

**PROMOTING ACCESS TO POSTSECONDARY EDU-
CATION: ISSUES FOR REAUTHORIZATION OF
THE HIGHER EDUCATION ACT**

HEARING

BEFORE THE

**COMMITTEE ON HEALTH, EDUCATION,
LABOR, AND PENSIONS
UNITED STATES SENATE**

ONE HUNDRED EIGHTH CONGRESS

FIRST SESSION

ON

EXAMINING ACCESS TO POSTSECONDARY EDUCATION IN RELATION TO
REAUTHORIZING THE HIGHER EDUCATION ACT, FOCUSING ON THE
RELATIONSHIP AMONG QUALITY, EFFICIENCY, AND ACCESS TO HIGH-
ER EDUCATION

OCTOBER 16, 2003

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**PROMOTING ACCESS TO POSTSECONDARY
EDUCATION: ISSUES FOR REAUTHORIZA-
TION OF THE HIGHER EDUCATION ACT**

THURSDAY, OCTOBER 16, 2003

U.S. SENATE,
COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS,
Washington, DC.

The committee met, pursuant to notice, at 9:58 a.m., in room SD-430, Dirksen Senate Office Building, Senator Gregg (chairman of the committee) presiding.

Present: Senators Gregg, Enzi, Alexander, Reed, and Clinton.

OPENING STATEMENT OF SENATOR GREGG

The CHAIRMAN. We are going to start the hearing since everybody is here except for some of my colleagues, and I understand that some are coming, some are not. There is a lot going on today with the floor activity. So I think I will give my opening statement now, and then it will be 10 o'clock, and we can start the hearing.

Today's hearing will explore an issue of great importance to students and families throughout the Nation, and that is promoting access to higher education. A college education is now the key to a good job for millions of Americans, and it is key to the competitiveness of our Nation generally.

Over the course of a lifetime, the average college graduate earns about \$1 million more than someone who has not had the chance to attend college. Our Nation's productivity and the quality of life that benefits us are tremendously affected by our capacity to have people pursue higher education.

In addition to the efforts of students, their families, State governments and institutions themselves, the Federal Government clearly has a significant role in higher education. The recent record of Federal Government participation I believe has been a good one.

For example, the Pell Grant maximum has increased 64 percent, and since 1996, the actual funding for Pell Grants has increased by over 148 percent. There are now 1.4 million more Pell recipients today than there were in 1996, a 39 percent increase.

Today the student loan interest rate is the lowest it has ever been. The Stafford loan interest rate stands at 3.42 percent. These low interest rates have made it easier for millions of students to go to college and to pay back the loans that they have used to pursue their college education.

The upcoming reauthorization of the Higher Education Act is a core piece of legislation which we have to address in this committee

and which the Congress has to address, and it needs to work on the issues of how we make education more affordable and more accessible to Americans.

Of course, whether someone has access to college depends on many factors, not just Federal assistance. Important factors are the level of tuition and the fees set by colleges. According to the latest figures from CRS released earlier this month, tuition and fees have increased by about two-and-a-half times the rate of inflation over the last 20 years. That is a staggering rate of increase when you consider the relationship with the other activities in American society.

We have seen these increases in good times, and we have seen these increases in bad times. It seems that there is nothing that can control the dramatic increase in the rate of cost both at public and private institutions. For example, the average tuition and fees charged by public 4-year colleges increased by 9.6 percent during the 2002–03 academic. Private 4-year colleges increased by 5.8 percent, and 2-year public institutions increased by 7.9 percent.

Students and their parents experience sticker shock as tuition continues to climb, which only discourages students from pursuing a postsecondary education and thus undermines our competitiveness as a nation and our capacity to give these students a better lifestyle.

According to the Advisory Committee on Student Financial Assistance, cost factors have contributed to a situation in which 22 percent of college-qualified high school graduates today will not attend college at all. This is really unacceptable. While tuition goes up and up, and more and more students are priced out of a college education, colleges seem to be unable to achieve efficiencies in the delivery of education.

A recent New York Times article described how many colleges are locked in an arms race to provide questionable perks that will lure students to their schools. Some of these perks included things like golf course simulators, water parks, and hot tubs.

Cost control efficiencies and productivity are absolutely critical if colleges are going to be able to maintain a reasonable pricing structure that American students can afford.

Today we are going to hear from four witnesses who have a unique and special perspective on how we should approach the affordability of higher education and access. We are very fortunate to have these witnesses with us, beginning with Dr. George Waldner, who is the president of York College in Pennsylvania, which has an exceptional track record for maintaining reasonable prices in education. He has set a new standard and a standard which hopefully, other schools will consider emulating, and we are looking forward to hearing from him today to discuss how York College has accomplished these goals.

We are also joined by Jamie Merisotis, who is founder and president of the Institute of Higher Education Policy here in Washington, and he has addressed numerous issues in the area of higher education during his career, including higher education financing, student demographics, minority-serving institutions, technology-based learning, and government policies, and he has some very in-

teresting ideas in the area of how we make higher education more accessible.

We are also joined by Shane Hollett, who is executive director of the Ohio College Access Network, which is a very unique and creative approach to how we develop community-based college access programs supported by public-private partnerships. This is an idea which I think we want to expand on, and we are looking forward to hearing from him.

We are also joined by Troy Lambert, who is a student at the University of Maryland who has a very compelling story about overcoming obstacles so that he could obtain his college education. He is the first member of his family to go to college, and he will graduate this year, and we are excited to hear from Troy and learn about his experiences.

So we are going to proceed now. We are joined by Senator Alexander, who is interested in education, having been the Secretary of Education, but also through many, many other activities that are well-known, and I will yield to Senator Alexander if you want to make an opening statement.

[The prepared statement of Senator Gregg follows:]

PREPARED STATEMENT OF SENATOR GREGG

Today's hearing will explore an issue of great importance to students, families, and the nation—promoting greater access to higher education. A college education is now the key to a good job for millions of Americans. Over the course of a lifetime, the average college graduate earns about \$1 million more than someone with only a high school diploma. Our nation's productivity and quality of life benefit tremendously from having large numbers of college graduates.

In addition to the efforts of students and their families, state governments, and institutions themselves, the federal government clearly has a role to play in promoting access. Its recent record has, in my view, been a good one. Since 1996 the Pell Grant maximum has increased 64%, total Pell appropriations have increased by \$7.3 billion (148%), and the number of Pell Grant recipients has increased by 1.4 million, or 39%. In addition, today's student loan interest rates are at all-time lows. The Stafford loan interest rate, available under both the FFEL and Direct Loan programs, stands at 3.42%—the lowest it has ever been. These low interest rates have made it easier for millions of students to take advantage of postsecondary educational opportunities.

The upcoming reauthorization of the Higher Education Act (HEA) presents Congress with an opportunity to build on these achievements, and improve the student aid programs so that they will continue to serve our nation's college students into the future. Of course, whether someone has access to a college education depends on many factors, not just federal financial assistance. One important factor is the level of tuition and fees set by colleges.

According to the latest figures from the Congressional Research Service, released earlier this month, tuition and fees have increased at about 2.5 times the rate of inflation over the last 20 years. We have seen these increases in good times and bad, for both public and private institutions. Recent trends indicate this

problem is only getting worse. According to the College Board, for the 2002-2003 academic year, the average tuition and fees charged by institutions increased by 9.6% at public four-year colleges, 5.8% at private four-year colleges, and 7.9% at two-year public institutions. Students and their parents experience “sticker shock” as tuition continues to climb, which only discourages students from pursuing a postsecondary education. According to the Advisory Committee on Student Financial Assistance, cost factors have contributed to a situation in which 22% of college-qualified high school graduates today will not attend any college at all.

While tuition goes up and up, and more and more students are priced out of a college education, colleges seem unable to achieve efficiencies in the delivery of education. For example, a recent article in the New York Times reported that many colleges are locked in an arms race to provide questionable perks that will lure students. Some of these perks include hot tubs, a golf course simulator, and a water park. The article quotes an analyst from Moody’s higher education rating team as saying that these perks are driving up the cost of education: “[B]y catering to students they’re trying to court away from other schools, they’re making their product more expensive.” Clearly, there is a need for American higher education to refocus on the essentials, not the frills. Achieving greater efficiency needs to become a priority for colleges, so that a quality postsecondary education is available to everyone.

Fortunately, there are examples of institutions that have done this. Today, we have a college president, Dr. George Waldner, representing once such institution—York College of Pennsylvania. I look forward to hearing about his experiences and ideas on this issue. We also have Jamie Merisotis, of the Institute for Higher Education Policy here in Washington. He too has ideas about the appropriate role of the federal government in this area.

Past efforts to address this issue have not had their intended effect. This reauthorization affords us the opportunity to take another look at what the appropriate role of the Federal Government is in promoting reasonable tuition levels and efficiency in higher education.

Access is also a function of how prepared a student is to attend and pay for college. As with financial aid, promoting early awareness of what it takes to go to college is a collaborative effort among students and their families, government, and the private sector. Of course, the federal government has two programs that focus on these issues, the TRIO and GEARUP programs.

Perhaps less well known are the growing number of private and community-based programs that promote early awareness. Today, we will hear from one witness, Shane Hollett of the Ohio College Access Network, about some of these programs, and the lessons we can learn from them about promoting access to a quality postsecondary education.

Finally, an additional barrier to access is the complicated nature of the process by which students apply for federal student aid. As the National Dialogue on Student Financial Aid, convened by the College Board, recently reported: “[E]vidence suggests that the degree of complication in applying for aid leads to reduced access, especially for first-generation college students. Increased simplicity in

our aid system would likely result in significant increases in enrollment rates for students from low-income backgrounds.”

The process of applying for federal financial aid has developed over many years, and changing it may not be easy. But we owe it to those first-generation and low-income students to do something to ease this burden. I look forward to hearing the witnesses’ thoughts on this subject as well.

This hearing represents the beginning of the HEA reauthorization process here in the Senate. As we move toward reauthorization, it is my hope that we can work in a bipartisan way to promote access to postsecondary education. I look forward to working with my colleagues on both sides toward this goal.

OPENING STATEMENT OF SENATOR ALEXANDER

Senator ALEXANDER. Thank you, Senator Gregg.

I appreciate the chairman scheduling this hearing as a way of helping us look ahead to the reauthorization of the Higher Education Act. He and I share a background as Governors, and Governors find that they have a lot to do with higher education as time goes on.

I would like to make these statements, and I will do them briefly, and then I look forward to listening to what each of you has to say.

First, one of the greatest success stories of the Federal Government has been its relationship with higher education. We have done that in basically two ways. One, we have given a lot of money to research, most of that to the great research universities that we have in America, and as a result, we have not only some of the greatest research universities, we have almost all of them. We have done that in an orderly way, by and large the grants are peer-reviewed, and that has been a great success. That research has improved our health care and, since World War II, has helped to create about half of all of our new jobs in science and technology.

