

# NASFAA's "Off the Cuff" Podcast – Episode 274 Transcript

## OTC From the Field: The College Cost Transparency Initiative

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Justin Draeger:

Hey everybody, welcome to another edition of "Off the Cuff." I'm Justin Draeger.

Ted Mitchell:

And I'm Ted Mitchell, president of the American Council on Education.

Justin Draeger:

Ted, we're really glad to have you here. For folks who don't know, Ted Mitchell's been the president of the American Council on Education, ACE as it's better known, since 2017. And boy, that seems like it... I don't know. It seems like it went by really fast, but also a really long time ago. Ted's former undersecretary of education under the Obama administration. He served with Secretary John King. Former CEO of NewSchools Venture Fund, was the president of the California State Board of Education, as well as Occidental College. Lots of other prestigious jobs and responsibility, and for folks who don't know, Ted, ACE is widely seen as the umbrella organization of higher education, sort of the convener of all higher education association groups. It's where the secretariat is housed, where all the heads of all the higher education associations come together, myself included. It's not a job I envy, Ted. It's one you do really, really well in making us all feel very welcome. So we're really glad to have you on the podcast.

Ted Mitchell:

Well, thanks, Justin. And for those of you who are listening, Justin was a member of the search committee that brought me to ACE. So Justin and I go back a long way, and he is one of the reasons that I am at ACE, not just because of his presence on the search committee, but because of the respect that I have for Justin, and my hope that we can continue as colleagues to reshape what American higher education means to the students who are involved.

Justin Draeger:

Well, really appreciate that, Ted. And if nothing else, I'll consider it a big success, sincerely, that you came on at ACE at time you did. At the time, in 2016, '17, we had no idea how much higher education would change with the impending pandemic and the shape and changes that have taken place in Congress.

I want to talk to you about three main things today. One, is this initiative that we've launched together with eight other higher ed associations, the College Cost Transparency Initiative. We talked about this, gee, I guess, just over a year ago, and this is something we, in financial aid, have talked about a very long

time. As of last week, 400 institutions have made a commitment to the principles and standards that are available out on the website. We'll put the link in our show notes. Those 400 institutions have agreed to these standards in how they display and communicate their aid offers. Those schools represent 4.2 million students. And I wonder, we've been at it for a long time in financial aid, what's the interest from the college president's perspective?

Ted Mitchell:

It's great, and the first answer is, that we've finally been paying attention to our financial aid officers who have been worried about this for quite some time and responsibly so. The GAO issued a report a while ago, really pinning a whole lot of responsibility on the opacity... I think I've got that word right, the lack of clarity of financial aid letters and how that was particularly problematic for low-income students, first generation students, students who didn't have what we euphemistically call that college knowledge that's so important to navigate the system, and basically pointed out things like 30% of our institutions don't differentiate between loans and grants.

Well, if I'm a family looking to attend higher education, I'd be pretty interested in whether I'm going to have to repay money or not. So prima facie case for needing to take a hard look. So Justin, thanks to your leadership and the leadership of Peter McPherson, formerly of APLU, Association of Public Land-grant Universities, we've pulled together a task force that really represents a range of associations that are involved in the student application, the student acceptance, the financial aid determination, the registration for class. All of those associations have been a part of the discussion that you and Peter have been leading for the last several months.

The good news about that is that there's no longer anybody who can point down the hall and say, "Well, I didn't do that. They did that." Everybody's been in the same loop. I want to give just great kudos to you guys and to the task force for coming up first with a set of principles. I think it would've been easy to rush to a template, "Let's just put all this stuff in a single place in a single format." But the task force took a more studied approach and I think it's very important to establish what are the principles here that we're trying to adhere to, and what are the principles about financial aid that we want to translate to the public?

