

An Economic Analysis of HB17-1004

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Under consideration this session is HB17-1004, which calls for the creation of a statewide metric for awarding college credit for military education and training. The Colorado Commission on Higher Education will be responsible for determining the details of the metric in consultation with each public institution of higher education in Colorado. These institutions will begin awarding course credit based on the adopted metric beginning at the start of the 2018-2019 academic year.

Some rationale for the proposed metric is outlined within the text of HB17-1004. The bill argues that prospective students out of the military do not have the opportunity to use their GI Bill funding effectively when universities do not grant college credit for equitable military training. The GI bill does not cover the full four years typically needed to graduate. Veteran students waste funds they need to complete their degrees taking courses that teach skills they already attained. Those behind HB17-1004 argue a statewide metric that awards credit for measurable learning in the military would ensure an easier pathway to degree completion.

This analysis will attempt to elaborate and expand on this rationale. It will provide the economic logic in support of a comprehensive metric for matching college credit with training and experience in the military. There is a compelling economic case for the passage of HB17-1004 to be discussed.

This analysis will present discussion on three arguments in favor of the proposed metric. (1) Regulating the process used for evaluating military education remedies a market imperfection of information and makes that information a public good. (2) A statewide metric that guarantees college credit for equivalent military coursework improves the efficiency in the degree-seeking process. (3) Awarding college credit accurately results in more effective use of GI benefits, which is desirable for veterans, institutions of higher learning, and the State of Colorado.

First, universities find it difficult to match military training courses with their own curriculums in order to award college credit. This may actually be an administrative issue between the “two most impenetrable bureaucracies in the United States: higher education and the military” (Marcus 2016). Military transcripts, which contain complex military jargon and acronyms, while excluding some information that may be confidential, are difficult for university administrators to understand and reconcile with their own curriculums.

As a result, universities are reluctant to award course credit for military training. They claim that there is ambiguity with regard to what is taught in military courses. They also question whether instructors have the academic authority to teach (Lu 2013). Many in academia remain uncertain if military training is equivalent to learning in a traditional classroom.

In Colorado, almost every public institution of higher learning has a different method for evaluating military training. Many have policies of awarding credit that does not accurately reflect the education veterans have already completed. For instance, the University of Colorado only gives lower-division credit for military education, no matter what the course entailed. This is the case even if the American Council on Education (ACE), a nationwide authority on evaluating military and tertiary coursework, evaluates it to be equivalent to an upper-division class (Office of Veterans Services). Colorado State University does not guarantee college credit for any military education and every course must undergo a comprehensive review (Registrar CSU). These policies reflect the concerns universities hold in regard to the merit of military education.

However, research demonstrates these concerns are unfounded. The ACE finds a significant amount of military training to be worthy of college course credit. They find that instructional strategies, methods of assessment, and minimum passing scores in military courses

were comparable to those in accredited universities. Learning outcomes are often the same regardless of whether a specific course is taught in the military or at a university (ACE 2016).

This demonstrates that there is imperfect information between institutions of higher education and veteran students. Even though research has shown military training and college coursework to be equivalent, the exchange for course credit is not occurring as seamless as it should be. This is a market imperfection.

Without a consistent, statewide metric, institutions assess military training on their own. In doing so, they often do not award credit where it is due or they award insufficient credit (Ganzglass 2011). This results in veterans being placed in courses below their level of educational attainment. This is inefficient.

In addition, multiple institutions evaluating the same course is a waste of private resources. Evaluating military courses has high administrative costs. Universities must navigate military transcripts and evaluate the educational merits of individual veterans. When courses are improperly evaluated these costs result in little benefit.

A statewide metric like that proposed in HB17-1004 could remedy the market imperfection between universities and veteran students. The metric would make evaluations of military coursework a public good. Universities will be able to match their respective courses easily based on the universal metric and students will know what training they can expect to count towards their degree instantaneously.

If the government provides coursework evaluations as a public good, universities will spend less resources deciding on metrics of their own. Available resources can be devoted to other activities, or evaluating coursework with improved accuracy. The cost advantage of

creating a statewide metric will result in increased productivity in the market. Economies of scale will be achieved and this is desirable.

Currently, the inefficient allocation of college credit slows down the degree-seeking process for veterans who are allowed a finite amount of funding. The GI bill only guarantees 36 months of free education per individual. This alone does not cover the typical four years needed to receive a degree. It is in the interest of all to maximize the time they spent in class.

Veterans rely on college credit for education they completed in the military to finish their degree in the amount of time covered under the GI bill. The credit they receive needs to be aligned with the level of education they have already attained. When veterans are placed in classes below their skill level, they are not using their GI funds efficiently.

This creates a problem for both veterans and the institutions in which they enroll. Research done by the RAND Corporation found that veterans were more likely to discontinue their education before attaining their degree if their GI benefits were expected to run out. Of the veteran students surveyed in the study, almost half did not complete their degree program. 65 percent attributed dropping out to a lack of funds (Steele, Salcedo & Coley 2010).

Ensuring veterans are at the optimal starting point at the beginning of their college career reduces the risk their GI benefits will expire before they complete their degree. Universities have an incentive to make sure veterans are retained. Increasing the likelihood that a degree can be completed in the 36-month time frame means more veterans will enroll and stay enrolled at their institution.

Maximizing the utility of GI benefits for veterans in the state will increase the rate in which they demand higher education altogether. There are 400,000 veterans in the state and only 39.6 percent take advantage of their GI benefits by attending a university (Denver Post 2016).

Institutions will see an increase in overall enrollment from veterans who will be able to complete their degree in less amount of time.

Efficient use of GI bill funds is also a top priority for taxpayers. When veteran students are forced to take courses in subjects they already know, taxpayers are effectively subsidizing education they already paid for. This is a misuse of public funds.

For example, take a veteran student that has to retake a year's worth of courses at the University of Colorado in subjects they already learned in the military. Taxpayers already paid for that specific education through military expenditure. Then, they pay an additional \$11,531 in tuition to subsidize those unnecessary classes (CU Registrar). This is not a small amount to overpay, especially when compounded for potentially thousands of veterans.

In Colorado, veterans spend over \$342 million in GI benefits (Denver Post 2016). The introduction of a statewide metric would guarantee that veterans are not wasting public funds taking classes they are overqualified for. It is appropriate to expect the government to make sure this money is spent effectively.

The Colorado General Assembly has a unique opportunity to make a positive economic impact in this policy area. Given the status quo, it is an appropriate role of government to step in. The current market imperfections and market inefficiencies would be remedied by the creation of a statewide metric for awarding college credit to veterans with applicable skills. Regulating this specific market to operate effectively would benefit veterans, public institutions, and the economy of Colorado.

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