The other great success story of the relationship between the Federal Government and colleges and universities where the Federal Government is helping to pay the bill for college students. And we have done that in a unique way ever since World War II. We have given the money to the students and let them choose the college. That started out at a time when, at the end of World War II, maybe 5 percent of Americans were college graduates, 80 percent of students attended private colleges and universities. Among the other effects of Federal aid to education which started with the GI bill and then through the Pell Grants and the loans that we have today, about 80 percent of our institutions are public, 20 percent private. So it has greatly strengthened our public institutions and has created enormous opportunity for Americans and has helped to fund many of the best universities in the world.

The reason I go into all that is because my general disposition is this system is a model I would like us to think about trying it other places. If allowing the money to follow the students to the schools of their choice is a good idea to create the best colleges in the world, why don’t we try it every now and then with creating the best schools in the world?

So I am going to be skeptical of ideas that create major new Federal restrictions on how the Federal Government gives its available

money to higher education. I like the idea of giving it to the students and letting it follow them to the schools of their choice.

The second thing I would like to mention is that there is plenty to talk about and, Mr. Chairman, I would like to put into the record if I may an article that appeared on August 24 around the country by Joel Trachtenberg, one of America's veteran university presidents, entitled, "A Case for Year-Around Education."

The chairman and I were talking about that idea yesterday on the Senate floor, and we can talk about this later, perhaps, during the testimony. Mr. Trachtenberg points out that universities typically operate for slightly more than half the year, generally, two 14-week semesters, and suggests that at George Washington University where he was president, if there were a year-around calendar, they could have at least 1,000 more students, yet fewer students on the campus at any given time, and they might offer degrees in 3 years. That would be one way to reduce costs and make better use of available funds.

I hope we hear this morning, and I know we will, about distance learning and whether the restrictions that we have on distance learning in the Federal laws are still appropriate. I hope to hear more about community colleges, which I think are our secret weapon because of their flexibility for students.

We will have our fight over how much to spend—we always do that—but we all want to spend more, and we have spent a lot more. About half our college students, Mr. Chairman, have their bills paid for in part by Federal grants or Federal loans. And I hope that sometime in this discussion, we can talk about simplifying the application for Federal assistance. I tried to do that as Secretary of Education, I am afraid without much success. Maybe I can have more success here.

So I thank the chairman for hosting this—and one other thought, Mr. Chairman, as we schedule our hearings. We are all concerned about quality, and there are real difficulties with trying to think of ways to impose quality from Washington. But we might take a look at those agencies which are the gatekeeper for quality for us, which are the accrediting institutions around America. They have a life and death sentence hanging over an educational institution; if an institution is not accredited, the students cannot attend with Federal grants or loans. That is a terrific problem, and I think part of our responsibility is to make sure those accrediting institutions are properly functioning and perhaps hearing from them their suggestions, and maybe we have some suggestions for them. So maybe that would be part of our hearings over the next several months.

Thank you for having the hearing, and I thank the witnesses for coming and look forward to what you have to say.

The CHAIRMAN. Thank you, Senator.

[The prepared statement of Senator Kennedy follows:]

PREPARED STATEMENT OF SENATOR KENNEDY

I commend our Chairman, Senator Gregg, for calling this important hearing as we begin our consideration of the Reauthorization of the Higher Education Act. I look forward to all of our hearings on this important topic.

We all agree on the importance of access to higher education. We know the importance of this bill. Nearly 60% of all college students today rely on these programs, and we can't let them down.

Overall, the most effective way to improve access to college is to strengthen K-12 education so that more students are graduating from high school with the foundation they need for college. We began the education reform debate in the No Child Left Behind Act, and we need to continue that debate in this reauthorization, to make sure that students in schools are taking high quality academic courses with qualified teachers, and are also receiving effective information about college selection and financial aid. It is disturbing to hear of the many students arriving in college who must take remedial courses before they can even begin to work toward their college degree.

It is critical in this reauthorization to renew our commitment to need-based aid. Over the past 20 years, we have seen a total reversal of the grant-loan ratio. Nearly 60% of the current federal investment in higher education is now in the form of loans, and only 40% in grants. In that same 20 years, the buying power of the Pell grant, the cornerstone of need-based aid, has increased by only 8%, while college costs have soared. We need to make sure that students in need who have worked hard to get to college will have the financial support to complete college, without an impossibly heavy burden of debt that distorts their choices of careers and even their choices of college.

We know that hard-working middle class families are making greater sacrifices than ever before, so that their children can attend college. For families who must rely on loans to make the dream of college a reality, we owe them the best federal loan program possible. That means making sure they are offered the lowest rates on college loans and the highest benefits when they begin repayment.

The college application process often gets attention, but a long-neglected problem we need to deal with more effectively in this reauthorization is college retention and college graduation rates. Overall, only 51% of students in the current four-year college curriculum manage to graduate in six years. For minorities, the figure is worse. We need a reauthorization that helps level the playing field.

A graduate of a four year college today earns an average of \$22,000 a year more than a person with only a high school diploma. That's a \$1 million dollar difference in lifetime earnings, a disparity like that in our society today is unfair and unacceptable.

Just as Social Security is a promise to every senior citizen, we should make "Education Security" a promise to every student. If you work hard, if you finish high school, if you are admitted to a college, we should guarantee that you can afford the cost of the four years it takes to earn a college degree. Surely, we can say it and mean it today—cost should never again be a disqualification for college.

I join in welcoming our distinguished witnesses today, and I look forward to their testimony. This reauthorization will be one of the major achievements of this Congress, and I'm very hopeful that it will be a major bipartisan achievement as well.

The CHAIRMAN. NOW LET US HEAR FROM THE WITNESSES. WE WILL START WITH DR. WALDNER AND MOVE LEFT TO RIGHT FROM MY STANDPOINT, RIGHT TO LEFT FROM YOUR STANDPOINT.

We look forward to hearing your input, Dr. Waldner.

STATEMENTS OF GEORGE W. WALDNER, PRESIDENT, YORK COLLEGE OF PENNSYLVANIA, YORK, PA; JAMIE P. MERISOTIS, PRESIDENT, THE INSTITUTE FOR HIGHER EDUCATION POLICY, WASHINGTON, DC; SHANE HOLLETT, EXECUTIVE DIRECTOR, OHIO COLLEGE ACCESS NETWORK, CLEVELAND, OH; AND TROY LAMBERT, STUDENT, UNIVERSITY OF MARYLAND, COLLEGE PARK, MD

Mr. WALDNER. Good morning, Mr. Chairman, and good morning, Senator Alexander. I am pleased to have the opportunity to be here today to discuss with you an important issue in the field of higher education, namely, the relationship among quality, efficiency, and access.

I feel qualified to speak on this subject because my institution has managed for many years to combine attention to quality with careful cost control and, by doing so, to become an outstanding value in higher education.

We are an independent college. Tuition for this academic year is \$8,000. The comprehensive package including tuition fees and room and board comes to \$14,500 for the year.

We are priced at about 60 percent of the charges levied by comparable independent colleges and at about the same price as State-related colleges and universities in Pennsylvania, which are subsidized about \$4,500 per student.

But value has two parts—price and quality. York College is in the top third of the U.S. News ranking of Northern universities, a ranking based purely on program quality. We are in the directories titled “The Best Middle Atlantic Colleges: 98 Great Schools to Consider,” as well as “Barron’s Best Buys” and others.

Jay Mathews of The Washington Post included York College in his list of “20 Undiscovered Gems” in his April 2003 article in The Washington Post Magazine. York College, at \$14,500, was number 10 on the list of 20. The number nine college charges \$33,710; number 11, \$29,750.

I believe York College represents access to high quality at a price within the reach of most American families when combined with Federal, State, and institutional aid programs.

Efficiency is not a dirty word at York College, but efficiency is viewed as a suspect concept in most of American higher education. Why is that the case?

In the normal course of institutional life in academia, there is a constant and passionate focus on qualitative improvement. That is clearly desirable and highly consistent with the overall mission of higher education. What is much less prevalent, however, is the concomitant, vigorously advocated concern to attain educational quality in a highly cost-efficient way.

There is an apparent tendency among members of the academy to believe that any effort to control or to reduce costs will necessarily take a more than proportionate toll in terms of program quality.

In short, there is a denial of the concept of efficiency—the ability to produce a desired outcome with a minimum of expense and waste. This attitude makes the championing of cost control on college campuses a lonely and unpopular crusade, the dreary business of deans and chief financial officers.

It is important, however, for college communities as a whole to adopt a positive, proactive approach to cost control in order to preserve access to higher education opportunities for all qualified students. Federal and State financial aid and subsidies as well as institutional aid, though essential for student access, must receive more of a helping hand from those who are directly engaged in operating higher education institutions.

I was pleased to be a member in 1997-1998 of the National Commission on the Cost of Higher Education. The Commission put forward as its first recommendation, and I quote, “That academic institutions intensify their efforts to control costs and increase institutional productivity.” The Commission then went on to make a series of recommendations on how to implement its call for enhanced cost control.

The first implementing recommendation was: “Individual institutions, acting with technical support from appropriate higher education associations, should conduct efficiency self-reviews to identify cost-saving steps that are relevant to institutional mission and quality improvement.”

Sine 1998, good foundational steps have been accomplished to enable institutions of higher education to carry out in a meaningful way the Commission’s challenge. In particular, the National Association of College and University Business Officers, acting as part of a consortium of national higher education organizations, has developed an approach to the analysis of college costs which is adaptable to the wide variety of higher education institutions. The approach or model has been field-tested and is ready for widespread use.

My basic idea is that a “quality-efficiency task force” should be formed at each institution. Its members should include faculty, administrators, students, trustees, parents, alumni, and business community leaders. The group should develop data on institutional costs in comparison with the costs at peer institutions. And may I emphasize the notion of “peer institutions” is crucial here, because it is simply not helpful to compare costs at dissimilar types of institutions.

Every college and university has a self-selected group of peer institutions that it uses for comparisons and benchmarking for salaries, admission standards, etc. The idea is to use the same peer group for its analysis of operating costs. Such an analysis should identify areas where a given institution underperforms its peers, that is, operates more expensively to produce a similar result. These areas should then be targeted for in-depth analysis for cost reduction opportunities.

It is necessary to add at this point that college communities usually focus on areas other than instruction when searching for cost savings. Again, the tendency is to assume without investigation that any attempt to enhance instructional productivity will have devastating effects on program quality.

Yet at most institutions, instruction is where most of the expenditures are. It is thus where most of the cost savings are likely to be discovered. Over the years, I have developed a "quality instruction efficiency index," which I append at the end of my testimony, that seeks to find the golden mean between excessive and insufficient expenditures in the delivery of instruction. The areas of focus are the faculty-student ratio, semester hours of required teaching per academic year, utilization of part-time faculty, maximum section size and minimum section size.

Only by careful analysis and control of these instructional features can most colleges and universities find substantial cost savings. The major savings are not to be found in pooled purchasing, outsourcing, or inter-library loan, although these areas should be reviewed for savings, too.

Given the follow-up on the National Cost Commission's recommendations accomplished since the last reauthorization, an appropriate role for the Federal Government in the context of the current reauthorization would be to require colleges and universities to confirm that they are conducting such efficiency self-reviews and are developing action steps for attaining greater efficiency. The tools for this sort of exercise are in being; the public interest in cost control to preserve access is clear.