New paragraph. I think we're clearly all reading the same polls, that the public is losing some faith and confidence in higher education. I don't think it's an enormous part, but this is certainly a part of it. Parents are frustrated when they get those financial aid letters. They really can't decipher what it is that's being offered. That has to create a frustrating experience on the way in. And we need to do everything that we can to make the entrance into higher education as convenient, as clear, as transparent and as crisp as possible. So I think that this really comes from a place of, "Let's do this better." And I love the fact that we've already got 400 plus institutions signed up.

Justin Draeger:

Yeah, I think from the financial aid office perspective, it's been refreshing to have college presidents involved in this. Schools that I talk to say they need resources, and those resources often have to be signed off on from the top. There's also something about institutional competition and making sure that you're in this with your peers. So if your peer institutions are signing onto the same standards, we all agree that this is the playing field we're going to play on, then it also makes it more palatable. I think there's something to all the schools wanting to be on the same list. We're all committed, we're all rowing in the same direction. Anything surprise you as we've moved through this process? Anything that surprised you?

Ted Mitchell:

Well, I was worried that there was a lot of intentionality around misleading financial aid offer letters, and it turns out that there isn't, that there are offer letters that started out in one way and migrated or didn't migrate as situations changed, as different congressional loan programs were approved and moved on. And I think that rather than thinking about institutions trying to get away with something, this really was an untended garden, where just a lot of weeds had grown up, a lot of things, people didn't really understand how they interacted. And having the president say, "Let's take a look," I think really did help people clean out that garden.

People are running toward this and I'm very, very grateful. I think one of the things that I also worried might slow us down is that the courts have been very concerned over the last 6, 7, 8 years about issues of collusion between institutions. I think that I was worried that some of the general councils would get involved and say, "No, no, no, we can't talk about financial aid with other institutions." And that has gone by the wayside, not because the general counsels are wimps, but because this is clearly a pro-competitive set of principles and sample letters. You can now compare the financial offer from my old place, Occidental College, to another one of my old employers... I can't keep a job, UCLA. And you can now look at those and they're using the same terms, they're using roughly the same form. So there can be honest to goodness competition between institutions, not only on the quality and diversity of the program, but the price and cost to the family.

Justin Draeger:

I really appreciate the task force and the heft behind the organizations and the individual people. You mentioned Peter McPherson, who's emeritus at APLU, and I'll tell you, Peter holds people's feet to the fire in terms of making sure they show up for meetings. People weren't able to send proxies, they really had to show up.

What's the future going forward? NASFAA will be a managing entity of this, with financial support from Strada Higher Education Foundation, but we're not going to be doing this alone. Can you talk to us about how we're going to keep the same folks, or same level of, I guess, excitement and participation going forward?

Ted Mitchell:

You bet. You bet. I think about this as a NASA satellite launch, where Peter and the task force were the base of the rocket that was moving the satellite into orbit. And as we know from elementary physics, that's actually the hardest lift, because you're fighting against all the gravitational forces to get that rocket ship moving. So the task force has done that.

Peter, like the first stage of a rocket, is now separating from the second and third stage. And the second and third stage will be the task force in place. I will have the privilege of chairing the task force, and work hand in hand with you to make sure that the task force is ready and able, with your and your team's support, to continue to get the good word out. But then also, in a second phase, to begin to hold institutions accountable to doing the work that they've promised to do. It's fine to set up a set of principles and to sign those principles. It's great to send over sample financial aid letters, but the rubber is going to meet the road in this next phase.

You and I and our teams are going to be looking at financial aid letters coming from our member institutions, and we'll be asking, "Do they really toe the line, or are there ways that we can suggest improvements in those letters?" So the task force is not a one and done, it's an ongoing apparatus. And that satellite is going to be circling the higher education globe, looking for ways to continue to improve the work of financial aid offices, enrollment managers, and others, as we simplify, clarify, and make the

financial aid process less of a mystery, less of an annoyance, less of a barrier to students coming to our institutions.

