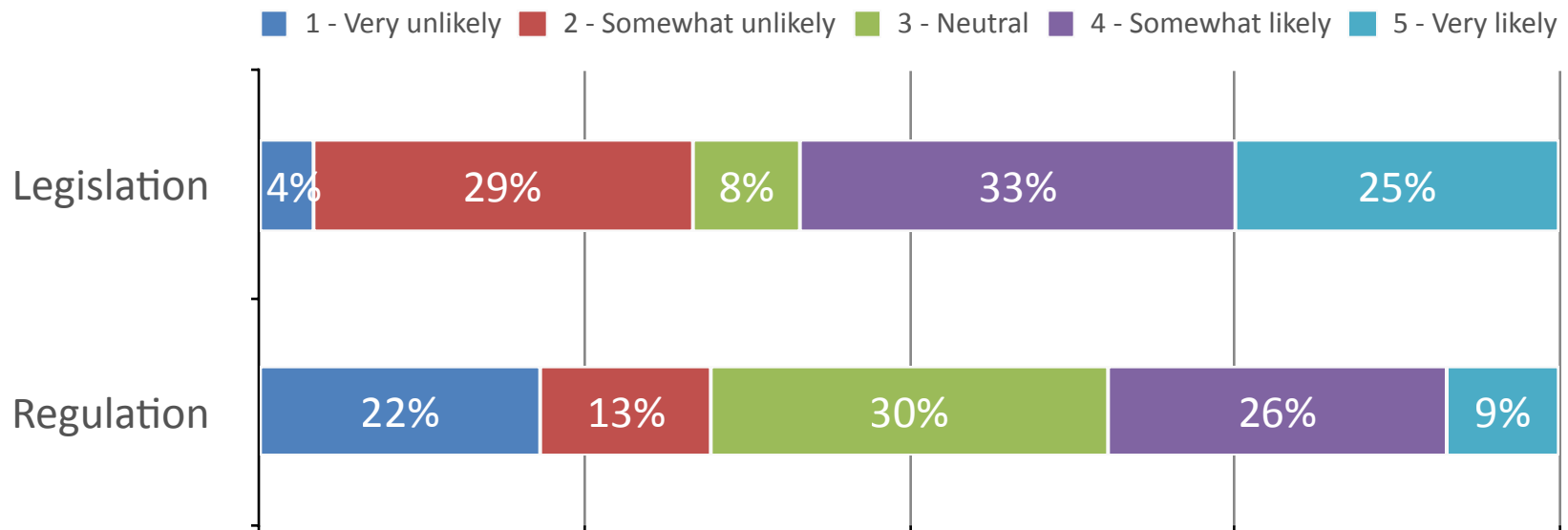
Comments from Insiders:

- “These rules may go down as one of the most ridiculous sets of rules ever thought up...”
- “Institutions will continue to do what they, not the feds, want to do. That said, someone needs to put pressure on colleges and universities to be accountable for the quality of their teacher prep programs and link teacher performance back to where they were prepared.”
- “...forces the feedback loop to be established and changes the conversation between districts and the institutions that provide their workforce.”
- “...the data will matter to school districts that are constantly fighting to get higher quality teachers.”
- “Lots of momentum this time.”
- “More teeth; also the times are different and there is interest in accountability.”

Question: Do you think, if implemented, that these education school regulations will have more impact on the quality of teacher prep programs than past federal efforts?

Insiders' Expectations for Legislative Action on Student Privacy Increases Substantially