Colleges and universities must now move forward decisively with greater cost control efforts, or else face highly interventionist and probably counterproductive governmental measures in the not-too-distant future.

Thank you.

The CHAIRMAN. Thank you very much, Dr. Waldner. Your testimony is very specific, and very useful. I appreciate that.

[The prepared statement of Mr. Waldner may be found in additional material.]

The CHAIRMAN. Mr. Merisotis?

Mr. MERISOTIS. Mr. Chairman, Senator Alexander, thank you very much for the opportunity to appear before you.

As president of the Institute for Higher Education Policy for the last decade, I have had the opportunity to devote a considerable amount of time and analytic resources to the questions that confront this committee with regard to the reauthorization of the Higher Education Act. I hope that our independent, nonpartisan perspective will be helpful as you sort through the array of issues and concerns regarding this crucial law.

As Senator Alexander noted, improving access to higher education continues to be one of the most important contributions that the Federal Government can make to our national well-being. The simple fact remains that increasing educational opportunities for all Americans results in tremendous public, private, social, and economic benefits.

I recognize that the Nation faces an uncertain economic future, one that places constraints on policy discussions such as these, but I hope you will not lose sight of the long-term effects that your investments will have on the Nation.

While greater investment is clearly needed, I do not believe that more funding is the only thing that is needed. My testimony offers

a broad set of ideas to promote access to postsecondary education, and I would like to briefly summarize those in four points.

First, I urge you to invest in need-based student aid as the best and most important way to promote access to postsecondary education. The maximum Pell Grant today pays for about one-half of the average price of attending a public 4-year institution compared to 1980, even taking into account the funding increases of the last few years. Increased support for the Pell Grant program therefore should be a centerpiece of your efforts to enhance the programs and policies of the Higher Education Act.

At the same time, I know that you are facing increasing pressures to simultaneously increase loan limits while also reducing the potential negative effects of increasing student debt. One way to meet these seemingly divergent goals is to increase loan limits modestly, especially for first- and second-year students, while also developing new opportunities for loan forgiveness.

While I have been skeptical of current loan forgiveness policies because of their limited size and scope, I believe that a larger-scale loan forgiveness program tied specifically to areas of national need, especially areas where there is an underrepresentation of minorities and low-income populations, such as science, math, minority health and teaching, could make a real difference in reducing debt while also increasing opportunity.

Second, I urge you to reject attempts to control rising prices through penalties that will harm both institutions and students but consider incentives to promote institutional innovation and sound financial management.

Rising prices are a legitimate concern for students and families, especially those from the lowest income levels, but rising prices are part of a complex array of factors and processes that reflect a diversity of institutions and perspectives. While I believe many institutions and States can and should do more, it is clear that no one-size-fits-all solution will work across the Nation. This is one reason why I think that Federal attempts to control the prices charged by institutions are unwise and potentially destabilizing. In my view, Federal price controls represent an unprecedented attempt to regulate a competitive market, one that would require a fairly large bureaucratic machinery to monitor the pricing behavior of institutions and overrule the decisions of independent boards of trustees, State legislatures, and coordinating boards.

The fact remains that efforts to penalize institutions for prices above some federally-determined level would need to use a big enough stick to cause a change in behavior. The only stick large enough would be the need-based student aid programs. So attempts to penalize institutions would instead have a negative effect on the very students for whom the programs were designed to help.

On the other hand, there are ways in which you could create positive incentives for institutions to do a better job of managing their financial operations and controlling costs, such as through a FIPSE-type competitive grant program that encourages institutional innovation, and through greater transparency of information. It also would be possible to create incentives via the Federal campus-based student aid programs. Since these programs are more closely linked to institutional decisionmaking, it may be worth con-

sidering certain performance bonus criteria under these programs—for example, institutional allocations could be enhanced via a supplement for institutions that improve or maintain their cost efficiency.

Third, I urge you to strengthen the capacities of minority-serving institutions, or MSIs, to educate the Nation's emerging majority populations. Given that these institutions represent the fastest growth in the Nation in terms of enrollments, MSIs should be recognized as a key target of support under the Higher Education Act.

I believe that several important steps could be taken during this reauthorization to strengthen MSIs, including expanding the scope and authorization levels of Titles III and V, investing in technology capacities to ensure that all graduates will be able to use technology effectively, developing new graduate-level opportunities to train future faculty and senior institutional leaders, and expanding support for international education at MSIs under Title VI.

Finally, I urge you to consider a new concept in this reauthorization, and that is to encourage private sector investment in aid to students. While private scholarship never will, nor should, in my opinion, be seen as an alternative to Federal financial assistance, it should be recognized as one of the key partners working to support students. I therefore ask that you examine ways to stimulate even greater response from local communities, corporations, foundations, and individual donors.

One specific way to do this is via the LEAP program, which could leverage a much greater amount of aid for students if it were used to stimulate not just State dollars for student aid but significantly increase private sector aid as well. The current LEAP legislation could be modified to reward those States where a significant increase in private scholarship aid is leveraged by the State.

In conclusion, I believe that promoting access to higher education remains one of the most critical responsibilities of the Federal Government in ensuring the Nation's public, private, social and economic stability and prosperity. Efforts such as those that I have outlined here could go a long way toward improving student access to higher education and fulfilling the American dream of a college education.

Thank you very much for this opportunity.

The CHAIRMAN. Thank you very much, Mr. Merisotis. That is very useful. I appreciate the specifics.

[The prepared statement of Mr. Merisotis may be found in additional material.]

The CHAIRMAN. Mr. Hollett?

Mr. HOLLETT. Mr. Chairman, Senator Alexander, first of all, I thank you for holding the Senate's first major hearing on reauthorization of the Higher Education Act and for extending this opportunity to the Ohio College Access Network.

As a first-generation college graduate, I am honored to appear before you today to discuss an initiative that is key to helping many students get to college who would not otherwise go. The Ohio College Access Network, as we know it called OCAN, was founded in 1999 by KnowledgeWorks Foundation in collaboration with the Ohio Board of Regents and the Ohio Department of Education. We work to establish college access programs across Ohio.

College access programs are community-based, nonprofit organizations established to increase the number of students who pursue education beyond high school by providing hands-on guidance and financial support.

O CAN is the Nation's first and only Statewide coordinating body for college access programs. We have grown from 11 programs in 1999 to 33 today. Our growth has been fueled by the support of Governor Bob Taft, who challenged O CAN to double the number of programs and provided the financial means to do so. Because of the Governor's access initiative, O CAN programs now serve nearly 300 of Ohio's 612 school districts.

I was the first in my family to go to college. My parents did not graduate high school, but I went to college because they expected me to do it, and they believed I could do it. Unfortunately, many children do not have parents who believe they can or should go on to some form of education beyond high school. These young men and women become convinced they cannot go, they are not smart enough, or it is too expensive.

There are many barriers to going to college, and allow me at this point to use the word "college" to cover all forms of accredited education beyond high school. In O CAN's experience, cost and lack of information are the major reasons why young men and women do not go to college. And the second—information—is what O CAN is all about. Our college access programs provide the information that families need to understand and believe that a college education for their children is possible and to help them secure the money needed to pay for that college education.

Let me share a couple of examples of what we do. In Zanesville, OH, there was a young woman from a single-parent family who wanted to go to college but was afraid to go to her high school guidance counselor because she believed her family secret would be revealed. The family secret—her mother was dying of AIDS, and she was convinced the illness would be revealed when she completed the FAFSA in the counselor's office; plus she thought she was too poor to go to college.

The college access advisor working in her school learned of her plight, approached the student and asked her to visit the access program on a Saturday to protect her privacy. After months of private counseling, that young woman was admitted to Muskingum College and is now a sophomore getting straight A's.

The second example—and this is from personal experience—in Cleveland, I met a young man who was recommended to Cleveland Scholarship Programs for guidance and counseling. He came from a broken home. His father was in jail, his mother was on drugs, and he was living with his grandmother. He was just an average student, but there was something about him, something that made me believe that given the chance, he would do well.

Cleveland Scholarship Programs provided him with scholarship support and helped him enter Morehouse University. He graduated with honors in physics and then was accepted directly into Case Western Reserve University's doctoral program in molecular biology and physics.

These two examples show what college access programs can do for Ohio. O CAN, with the support of Governor Bob Taft, built 12

new programs over the past year. Building those programs has reinforced our belief that increased information and financial support are the keys to opening the doors of higher education for all students.

The reauthorization of the Higher Education Act offers us the opportunity to address the growing needs for college access programs across the country. Specifically, I ask that the committee consider the following principles.

First, cost and lack of information are the biggest barriers to going to college. Families need the services of college access programs to provide hands-on guidance and the information about all aspects of the college application process.

Second, successful community-based college access programs are built through public-private partnerships, collaborations that involve all within the community and do not presume that government support is the only source of program revenue. Community-based college access efforts need your support.

Third, building college access programs is slow and time-consuming. OCAN's national counterpart, the National College Access Network, receives inquiries every day from communities across the country that see the need to help their kids get to college. We must provide support to these grassroots efforts with the financial wherewithal and know-how to start serving these students.

And finally, something that Senator Alexander mentioned in his opening remarks—we need to make it easier to apply for financial aid. We must simplify the FAFSA and make it more user-friendly.

Thank you for offering the opportunity to explain the work of and need for college access programs in Ohio and across the Nation.

One final thought, and this comes from personal experience. Tomorrow, a child will wake up somewhere, a child who wants to dream but does not know how, a child who needs to dream but does not understand why, a child who needs to believe but does not have any believers. If we do not believe in that child, who will?

Thank you.

The CHAIRMAN. Thank you, Mr. Hollett. I appreciate that.

[The prepared statement of Mr. Hollett may be found in additional material.]

The CHAIRMAN. Mr. Lambert?

Mr. LAMBERT. Good morning, Mr. Chairman, Senator Alexander, and members of the committee.

My name is Troy Lambert, and I am presently in my fourth year at the University of Maryland, College Park. I am anticipating graduating next year, majoring in geography with a citation in geographical information science. My current plans are to pursue employment working with global positioning systems.

I am very pleased to testify this morning at this hearing on student financial assistance, because without Federal student aid, as well as support of the Federal TRIO programs, I would not be in college today.

I am a graduate of Friendly High School in Prince George's County, MD. I am the sixth of seven children, and next year, I am confident that I will become the first in my family to receive a bachelor's degree. My father works for the Water and Sewer Au-

thority in the District of Columbia, and my mother works for a small information technology and engineering firm.

Last year, I received \$2,350 in Pell, \$1,625 in University of Maryland grants and scholarships, \$600 in SEOG, \$1,800 in work-study, and \$5,500 in Stafford loans.

I live at home with my parents and also work 26 to 30 hours each week as a security officer. Typically during the week, I work from 6 a.m. until noon, take the metro to the university and finish classes between 4:30 and 7:30 p.m. Last year, Pell, SEOG, and university assistance covered all my tuition and fees. This allowed me to assist with expenses at home. This year, the university increased tuition 13 percent, and due to this increase and the lateness of my aid application, I have to cover more tuition with loans and my earnings.