Justin Draeger:

Well, we are grateful to have your leadership, Peter's leadership, and all the task force members, and all the stakeholders who've participated so far, so the good work will continue. Let me turn our attention to a couple different things, Ted. As we mentioned, you sit at the head of ACE and have a great board of directors that supports. You also interact with more than... How big is the secretariat now?

Ted Mitchell:

64.

Justin Draeger:

64 participating higher education groups, which is an amazing number. I don't know if the secretariat has ever been that big.

Ted Mitchell:

I don't think it has.

Justin Draeger:

Yeah. So you touch a lot of different parts of the higher education apparatus, and I'm wondering if we were to ask you... You mentioned our colleagues over in legal. Financial aid is one big part. You've mentioned admissions as part of this conversation. If we were to look at across higher education, and I were to ask you, "What's keeping Ted Mitchell up at night?" What are the things in higher education you're most worried about? What would those things be?

Ted Mitchell:

I'll start with one, which is that, as we sit around the room with those 64 associations, almost all of them have a mindset or a mental model of higher education that is based on 18 year olds graduating from high school, going to a residential college or a university, graduating in four, maybe five, maybe six years with a degree, and that degree serving them for the rest of their lives. And that mental model is... I don't want to say it's broken, but we have moved past that mental model. So the thing that really keeps me up at night is the question of whether higher education institutions, that themselves have very long histories and themselves have very ingrained models of who they are and what they do, whether higher education can migrate with our students, because the average age of a college student is now 27. A third of people who are registered in college take all their courses online.

You get the drift. Yet the structures, the intellectual structures, the financial aid structures, the registrar's structures, are all based on this very stately move from home into the minivan, onto the campus, into the dorm, into the classroom, onto graduation stage, et cetera. And I think that's our biggest challenge.

Justin Draeger:

Is that challenge helped or hurt by the federal system that we've built around that paradigm? And I mean from federal student aid to all the different titles of the higher education.

Ted Mitchell:

Yeah, hurt is the short answer. Justin, you and I, going back to my previous job when you were in your job and I was in the department, we had really good strong conversations about whether the financial aid system was so antiquated that it really couldn't serve the new student. Not much has changed since then I'm afraid. I think we do need to do a redo. Short-term Pell is up for consideration again this year. That's something that, with the right guardrails and protections, could help. But during the pandemic, we had a lot of rearguard action that we had to fight to make sure that students who, because of the pandemic, were taking all of their courses online, still had access to financial aid, to use an example. So those mismatches are coming to the fore more often, and we can't ignore them anymore, and we're going to need a lot of help from our friends in the Department of Ed, from our friends at treasury, other areas of the federal government, to help us with this.

Justin Draeger:

Ted, you have experience both in the public sector, but also in the private sector, and specifically with private sector funding, and I have to wonder a sincere question here. There is a certain amount of risk aversion just built in, I feel like, when it comes to public sector funding, or in the Department of Ed, we have experimental sites, but holy smokes, they move slowly, they're riddled with bureaucracy. And who wants to do anything risky in the public sector when you know there's just a certain amount of political risk? You can almost see it a mile away. You're going to get dinged by the left or the right, not to mention potentially GAO reports or an IG report. Who would meddle in anything risky there? This is a sincere question though. Do you think that we will find innovation from public funding sources, or do you only find it in private funding sources? I just wonder, the intricate interlacing of so much public funding in higher ed, can we find the innovation or is it too tough?

Ted Mitchell:

Yeah. Justin, it's a great, and as you know, autobiographical question. In the Obama administration, in the first term, the president and the Department of Education set out to prove that government could be a funder of innovation, and so created the Innovation and Education Fund and Department. It aimed to provide seed capital to experiments and scale up capital to things that were proven. It sort of worked, but it was burdened by exactly the bureaucracy that you're talking about. And it failed. It didn't work. It didn't work for good and bad reasons. The good reason is, it's really difficult to experiment with public money, and to say, "We don't know if this is going to work or not, and we're going to use your money to find out."