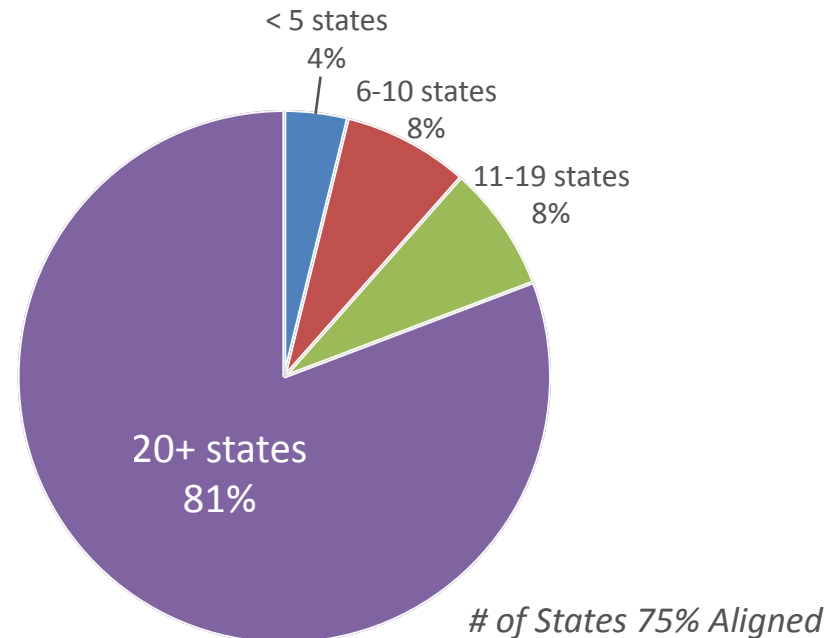
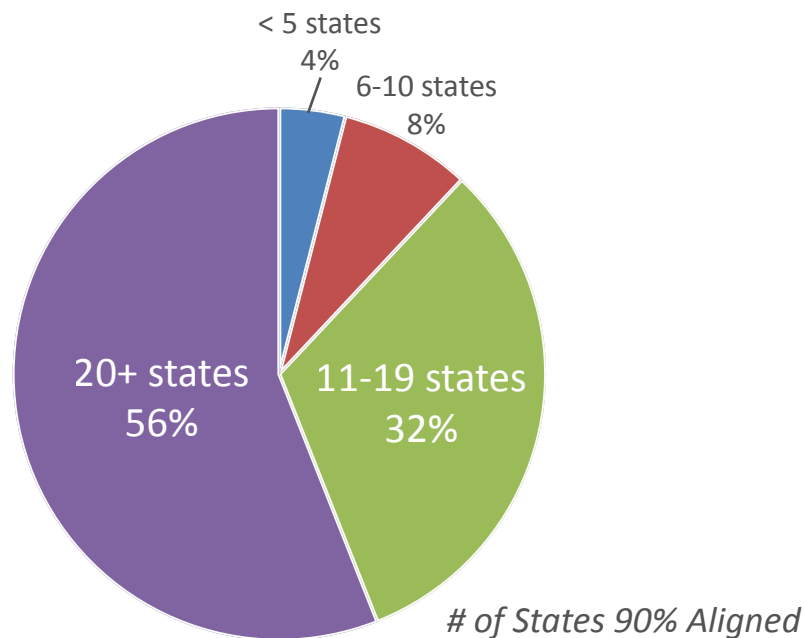
In March 2014, when we asked Insiders what they thought the federal government would do to address student data privacy, only 10% said legislation was likely. That number jumped up to 58% of Insiders who think legislation is now “somewhat likely” or “very likely.” Slightly fewer think privacy will be addressed via regulations.



Question: On a scale of 1 to 5, what is the likelihood of federal legislation or regulation with respect to student data privacy, in the next 18 months?

Insiders Are Significantly More Optimistic About The Future of Common Core

As a follow-up to our October survey, we asked Insiders to revisit Common Core's future following the mid-term election. The percentage of Insiders who think 20 or more states will have standards that are at least 90% aligned jumped from 33% to 56%. Similarly, the percentage of Insiders who think 20 or more states will have standards that are at least 75% aligned increased from 27% to 81%.



Question: Five years from now, how many states do you expect to...



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Looking Ahead

Insiders Share Their Predictions For The Top Issues In Elementary And Secondary Education For 2015

- 1 Reauthorization of ESEA
- 2 Changes to Annual Testing
- 3 Common Core
- 4 Federal Versus State Role
- 5 School Choice Legislation

Question: What do you think the most significant federal or state policy change related to elementary and secondary education will be in 2015?

Insiders Share Their Predictions For The Top Issues In Higher Education For 2015

- 1 Simplifying FAFSA/Streamlining Student Aid
- 2 Teacher Preparation Regulations
- 3 Gainful Employment Regulations
- 4 Sexual Assault Policy Changes
- 5 Competency-Based Degrees

Question: What do you think the most significant federal or state policy change related to higher education will be in 2015?

W/A

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