This morning I would like to address two topics from my own experience related to student financial aid and access to higher education—one, the importance of providing information about attending college and financial aid to low-income and first-generation students, and two, obstacles to retention and graduation for low-income students.

Although I graduated with a 4.0 average from high school, I was not regularly admissible to the University of Maryland because of my SAT scores. My family moved while I was in high school, and no one at school was able to help me sort out my postsecondary options.

Members of my church helped me find the University of Maryland's Educational Opportunity Center, a Federal TRIO program. Staff at the EOC discussed my choices with my family and me and assisted me in securing admission to the University of Maryland through the Academic Achievement Program. The Academic Achievement Program is another university initiative partially supported through the TRIO Student Support Services Program.

I do not think the needs that my family and I had for information and assistance about college are unique. The cost of 1 year of my undergraduate education at the University of Maryland is several months of my parents' total income. Today, without financial aid, a typical low-income family would have to spend about 62 percent of the family's annual income to send one child to college for 1 year.

While 82 percent of students from families in the top income quartile continue on to college, only 55 percent of students in the bottom quartile do so. Moreover, because of the costs, of students from families with income below \$25,000 who do go to college, only about half go on to begin at a 4-year institution as compared to students from families with incomes above \$25,000.

After I enrolled in college, there were still issues with my financial aid. Three times while attending college, I have encountered serious problems in understanding what I need to do to continue to receive adequate aid—first, when I became overcommitted in terms of work; a second time, when my mother was diagnosed with cancer last year, my family responsibilities increased; and again this year, when the university increased tuition. In each instance, the Student Support Services TRIO Program office, working closely with the university's financial aid office, helped me through a situ-

ation that could have resulted in my withdrawing from the university.

In my own college experience, I have encountered at least three sets of obstacles that challenged my commitment to remain in school and graduate. The most serious was last year when my mother was diagnosed with breast cancer. Although she is presently doing well, the costs of her medical care placed a real burden on our family's resources, and we accumulated substantial debt. I am now contributing part of my earnings to help my family pay those bills.

In addition to family pressures, academic pressures also caused me to consider dropping out. When I first came to the university, I intended to major in computer engineering but had problems with physics as well as some of the advanced mathematics courses. Because of the Academic Achievement Program's summer transitional program and the tutoring and counseling it provided during the academic year, I was encouraged to stay in school and graduate.

A final problem that could have resulted in my dropping out of college was the extent to which I was working in my sophomore year. I realized that I could not maintain my grades and work the number of hours that I was working.

The factors I saw in my own life are reflected in national figures. First-generation students are 64 percent more likely to leave school without a degree than children of college graduates. Without loans, I could not have stayed in college, but I have deliberately avoided loans when I could and chose to work to help pay for my education and help my family. When I graduate, I do not want to be in debt over my head.

Senators, I know you will give the issue of the impact of large loans and low-income students' decision to attend and stay in college a great deal of thought.

Senators, I appreciate your giving the hopes and struggles of students like me your thoughts and attention.

Thank you.

[The prepared statement of Mr. Lambert may be found in additional material.]

The CHAIRMAN. Thank you, Mr. Lambert. You are really an extraordinary role model for a lot of people, and I hope we can get your story out, because what you have done is very impressive, and I am glad to hear that your mother is doing better.

Mr. LAMBERT. Thank you.

The CHAIRMAN. Let me actually ask you a question on that. You mentioned that—and I think it is exactly the way you should approach it—you do not want to leave college with a lot of major loans. And you also mentioned that low-income students end up with more significant loans and as a result end up dropping out.

Do you think there should be some relationship between forgiveness of loans and completion of college?

Mr. LAMBERT. Yes, I do. I believe that if someone is working really hard to learn more so they can do better and prosper, they should be able to get a lien so they do not have to pay so much and so there will not so much pressure on them while they are in school and while they are finishing school.

The CHAIRMAN. Do you think it would be an incentive if we had higher loan forgiveness as people receive degrees?

Mr. LAMBERT. Yes.

The CHAIRMAN. Thank you.

Dr. Waldner, you made the point on creating these “quality-efficiency task forces” from college to college. How receptive do you think faculty is going to be to a quality-efficiency task force? I sensed, in my experience as Governor, that the biggest resistance to efficiency—not necessarily quality, but certain efficiency—was faculty and that the whole concept of becoming a professor in a university is that you are choosing a lifestyle that does not necessarily tie efficiency to your goals.

And you make a legitimate point that it is the instructional costs where the money is, and I have never been able to get my hands around how you create more efficiency and productivity in instructional costs. Do you really think these quality-efficiency task forces would be accepted and be efficient, or is there some other way we can address that issue?

Mr. WALDNER. I have been in higher education since 1973, and I taught for nearly 12 years. I was a department chair, I was active in the academic senate, and so on. I believe that if the college president were to form such a task force and ask the president of the academic senate to nominate three or four members of the faculty who would serve on it, the response would be affirmative.

I think the self-interest is obvious, but by the same token, I think most faculty members take their sense of responsibility to the community seriously, and I think they would serve on such a task force.

I think it is very important that the task force include members from outside the college community so that the inner workings and the perhaps unexamined assumptions that characterize many academic institutions will be subjected to some perspectives that are unusual in that context.

The CHAIRMAN. Do you think it should be a condition of receiving Federal funds that colleges have these sort of comparative task forces?

Mr. WALDNER. I am not a legislative technician, but the idea that I had is simply that if an institution wishes to participate in the Federal programs, they have to confirm—the president would have to sign, as the president signs the audit report—that yes, we have an efficiency self-review task force on our campus, we are using the NACUBO template to compare our costs to peer institutions, and we in fact are generating cost-saving steps to take as a result of that. I think that to confirm that would be not particularly intrusive or onerous for an institution, and I believe it would have some impact.

The CHAIRMAN. Mr. Merisotis and Mr. Hollett, both of you focused on what I will call transparency—getting information out but also having the information to get out. To what extent should we require transparency on issues of hours that professors teach, number of TAs teaching courses, things like that, that make the decision process and also drive the cost function?

Mr. MERISOTIS. Well, from my perspective, the question is what is the legitimate Federal interest, so I want to know more about

what that information would have to do with what would be expected of the institutions vis-a-vis the Federal programs.

I am in favor of more transparency particularly as it relates to the financing side of the equation, the revenues and expenditures of institutions. What institutions are doing to improve their efficiency, as Dr. Waldner has talked about, I think is interesting.

It is not clear to me what Federal interest in faculty productivity, which I think is what you are talking about, might be, so I am not sure that that is the kind of information.

The CHAIRMAN. In fact, a direct function of cost is faculty productivity, isn't it?

Mr. MERISOTIS. Well, there are many factors associated with cost, so my question is do we want to look at factors associated with State investment in institutions, which is the primary driver of rising prices; in public institutions, it is declining State support. Do we want to look at factors associated with investment in need-based financial aid on the part of the institutions, which is a big reason for price increases in private institutions?

My point is simply that it is a complex equation, and I do not want to simply add a huge reporting burden for institutions—sort of throw it up against the wall and see what sticks. I would rather look at what are the factors, what is the information that we really need to make decisions at a Federal level about the programs and policies that exist.

The CHAIRMAN. Do you have any comment on that, Mr. Hollett?

Mr. HOLLETT. No. That is not our area of expertise. Our focus is to explain to families, especially low-income families, how it is possible to go to college, and then we work closely with them, as in the case of this gentleman's family, to find them the means to pay for it. Expenses are rising. But I am not an expert to comment on the transparency issue.

The CHAIRMAN. Do you have a specific proposal for how we could simplify the forms?

Mr. HOLLETT. I have a few ideas. I think it would take a couple of hours.

The CHAIRMAN. Well, we would be interested in specific proposals on how we could simplify the forms.

Senator Alexander?

Senator ALEXANDER. Thank you, Mr. Chairman.

I have two questions. Let me follow up on the chairman's question. Would any of you volunteer, or would your associations volunteer, to rewrite the application forms?

Mr. HOLLETT. Yes.

Senator ALEXANDER. I will talk this over with Senator Gregg, but it would seem to me that if the colleges and universities and admissions offices and those who deal with students and families on a regular basis would form a small group and come back to us and say "We have gone through this, and we can put this in plain English, and we can cut out two-thirds of the pages, and we can accomplish the same things," I for one would be happy to arrange meetings with the Department of Education and whomever is appropriate as long as we do it all in the appropriate way. There is bound to be a way for the larger higher education community to take its experience and come back to us and say, "Here is a much

simpler way to do this.” There are a number of great writers in the English departments around the country, and simplifiers. I am very serious about this. It is hard for the U.S. Senate and staff to do that well because that is not what we do every day, and it is hard for the Department of Education to do it—I know that because I was there. That leaves you as the best possibility for helping us get that done.

Mr. HOLLETT. Senator Alexander, one thing we should remember in the simplification process—and I think it is the challenge that we always face—we take college-educated individuals and simplify a process for noncollege-educated individuals. Some of the individuals who need to be involved in this process are Mr. Lambert’s parents and low-income individuals to say “Can you really understand what we are putting in this document?”

Senator ALEXANDER. Well, I would assume that that is what you would do. I would be glad to give you some suggestions about how to do it, but what I am suggesting is to use your management expertise and your day-to-day expertise and, with whatever association it is appropriate, to do it, to test it, to come back to us and say, “We can cut two-thirds out, we can make it readable, and here are our suggestions.” And my guess is that if you were to do that, it would suggest to us some changes that might have to be made in regulations and in the laws—but now is the time to do that, and the sooner we get that, the better, Mr. Chairman.

The CHAIRMAN. If the Senator would yield, I think the Senator is onto an excellent thought. I suspect this room is filled with a number of folks who represent various groups who are interested in this area, and I would simply say that the door is open and we are soliciting ideas. However you want to coordinate and pull together a simplified form, we would be interested in your doing that.

Senator ALEXANDER. Thank you, Mr. Chairman.

My second question—let me go back to Mr. Trachtenberg’s article. I noticed that no one of the four of you mentioned anything about year-around education as a way to cut costs. It seems to me to be by far the most obvious way to do it.

Just to restate: “Universities typically operate for slightly more than half the year, generally two 14-week semesters. We barely use our facilities at all for 3 months of the year. This practice seems to me wastes time that we could use for instruction and undervalues our facilities, which stands idle, and it costs us money. We could actually enroll more students and earn more tuition if we operated more of the year. Imagine that, instead of two 14-week semesters each academic year, we had three trimesters with, of course, appropriate vacations between them.”

“At George Washington University,” as I mentioned earlier, “President Trachtenberg says they could have at least a thousand students, yet have few students on campus at any one time, offer degrees in 3 years instead of 4.”

I know that in many State universities, it is the rule that it takes 5 years to get a degree, sometimes 6 years. There are a variety of reasons for that in addition to football weekends. One is that they are busy, and you cannot get the right course, so it wastes everybody’s time to have to take an extra semester a year just to get a single course.