The second, and this is particularly in education, is that it's also very difficult to announce to the world that we're going to experiment with their kids. So I think education may be a specific case of why it's so hard to use public money in an experimental or innovative way. So what I think, and this is with DARPA and all of those other organizations aside, they will continue to do experimentation with public money, looking at other things. But I think the expertise that education needs is to be fast followers, to see things and have an apparatus set up to look at the innovations that are happening, lots of them technology driven, but let's look at those innovations and let's see which ones we can bring in and scale, and scale up using public money, which is different from the experimental side.

Justin Draeger:

So, if you're in a higher education space, you want to be at the front end of the curve? You don't necessarily have to be breaking new ground-

Ted Mitchell:

That's right.

Justin Draeger:

... but when the pandemic comes, the schools that were well situated for online learning, were able to be right there.

Ted Mitchell:

Perfect example.

Justin Draeger:

Right on the spot.

Ted Mitchell:

That's a perfect example.

Justin Draeger:

Yeah. Okay. What makes you optimistic about higher education in this country? What makes you feel good that we're on the right trajectory?

Ted Mitchell:

This may be Pollyanna talking, but I actually think that the reputation of higher education as a slow behemoth was correctly challenged by the pandemic. Yes, people responded at different cadence over time, but within weeks, the State University in California, the largest public four year system in the country, had all of its courses online. I think that that's done some things to challenge this 18 to 22 year old prejudice as well. So I think that the pandemic, as tough as it was, as deadly as it was, as sad as it was for communities and families, has helped higher education open in ways that might not have happened over a generation. So that's one.

Second is, the pandemic as well created an opportunity, if not a necessity, for all of us at the institutional level to look at our students with a more holistic lens. The fact that mental health is now a spoken of and high priority issue on our campuses, I think that that speaks to the fact that we may have re-injected some humanity into a system that was maybe a little mechanical. So those are the things that really make me excited.

Justin Draeger:

We've talked about some of the challenges, some of the optimism. How is ACE positioned to connect these two things? What are some of the initiatives that you're most excited about?

Ted Mitchell:

Well, we're very excited about participating in helping students who get their education in bits and pieces across the landscape, to bring that prior learning to bear into an institution where they want to get a degree. So certificates, military learning credits, all of that we're certifying with ACE credit, and then hoping that our institutional partners will take that. Google certificates, the biggest example right now, we've certified for Google certificates for college credit, and the University of Texas has now

allowed those to be a part of the transcribed undergraduate curriculum for all students in the University of Texas system. That's very exciting for us.

We also are working very hard on changing the way we classify institutions. This really is inside baseball, but if you think about it, there's a group of institutions, we call them R1, and they are the premier research institutions in the country. Good for them. And goodness knows, research is so important to health policy, scientific experiments and discoveries, et cetera. But not every institution should try to work its way to being an R1 institution. But below R1, there's really nothing to aspire to. So we're adding a set of social and economic mobility metrics to the Carnegie Classifications of Higher Education, in order to encourage institutions to shoot not only to be elite research universities, but to provide social and economic mobility to their graduates, whoever those graduates are. So those two things are really, I think, very important, very exciting, and I'm really proud to be a part of them.

Justin Draeger:

Ted, thanks for your leadership on those initiatives. Thanks for your perspective. I always feel a little bit smarter after I've been in a room with you and heard you talk about this and so many other higher education and intersections with national policy, economics, and business. So thanks for coming on the podcast. I'm looking forward to working with you on the CCT Initiative.

All right. Thanks very much, Ted, for joining us on "Off the Cuff." Always appreciate talking to you and learning a little bit more about some of the intersections between higher education policy, financial aid, and all the things that the ACE is doing to help higher education. Thanks for joining us for another edition of "Off the Cuff." Remember to subscribe, tell a friend, and we'll talk to you again very soon.

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