I am reluctant to change the Federal law to encourage that or influence it, but one way that occurred to me was to make the Pell Grant worth more at institutions that operate all year long. That would mean that if your college did not want to do that, it was free to do it, it would still have the Pell Grant, but if some institutions wanted to specialize in operating three semesters instead of two, which would require really different faculty attitudes and a different culture on the campus—these are big changes, I know that—then those universities would be free to do that, and there might be a little bit of an incentive, because the Pell Grant students they attract might be worth more, and it would be a way to provide lower-cost education to lower-income students who bring with them Pell Grants.

I wonder if you have any comments on those ideas.

Mr. MERISOTIS. The model that you are talking about already exists. It exists in community colleges and many 4-year teaching institutions.

Senator ALEXANDER. How many community colleges are there?

Mr. MERISOTIS. The number of community colleges in the country is over 1,000.

Senator ALEXANDER. How many other 4-year institutions are there?

Mr. MERISOTIS. I do not know the exact number of 4-year institutions, but there are probably 2,000 4-year institutions in this country.

Senator ALEXANDER. Yes, so we have 2,000 that we can work on.

Mr. MERISOTIS. Yes—no, no. I am saying community colleges, and then there are 4-year teaching institutions which are the majority. George Washington University, private liberal arts colleges, institutions that function on that traditional model are probably the minority. I am not opposed to your recommendation, but I simply want to point out that many institutions already do that.

The idea of the kind of Pell Grant bonus that you are talking about would probably benefit many institutions—

Senator ALEXANDER. Wait just a minute, Mr. Merisotis. Many community colleges do that.

Mr. MERISOTIS. Yes.

Senator ALEXANDER. I do not know of many 4-year colleges that do that. University of Memphis, Middle Tennessee State University, University of Tennessee all have 20,000, 25,000 students, and they do not do that.

Mr. MERISOTIS. In many States, they do. In California and Massachusetts I can think of, New Jersey, Florida, many of the public 4-year institutions—

Senator ALEXANDER. They have three semesters, and they have as many semesters—

Mr. MERISOTIS. And rolling admissions and rolling—

Senator ALEXANDER. So the summertime is as full and busy as the—

Mr. MERISOTIS. No, not necessarily. Some are, some are not.

Senator ALEXANDER. Yes, I know. I think, unless things have radically changed, that most are not. Is that not right?

Mr. MERISOTIS. I think in the 4-year sector, you are probably right that the majority are. My point was simply that there are in-

stitutions already doing that, and we should try to encourage more of that.

Senator ALEXANDER. What would be the best way to encourage it?

Mr. MERISOTIS. At the Federal—I am hesitant to recommend Federal involvement in this, because again, I am not sure what the Federal interest is in promoting it, so I am not sure that there are incentives. I am talking about the Pell Grant—

Senator ALEXANDER. I am worried if you say that to Senator Gregg's question. That is really a ridiculous statement for you to make that there is no Federal interest in our finding ways to spend the dollars that we have in a way that will educate at a university like George Washington University 1,000 more students a year at a lower cost.

Mr. MERISOTIS. No. I am all for that—

Senator ALEXANDER. That is a major Federal interest. The whole hearing is about cost, access, and quality, and that idea covers all three. So that is the Federal interest. It is the subject of the hearing.

Mr. MERISOTIS. Fair enough. My point is simply that I am trying to understand what the mechanism is that the Federal Government would have to do that, and I guess that is your question to me.

Senator ALEXANDER. It is.

Mr. MERISOTIS. And I am not sure what the mechanism is, because you need to have a big enough lever in order to influence their behavior.

The Pell Grant bonus idea that you have I think would have an effect of rewarding institutions that already do that, so I am not sure that you are going to change behavior through that incentive.

Again, I want to come back—I am not opposed to your idea. I just do not understand what the lever would be that would be big enough in order to make it happen. That is all.

Senator ALEXANDER. Thank you, Mr. Chairman.

The CHAIRMAN. Senator Reed?

Senator REED. Thank you very much, Mr. Chairman, and thanks for holding this hearing. I am sure it is one of many that we will have on the Higher Education Act as we go forward, but this is a very important way to start off.

Thank you all, gentlemen, for your excellent testimony.

Mr. Hollett, in the Ohio Access Network, can you talk about the way that you have encouraged foundations and businesses to participate with you?

Mr. HOLLETT. Thank you for asking that question, Senator Reed. When we go into a community, one of the first things we do with the leaders who step forward to build a college access program is ask them to do a self-assessment and to determine what services are available in the community and what sources of income are involved in the community. And through Governor Taft's access initiative, we have a grants program, and we provide the community with a planning grant in which they bring community leaders together to meet and determine the needs of the community and how they are going to address those college access needs.

The successful programs that we have from the start must have private support and involvement. Some of the most successful programs have been put together involving community foundations, because quite often, community foundations become the source for scholarships, and once the community foundation becomes involved in an access program, it is available to educate its donors about supporting a college access program and giving it the operating support to go forward.

So Governor Bob Taft has been generous in providing start-up funds, but the understanding going forward is that this money is to start the program, and then the programs learn to fund-raise themselves. We teach them those skills, and the only way you become self-sufficient is to involve businesses and foundations, private and community foundations.

We involve business because it is important for business to have educated employees. So one of the first things we need to do is find out the employees that businesses need in their communities and get that issue on the table as part of the development of the college access program. So it is a partnership right from the start.

In some of the communities that have struggled with that, the program struggles with it, so if you do not get the private component, you just cannot rely on State or Federal funding for continuous support.

Senator REED. Can you comment on the Federal programs like TRIO and GearUp and LEAP—how do you integrate those into your operations?

Mr. HOLLETT. We are partnering with TRIO and GearUp programs. In fact, we have two programs, one in Cleveland and one in Ironton, which is the southernmost port of Ohio. They are joint college access and GearUp programs, and this year for the first time, we had a joint OCAN-GearUp conference; next year, it will involve TRIO programs. They are all forms of college access, and they are all successful in their arenas.

Senator REED. And Mr. Lambert spoke about the impact of TRIO, which was not only edifying but inspiring as well. And your reaction, Mr. Hollett, is that those programs are working well and should be reinforced?

Mr. HOLLETT. Yes, because they offer the element of hands-on guidance and encouragement, and as I mentioned in my testimony, I went to college because my parents understood the need, and they pushed me. A lot of young men and women do not have those parents who push them. So those programs, the TRIO, GearUP, and college access programs come in as many ways as surrogate parents and cheerleaders to get kids through college.

Senator REED. Good.

Mr. Merisotis, your testimony highlights the role that LEAP plays, particularly as States devote decreasing resources to higher education because of their budget problems. One of the problems that we have here is getting sufficient resources into LEAP to get over the big hurdle so that we can provide incentives and be more creative.

Can you comment on the LEAP program in terms of its role and what we could do to make it better?

Mr. MERISOTIS. First, I think LEAP and its predecessor, SSIG, have been a success. They have leveraged States to create and build their State student aid programs. Right now, the States are facing an extraordinary time of fiscal stringency, and a lot of States are having difficulty investing in their need-based aid programs. LEAP is a modest investment, so I think the mechanism of encouraging States to maintain their contributions continues to be an incentive at least in smaller States, States that I think really need to have more leverage from the Federal Government in order to make that possible.

So in terms of suggestions for leveraging more out of the States in terms of State-based aid, I think that it is a challenge. I was in Massachusetts on Tuesday speaking before the Board of Higher Education, and in Massachusetts in the last year in the public institutions, tuitions in the community colleges have increased by about 15 percent and in the State colleges and the UMass system, over 20 percent in the last year.

Maintaining investment in State student aid to match those tuition increases is extremely difficult given the kind of billion-dollar State funding deficit that the State is facing, so it is difficult to know how much more to leverage or how much blood to get from the stone.

My suggestion was simply that there is another vehicle through LEAP that we could get to, and that is private community-based scholarship efforts which States could work on, working with those private scholarship-based organizations to generate more fundraising at the grassroots local level so that there would be more private scholarship aid coming into the system.

I think we miss an opportunity to get more private sector investment in higher education by not using some modest leveraging, and LEAP might be the mechanism to do that.

Senator REED. But your point, I think, and my point, too, since I am a major supporter of LEAP, is that it is a program that functions very well and very efficiently, and if we put more resources at the Federal level—leverage goes both ways, not only leverage to the States but leveraging the appropriators—if we put more money into the LEAP program, it would likely provide more support for students who are going to college today.

Mr. MERISOTIS. It is hard not to see LEAP as a success, either historically or contemporarily. Many States had no need-based State aid programs at all before the creation of SSIG or LEAP, and today we see, as I see, many States continuing to use that leverage of what are really modest Federal resources to keep, particularly in the State legislatures, the feed to the fire on keeping those investments moving ahead.

Senator REED. Thank you.

Dr. Waldner, finally, on a quick point, we have talked about efficiencies in terms of instruction. That raises the question of full-time versus part-time instruction. Do you have any comments on that? Is that a way in which we can see more efficiency, and what is the record so far from your perspective?

Mr. WALDNER. I think the tendency in higher education is to presume that utilization of part-time faculty necessarily means a diminution on quality. Again, I think that that is not necessarily the

case. I think part-time faculty, if carefully selected and evaluated, particularly in fields that have a direct application—for example, using a person who is an auditor in the real world to teach auditing as a part-time faculty in an accounting program is certainly not a diminution in quality; having a high school principal teach an education course about educational administration is certainly not a diminution in quality.

So I think the tendency to say that part-time equals reduction in quality is simply not necessarily true. Part-time faculty must be selected with care and evaluated and compensated appropriately, and if they are, they can be an asset to the program rather than a drag on it in qualitative terms.

Senator REED. Thank you, Dr. Waldner.

Thank you all very much, and Mr. Lambert, thank you for your testimony; it was excellent.

Mr. LAMBERT. Thank you.

Senator REED. Thank you, Mr. Chairman.

The CHAIRMAN. Senator Enzi?

Senator ENZI. Thank you, Mr. Chairman. I appreciate you holding this hearing, and I appreciate the testimony of each of the presenters.

I would ask consent that a full statement be included in the record at the appropriate place.

The CHAIRMAN. Of course.

[The prepared statement of Senator Enzi follows:]

PREPARED STATEMENT OF SENATOR ENZI

Mr. Chairman, there are few issues that we will take up as a Committee that are as important or that have more long range implications for our society than today's topic access to a higher education. A good education has a well earned reputation as the best investment we can make in our children's and our own future. It is vital we continue to do everything we can to ensure our higher education system remains healthy and productive.

As we will learn today, the value of a good education cannot be overstated. Study after study has demonstrated the positive effects of higher education. Those who graduate from an institution of higher education with a two or four year degree can expect to earn significantly more each year than those who have a high school diploma or its equivalent.

In fact, studies consistently show that each year of higher education translates roughly to a 9 percent increase in an individual's wage earnings. That's a better rate of return than you can earn on most investments, and by comparison, it is a very low risk one. That also holds true in Wyoming, where wages are often less competitive than in other states.

Higher wages are associated with a better quality of life, not just for college graduates, but for their children as well. Children of parents who are college graduates are significantly more likely to attend college themselves. That puts the next generation on the same path to greater opportunity and financial success. Higher education is one of the best ways to help families avoid poverty in the long term, because it becomes a family tradition that continues to pay off for generations.

All of these benefits are contingent on an individual being able to attend a college or university, however. Congress has been, and by reauthorizing the Higher Education Act will remain, a consistent partner in the promotion of higher education, and we have helped millions to attend college every year who might not have had the opportunity without our support.

As a Senator from Wyoming, and the father of a daughter who is very involved in our state's education system, I see the question of access to higher education differently than most. Many people don't know this, but with only nine institutions of higher education, Wyoming has fewer than any state except Alaska, and we're only ahead of them by one. Of those we do have, only one is a four year university. Our network of community colleges, state university, and tribal colleges covers a lot of ground, but there are dozens of communities in Wyoming that are several miles, sometimes hundreds of miles, from the nearest institution of higher education.

That's one of the reasons I introduced legislation earlier this year that would make it easier for students living in rural areas to attend college through distance learning programs. As I've stated, for many potential students in Wyoming, paying for college is only part of the solution. Getting there is just as important.

As the Senate and this Committee move forward with reauthorizing the Higher Education Act, I hope that we will take into consideration all of the factors affecting access to higher education and take whatever action we can to ensure it is available to as many of our young adults as possible. Simply put, a higher education opens the door to a better way of life. While that door remains locked for far too many of our nation's children, the legislation we take up today has the potential to provide many of them with the key. Thank you, Mr. Chairman.

Senator ENZI. Mr. Hollett, in your testimony, you State the importance of creating college access programs in rural areas. I represent a very rural State so I am particularly interested to find out what works in those areas. In fact, Wyoming is the sixth largest State but the least populated of the entire Nation. I have one county that has 2,300 people, and it is the size of Delaware. So we have some real distance issues.

Could you comment on how Congress might make the appropriate outreach to rural areas for college access programs?

Mr. HOLLETT. Thank you, Senator Enzi, for that question.

That is a challenge in Ohio. The original programs were built in large urban centers—Cleveland, Columbus, and Cincinnati, and my area of travel over the past year has been into Appalachian Ohio, which is rural, very hilly area.

The challenge you face in rural communities is that, one, they are small and, as you mentioned, large geographical area, small population. The success for a college access program in a region such as that—and it is an approach we are doing in Ohio—is to develop areas of excellence where you would take one of the larger communities to provide the college access services and create a network of individuals who would go out and work in the high schools to serve the students who need the hands-on experience. It has to be partnered with strong Internet support and also an 800 call

number so that these parents do not have to go into one spot to get the services.

If I had my wish, we would be able to support centers of excellence in rural communities that would be built on that. You would have a community with a physical location, a resource center, where individuals could come into town, get the hands-on counseling, the computers, the books they need, but at the same time, you would make sure that all the high schools within that greater geographical community would have an advisor whose job it is to work with families and students to help them fill out all the forms, raise the money to pay for college, and then to go to college.

It is not impossible—it is more difficult, but it is feasible.

Senator ENZI. Thank you. We have a little difference in size of communities, too. Our largest community is 52,752 people, and it goes down rapidly—

The CHAIRMAN. I thought it increased—didn't you have a grandchild? [Laughter.]

Senator ENZI. You are right.

Mr. HOLLETT. The communities that we serve, Senator, range anywhere—we have a program in a community of 3,500 people that serves a county. I am going to Defiance, OH to look at a program that will serve five counties because it is an agricultural community, and the size of Defiance is 10,000.

Senator ENZI. You mentioned the partnership with the National College Access Network. There are several of us who do not have an official partnership with that organization, and given the importance of parent involvement in student preparation for college in the issue of access, how can Congress help ensure that rural communities have access to the same information that other States with those types of networks have?

Mr. HOLLETT. Provide funding for the National College Access Network to reach out to the 50 States in this country and to partner with community colleges, nonprofit organizations, to start a college access network in each community.

We have models of excellence across this country who are members of the National College Access Network. OCAN is one of them, but there are different forms of access that can be provided to different States based on their geography and their population density or sparsity.

So I would ask that your office contact the National College Access Network. The phone number if you would like it—

Senator ENZI. Please.

Mr. HOLLETT [continuing]. Is 216-241-6122, and we will be happy—I would love to come and visit your State, Senator.

Senator ENZI. We would love to have you come. We will work on some arrangements for that. Thank you.

President Merisotis, you discussed technology and learning briefly, and I know the institute included distance learning in the report you mentioned as well. What role do you see distance learning playing in the field of higher education?

Mr. MERISOTIS. I have been impressed with the way that distance learning has really been used as an innovation in higher education in the last few years. Way back in the late 1990's, in the go-go times, we really thought that distance education was going to

eclipse traditional higher education in some ways. But reality has a funny way of catching up with you, and what we found was that in fact, technology is being used as a teaching and learning tool in many integrated ways. So I think the use of technology in higher education is one of the most interesting and important things that we have seen change, and I think it is going to result in an improvement in efficiency of delivery and an enhancement in terms of the accessibility of higher education in this country.

But it is a complicated enterprise. We used to think that there would be huge growth in wholly online-based degrees, and in fact there has been a modest increase in that but not as much as we had anticipated.

What typically happens is you have a college student, say, at a 4-year institution, and they are going to take one or two courses via distance means because it offers convenience, because it offers them some other opportunities that they would not otherwise have, and I think that is exciting and is something that we are going to continue to see advance.

With respect to the Federal law, there was something that I was pleased with in the 1998 Higher Education Amendments, which was the creation of something called the Distance Education Demonstration Program, which was an attempt to try to look at deregulating some of the efforts that impede more distance-based education.

What I do not understand about the demonstration program is that I have never seen a comprehensive assessment of what happened in those 100 or so institutions that participated in that program, and I believe they owe you a report, so I am curious to know why that is, because as we are moving into this reauthorization, there is a sort of natural question, which is what could we do to stimulate more appropriate investments in distance education, and I do not think you have been provided with the right kinds of information in order to be able to make that judgment.

The critical question is the so-called 50 percent rule, and under the 50 percent rule, institutions that participated in the demonstration program were exempted from the 50 percent rule. But I just do not know to what extent it worked or did not work in the Distance Education Demonstration Program.

So I am a technology enthusiast. I think technology creates tremendous opportunities in this country. Senator Allen championed this bill to support investment in technology at minority-serving institutions that passed the Senate unanimously, S. 196. Those kinds of investments I think are terrific. What I want to make sure of is that the investments are appropriate and do not have unintended negative effects, so I want to be cautious about how we proceed.

Senator ENZI. I suspect that future hearings will cover some of those reports or lack of them.

Mr. Waldner, since you have taken up the role of president of York College, and as the accountant in the Senate, I am fascinated with how you have successfully focused on controlling costs, has competition with other institutions influenced those efforts? Are you aware of other colleges or universities that are using a model similar to what you have been using to control costs?

Mr. WALDNER. I can think of three or four around the country that would be highly similar to York College in the way they go about structuring their educational programs, but not a large number, no. I think there is a need for more colleges to take the efficiency issue more seriously than they have in the past.

Senator ENZI. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

I have just one last question which is really the \$12 billion question, which is what we spend on Pell Grants. We seem to be in a situation where we are chasing our own tail, where every time we raise Pell Grants and we raise the capacity of students to get loans, tuition jumps. As a result, the students do not benefit. We do not get more students who can take advantage of it; we do not get more students getting education for the dollars that they are getting through the Pell Grants. It is just the opposite, in fact—it essentially becomes a—I think it is viewed by many trustees and universities as an entitlement, and when the entitlement is increased, they are going to take it, and without any resulting or offsetting actions to try to control costs.

So my question is—and you have all addressed it in a partial way—how do we get our hands around that issue of chasing our own tail when we raise these accounts? We all want to raise them, we all want to put more money and raise Pell Grants to a higher level and make loans more readily available, but it is just frustrating when you know that it is not benefitting the students in many ways, just like the University of Maryland raising their tuition 13 percent.

I would be interested in anybody's comments on that.

Mr. WALDNER. My point would simply be to broaden the base of interest in the issue of efficiency within the college community itself, but then bring in the community as well to those discussions. I think if the only people who are really focusing on cost control are the business officer and the president and maybe the dean, and they are arguing with people that this is important but they get a pushback in the form of "But you are advocating things which are going to reduce the quality of our program and make us less competitive with our peer group" and so forth, that is a difficult argument to win.

So I think you need to have a more broadly diffused concern with efficiency issues within the academic community informed by community perspectives on that topic as well.

I think the good news is that there is an upside potential there, that not as much as has been done on this topic as could be done.

The CHAIRMAN. Does anybody else want to comment?

Mr. MERISOTIS. I hope I can convince you, Senator, that your investment has not been a waste. I think that your investment has made a huge difference in the lives of millions of students. I share your frustration with the rising price—

The CHAIRMAN. I did not imply that it was a waste. I simply said that I want to get more for the investment than having it put to the trustees.

Mr. MERISOTIS. Yes, and I would strongly agree with that. The question is whether or not Federal student aid is directly linked to the rising prices.

I have been a researcher in this field for 20 years, and I have tried to get a handle on that because it has been one of the most vexing questions—is there a direct relationship? We have never found any credible evidence to suggest that. Despite the seeming obviousness of the point that investments in student aid have increased, and so have tuitions, it does not necessarily mean that one is driving the other. And as I mentioned earlier, the research pretty clearly shows in the public institutions that declining State support is the reason why tuitions are increasing. State budget situations have been dire, and they have really been problematic for many years, and that has been the primary driver.

But this issue of the relationship is one that I think we do need to continue to keep an eye on and better understand. I have not heard many arguments about the relationship between Pell Grants and prices. I have heard more arguments about the investment in student loans and prices, and I think the reason is that student loans are a much larger proportion of the total. We are talking about \$40 billion in student loans as compared to about \$12 billion in Pell Grants.

But even in the student loan arena, I have not seen the correlation. I try to make this argument. I have this discussion with reasonable people who say, Look, there is \$40 billion in investment; there must be some relationship. And the problem with the reasonable person argument is that it does not work in other industries, so I am not sure why it would work in higher education. We do not see the availability of private credit for auto loans contributing to the price of cars.

The CHAIRMAN. That is because there is a different—

Mr. MERISOTIS. We do not see the investment in FHA loans contributing to the rising prices of homes, my point simply being that pricing behavior in colleges and universities is very complex. You can get a 4-year college education in this country for \$1,000, and you can get one for over \$30,000, and that is an enormously price-competitive market and one that would be very difficult to understand how external capital coming into that influences the price.

The CHAIRMAN. I had a wonderful professor named Raymond J. Savlnier. He had been chairman of the Joint Economic Council under Eisenhower and had a lot of very unique sayings. One of his sayings was “It is intuitively obvious through inspection.” And I would say that it is intuitively obvious through inspection that the huge infusion of Federal dollars into education has a distinct impact on tuition costs, especially on the escalation of tuition costs. I do not know how we will ever get a handle on that, but it does seem to me to be an issue.

We are going to go around a second time, but Senator Clinton has joined us, and I certainly respect her opportunity to go first.

Senator CLINTON. Thank you, Mr. Chairman, and thank you for holding this important hearing.

I want to thank the witnesses for appearing today and helping us deal with some of the important issues we are going to face on the reauthorization of the Higher Education Act. And I apologize

for being unable to get here any earlier; I was at another hearing. I want to underscore the importance of this debate about cost, but to me, the really critical question is how we maintain access. Cost is one of the drivers, but it is not the only concern, and we have to figure out how we can continue to make it possible for young people or people of any age who are willing to work hard to obtain the education that they are seeking.

I wanted to ask Mr. Lambert—I thank you for being here and sharing your story with us—I understand that you spoke eloquently about the importance of early intervention programs like GearUp and TRIO and the need for more financial support, as well as the challenges of accommodating students who work while they go to school, as I understand you do. In fact, your story exhausted me just hearing about it; you are up at 6 a.m., you work until noon, you take the metro to school, you attend class until 7:30 at night. I know that you are very committed, and that makes it possible, but it certainly is a challenge.

I wanted to focus on the point that you noted about the tradeoff between work and financial aid. It concerns me that students can be penalized for doing the right thing. As I understand it, you work to help pay your family's medical bills, and I really applaud you for taking that family responsibility seriously. Yet at the same time, one way the student aid formula disadvantages working adults like Mr. Lambert is that it does not allow those who are attending less than full-time to count housing expenses as a full-time student can. So you get the worst of both worlds—you go and do the right thing, which is to take that part-time job, increase your hours, try to help your family, support yourself, and then you lose the financial incentive so you end up in the hole, and that is a difficult calculation.

I know that working adults are unable to count the cost of attendance toward the HOPE Scholarship credit. Could you just describe in more detail what problems you have experienced and if you have any ideas about how someone in your position who is trying to do the right thing on both counts, taking care of yourself and your family plus getting your education, could perhaps get a little additional help?

Mr. LAMBERT. The experience I have gone through is that you are right about how, if you work more, you get penalized for getting financial aid, and that really gives you a lot of stress. So you try not to work too many hours just so you can fall under the financial aid.

I think that if people are working hard, they should be able to be funded, more funds, and not be penalized if they are working hard; especially if they have emergencies and family struggles, they should not have to worry about the extra burden of financial debt or loans that they have to pay back, just so they can better themselves.

Basically, I feel that we should not have to pay back loans and things like that, so it will help us get through.

Senator CLINTON. I wish you well in your education.

Do any of the other witnesses want to add anything to that?

[No response.]

Senator CLINTON. One of the biggest concerns I hear throughout New York is this tradeoff because we have so many students who

are working. The cutbacks in State aid have actually ended up making it more expensive and more difficult to continue in a public college or university than in a private college or university. And the cutbacks in need-based funding, which are being mandated by a lot of States and being adopted voluntarily by many institutions, have added to the problems, because with the cuts in need-based funding, with the cuts in State support, with the rules about who can access Federal dollars, we are seeing a shrinkage in the number of students starting and completing from the lower-income levels in our society.

So that kids who come from families in the lower quartile are now attending college at a lesser percentage than they did 20 years ago, which is totally backward; we are inverting the opportunity curve. People like my daughter and others, who now can get more aid because they qualify for more merit-based, are taking opportunities away from young people who could make a real contribution and could obtain an education that would certainly benefit them and benefit the rest of us.

So I think we have got to look seriously at the incentive and the way that we are addressing this, and I worry that somehow in the last 20 years, even with the help that we have provided, we have put so many strings on it, and we have put money into one pot that then gets taken out in another pot, mostly at the State and public level, so that we are ending up with fewer young people attending school than did 20 years ago who come from families that are working hard and, like Mr. Lambert, trying to advance their own futures.

So I appreciate the witnesses' attendance today, and I look forward to working with the chairman and my colleagues to figure out how we can work our way out of this conundrum that we seem to have found ourselves in.

Does anyone have any comment on that? Yes, please.

Mr. MERISOTIS. Just to reinforce the point, I value work, and I believe work is an important part of what students do as a part of their college education. Work-study in particular is an effective investment, both because it provides financial aid, but also because we know from the research that students who work—and the optimum amount of time is about 20 hours or less—students who work actually stay in school and succeed at higher rates than those who do not. Now, once you get above the 20 hour level, it becomes burdensome for the reasons that Mr. Lambert was talking about, that is, it interferes with family and other responsibilities.

So I think the investment in work-study is enormously important because it directly contributes to students staying in school and succeeding. I have been trying to encourage as much investment at the State level in State-based work-study as I have in trying to increase investment in work-study at the Federal level, because I think it is a very effective way of not only getting students into college but of getting them out.

Mr. HOLLETT. I would like to respond to your comments, Senator Clinton. There is still a myth in this country that you can work your way through college. Back in the sixties, you could work less than 40 hours a week and pay for college. Today, studies indicate that if you work 90 hours a week, you can still not pay for college.

The thing we have to remember is that the low-income families and students that we need to help the most have to apply for those jobs that are low-wage, and the last time I checked, minimum wage jobs were not seeing increases at the rate college tuition is going up, and that is the growing gap.

Senator CLINTON. Finally, Mr. Chairman, one of the other areas that I hope we can explore is the role that colleges and universities, two-year and four-year, play in economic development and look for ways that we can not only strengthen those relationships but try to create more opportunities for work. I think there is a pool of potential jobs that could be better organized and structured that would be available to students that would be win-win—it would keep young people in school, it would provide the training and the contributions of an employee to a workplace, as well as obtaining the skilled workforce that many communities need.

So I think that this is a broader conversation that we should be exploring.

I thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator, and I agree with many of your concerns.

I think we have a chance here with this higher education reauthorization to do something very creative and to think outside the box and produce a bill that I think will take a lot of the great ideas that have been put on the table today and others that are out there, such as the ones that Senator Alexander was talking about, and try to bring them into play and give more people the opportunity of access to education.

So I thank the panel. You have been wonderful. We are very appreciative of it. Have a great day.

[Additional material follows.]

ADDITIONAL MATERIAL

PREPARED STATEMENT OF GEORGE W. WALDNER

Mr. Chairman and Members of the Committee: I am pleased to be here today to discuss with you an important issue in the field of higher education, namely, the relationship among quality, efficiency, and access.

I feel qualified to speak on this subject because my institution has managed for many years to combine attention to quality and careful cost control and thus be an outstanding value in higher education. We are an independent college. Tuition for this academic year is \$8,000. The comprehensive package including tuition, fees, room, and board comes to \$14,500 for the year. We are priced at about 60 percent of the charges levied by comparable independent colleges and at about the same price as state-related colleges and universities in our state, which are subsidized over \$4,500 per student. But value has two parts: price and quality. York College is in the top third of the U. S. News ranking of northern universities—a ranking based purely on program quality. We are in the directories titled *The Best Middle Atlantic Colleges: 98 Great Schools to Consider* as well as *Barron's Best Buys*. Jay Mathews of *The Washington Post* included York College in his list of "20 Undiscovered Gems" in his April, 2003, article in *The Washington Post Magazine*. York College, at \$14,500, was number ten on the list of twenty. The number nine college charges \$33,710; number eleven, \$29,750. York College, I believe, represents access to high quality at a price within the reach of most American families, when combined with federal, state, and institutional aid programs.

Efficiency is not a dirty word at York College, but efficiency is viewed as a suspect concept in most of American higher education. Why is that the case?

In the normal course of institutional life in academia, there is a constant and passionate focus on qualitative improvement. That is clearly desirable and highly consistent with the overall mission of higher education. What is much less prevalent, however, is a concomitant, vigorously advocated concern to attain educational quality in a highly cost-efficient way.

There is an apparent tendency among members of the academy to believe that any effort to control or to reduce costs will necessarily take a proportionate toll in terms of program quality. In short, there is a denial of the concept of efficiency—the ability to produce a desired outcome with a minimum of expense and waste. This attitude makes the championing of cost control on college campuses a lonely and unpopular crusade, the dreary business of deans and chief financial officers.

It is important, however, for college communities as a whole to adopt a positive, pro-active approach to cost control, in order to preserve access to higher education opportunities for all qualified students. Federal and state financial aid and subsidies as well as institutional aid, though essential for student access, must receive more of a helping hand from those who are directly engaged in operating higher education institutions.

I was pleased to be a member in 1997-98 of the National Commission on the Cost of Higher Education. The Commission put forward as its first recommendation:

That academic institutions intensify their efforts to control costs and increase institutional productivity.

The Commission then went on to make a series of recommendations on how to implement its call for enhanced cost control.

The first implementing recommendation was:

Individual institutions, acting with technical support from appropriate higher education associations, should conduct efficiency self-reviews to identify cost-saving steps that are relevant to institutional mission and quality improvement.

Since 1998, good foundational steps have been accomplished to enable institutions of higher education to carry out in a meaningful way the Commission's challenge. In particular, the National Association of College and University Business Officers, acting as part of a consortium of national higher education organizations, has developed an approach to the analysis of college costs which is adaptable to the wide variety of higher education institutions. The approach or model has been field-tested and is ready for widespread use.

My basic idea is that a "quality-efficiency task force" should be formed at each institution. Its members should include faculty, administrators, students, trustees, parents, alumni, and business community leaders. The group should develop data on institutional costs in comparison with costs at peer institutions. The notion of "peer institutions" is crucial here, because it is simply not helpful to compare costs at dissimilar types of institutions. Every college and university has a self-selected

group of peer institutions that it uses for comparisons and benchmarking for salaries, admission standards, etc. The idea is to use the same peer group for its analysis of operating costs. Such an analysis should identify areas where a given institution underperforms its peers, that is, operates more expensively to produce a similar result. These areas should then be targeted for in-depth analysis for cost reduction opportunities.

It is necessary to add at this point that college communities usually focus on areas other than instruction when searching for cost savings. Again, the tendency is to assume, without investigation, that any attempt to enhance instructional productivity will have devastating effects on program quality. Yet, at most institutions, instruction is where most of the expenditures are. It is thus where most of the cost savings are likely to be discovered. Over the years, I have developed a "quality-efficiency index" (see attachment) for instruction that seeks to find the golden mean between excessive and insufficient expenditures in the delivery of instruction. The areas of focus are: 1) The Faculty-Student Ratio (FTE:FTE); 2) Semester Hours of Required Teaching per Academic Year; 3) Utilization of Part-Time Faculty; 4) Maximum Section Size; and 5) Minimum Section Size. Only by careful analysis and control of these instructional features can most colleges and universities find substantial cost savings. The major savings are not to be found in pooled purchasing or inter-library loan, although these areas should be reviewed for savings, too.

Given the follow-up on the National Cost Commission's recommendations accomplished since the last reauthorization, an appropriate role for the Federal government in the context of the current reauthorization would be to require colleges and universities to conduct such cost analyses and to develop action steps for attaining greater cost efficiency. The tools for this sort of exercise are in being; the public interest in cost control to preserve access is clear.

Colleges and universities must now move forward decisively with greater cost control efforts, or else face highly interventionist and probably counterproductive governmental measures in the not too distant future. Thank you.

QUALITY INSTRUCTION EFFICIENCY INDEX

Space does not permit a full exposition of the QIEI, but the essential concepts are as follows:

Criterion 1: The Full-time Equivalent ratio of students to faculty is a foundation indicator of both efficiency and quality. The index posits 20 as a hypothetical norm. Institutions with richer (lower) ratios are penalized on this measure; institutions with much higher ratios, implying a diminution of quality, also lose some points.

Criterion 2: The QIEI focuses on instruction, since that is the principal service that students come to college to receive. Any excessive diversion of full-time faculty resources away from instruction erodes efficiency, while excessive teaching loads may impair quality. The norm is set at 25 semester hours per regular academic year, assuming that a full-time faculty member teaches 12 semester hours (4 sections) in each semester, and that some faculty members opt to teach additional sections.

Criterion 3: Usage of part-time faculty, if done with appropriate support and not excessive in focused areas, can greatly enhance efficiency. The norm is set at 15% of the sections offered per semester.

Criterion 4: It is widely recognized that student participation in the learning process enhances the quality of the educational experience. The norm posited is a section size of 25, with deductions beyond the level of 30.

Criterion 5: Small sections are the great bane of instructional efficiency, but sometimes essential in particular programs. Institutions need a policy (with very few exceptions permitted) on the minimum number of enrollees required for a course section to be offered. The norm is set at 15.

The point of the QIEI is not to make all colleges conform to the same "cookie-cutter" approach. Rather, it is to provide a tool for a broadly participatory campus dialogue, including faculty, administration, trustees, and students on what choices the institution is making whether the choices are producing the desired results. The QIEI can also highlight and lift up for emulation, particular peer institutions which excel at maximizing both quality and efficiency.

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PREPARED STATEMENT OF JAMIE P. MERISOTIS

Mr. Chairman and Members of the Committee: Thank you for this opportunity to testify before the Committee regarding issues for consideration in the reauthorization of the Higher Education Act (HEA).

I would like to begin with a brief introduction to the Institute for Higher Education Policy and our role in the policy process. Established in 1993, the Institute is a non-profit, non-partisan research and policy organization whose mission is to foster access and success in postsecondary education through public policy research and other activities that inform and influence the policymaking process. The Institute's work addresses an array of issues in higher education, ranging from technology-based learning to quality assurance to minority-serving institutions. However, the Institute is probably best known for its studies and reports concerning higher education financing at all levels. Our studies and reports address topics ranging from federal and state student financial aid to state funding formulas to trends in institutional expenditures and revenues. We also have worked on higher education financing issues in the context of other nations, especially in southern Africa and Eurasia.

The Institute's independent voice on these issues is well known. Our primary funding is derived from major foundations that are interested in supporting independent higher education research and analysis. We also have conducted a fair amount of analytic work at the behest of state governing and coordinating boards for higher education, and national governments outside the U.S.

Earlier this year the Institute released a report entitled "Reauthorizing the Higher Education Act: Issues and Options." The goal of this report, which represents nearly two years of analytic effort under the direction of Institute Senior Associate Thomas Wolanin, is to provide you and the members of your staffs with clear, balanced information about the issues you may confront in this reauthorization and the tradeoffs associated with various policy options. The report does not make recommendations. I will not attempt to summarize the 10 major themes addressed in the report, but hope that you will see it as a resource to aid you in your work.

In this reauthorization, you will face the ongoing challenge of promoting access to higher education for all Americans who have the interest and ability to attend college. Improving access to higher education continues to be one of the most important contributions that the federal government can make to our national well-being. The simple fact remains that increasing educational opportunities for all Americans results in tremendous public, private, social, and economic benefits. As the chart at the conclusion of my testimony points out, going to college is much more than just a process of enhancing one's personal economic status. The combination of societal and individual benefits of higher education must continue to motivate your important work on the Higher Education Act.

So if investment in higher education matters, then maintaining and expanding that investment is critical. I recognize that the nation faces an uncertain economic future, one that places constraints on policy discussions such as these. But I hope you will not lose sight of the long-term effects that your investments will have on the nation. The programs established and defined within the HEA are now more necessary than ever. Investing in these programs is the best way to achieve the goals of prosperity, security, and harmony for all Americans.

At the same time, I do not believe that more funding is the only thing that is needed. There are many policy alternatives and ideas to consider-and some to reject-in this environment. In that spirit, I would therefore like to offer a limited set of concrete programmatic options for your consideration.

Invest in need-based student aid as the best and most important way to promote access to postsecondary education.

In the early 1990s, a bipartisan federal commission called the National Commission on Responsibilities for Financing Postsecondary Education (for which I served as Executive Director) issued a widely-circulated report called Making College Affordable Again. The legislation creating the commission, authored by Senator Jeffords of Vermont in the late 1980s, noted that the purchasing power of aid had been rapidly declining through the decade of the 1980s, leading to increasing concerns about access to postsecondary education. In commenting on the legislation, Senator Jeffords noted, "Without affordable postsecondary education, without national support for meaningful access for able students to take advantage of higher education opportunities, we will not be able to accomplish any of the objectives that we strive for as a nation and a leader of nations." The final report of the commission, issued in 1993, recommended several important improvements to federal student aid, many of which have subsequently been enacted. But the Commission's major recommendation-to guarantee access to higher education for all students, based on a sliding sub-

sity scale tied to financial need-remains elusive. Regrettably, many of the commission's concerns regarding affordability and accessibility continue to resonate with students and families more than a decade later.

While the current budgetary climate is an unfavorable one for significant new spending, I nevertheless continue to believe that investment in need-based financial aid is the best and most important contribution that the federal government can make to keeping the dream of a college education a reality for all Americans. The declining purchasing power of federal aid continues to be a critical barrier to access to higher education. The maximum Pell Grant today pays for about one-half of the average price of attending a public four-year institution compared to what the maximum Pell Grant paid for in 1980, even taking into account the funding increases of the last few years. Increased support for the Pell Grant program therefore should be a centerpiece of efforts to enhance the programs and policies in the Higher Education Act.

You are also critically aware of the increasing pressures to simultaneously increase loan limits for some students to mitigate some of the effects of rising prices while also limiting the potential negative effects of increasing student debt. One way to meet these seemingly divergent goals is to increase loan limits modestly, especially for first and second year students, while also developing new opportunities for loan forgiveness. I have been skeptical of current loan forgiveness policies because of their limited size and scope. Most are well-intended but ultimately unfunded or under-funded programs that do little to meet the real concerns about rising student debt. On the other hand, a larger-scale loan forgiveness program tied specifically to areas of national need might be worth considering. This would be particularly useful in areas where there is an under-representation of minorities and low-income populations, such as science, mathematics, engineering, information technology, minority health, and teaching.

Reject attempts to control rising college prices through penalties that will harm both institutions and students, but consider creative incentives to promote innovations that will encourage cost control and sound financial management.

Rising college prices are a legitimate concern for students and families, especially those from the lowest income levels. Average four-year public college tuition is increasing much more rapidly as a proportion of income for the poorest quintile of families compared to other income groups. This means that the lowest income students and families are confronted with the greatest "sticker shock" compared to those from other income levels.

In 2001 the Institute authored the Study of College Costs and Prices: 1988-89 to 1997-98, under subcontract with the National Center for Education Statistics. The study, which was mandated under the 1998 Higher Education Amendments, found that the factors contributing to tuition increases are complex and vary by type of institution. The single most important factor associated with changes in tuition at public four-year institutions is reductions in state spending to support institutional operating costs. For private institutions, the equation is more complex, and includes both internal institutional budget constraints such as higher costs for institutional aid and faculty compensation, and external factors such as the availability of institutional aid, the price of attending a public institution in the same state, and per capita income in the state.

Another important contributor to escalating tuitions is that the market allows it. Tuitions have now increased faster than the rate of inflation for more than 20 years, even as enrollments have continued to ratchet upwards. The students keep paying, so tuitions keep rising.

State and institutional planning and budgeting processes don't help. Most institutions build their budgets by using the baseline of the prior year and simply adding to it. Few develop academic plans with any serious consideration of the likely sources and amounts of revenue needed to support those plans.

Thus, rising college prices are part of a complex array of factors and processes that reflect the diversity of institutions and perspectives that make up the great system of American higher education. While it's important to tackle these root causes head-on, it's clear that no one one-size-fits-all solution will work across the nation. This is one reason why I think that federal attempts to control the prices charged by institutions would be unwise and potentially destabilizing. In my view, federal price controls represent an unprecedented attempt to control the prices of a competitive market. I am particularly concerned about efforts to uniformly limit the price of college based on inflation. The fact that the average tuition increases are above the CPI doesn't mean that all institutions are at or above that level-in fact, many are below it. So any attempt to control the price by linking it to the CPI strikes me as anti-competitive. Moreover, one potential unintended negative effect

of federal price controls is that it could result in a substantial increase in tuitions at those institutions that are below the average.

It's also clear that the complexity of higher education would require a fairly large bureaucratic machinery to regulate the pricing behavior of institutions. I don't like the idea of federal bureaucrats overriding the decisionmaking of publicly accountable boards and elected officials, and I don't think more federal bureaucrats are the solution to keeping college affordable. I would also note that the federal government's track record at controlling prices in other industries has been poor.

In addition, the fact remains that efforts to penalize institutions for prices above some federally determined level would need to use a big enough "stick" to cause a change in behavior. The only stick large enough, in my view, would be the need-based student aid programs. This means that efforts to penalize institutions would instead likely have a negative effect on the very students for whom the federal aid programs are designed to help.

On the other hand, there are ways in which you might consider creating positive incentives for institutions to do a better job of managing their financial operations, determining budgets, and controlling costs. One would be through the development of a modest competitive grant program to support institutional innovation. A FIPSE-type program could be targeted on developing, refining, and disseminating new ideas for more effective budgeting and cost control, while continuing to support and enhance institutional quality. In fact, this program might also include an effort to attract corporate and foundation support, extending the partnership to other key players in the system.

Another way to create positive incentives is via the federal campus-based programs, which include the Supplemental Educational Opportunity Grant program, the Federal Work-Study Program, and the Federal Perkins Loan program. Unlike the Pell Grant program and the Federal Stafford Loan programs, which are awarded directly to students, these campus-based programs function via allocation formulae that funnel money to institutions, which in turn award aid based on federally-defined standards. Since these programs are more closely linked to institutional decisionmaking than other forms of federal aid, it may be worth considering certain performance bonus criteria under the program. For example, institutional allocations could be enhanced via a supplement for institutions that improve or maintain their cost efficiency. It would be important under this type of a program for institutions to be judged as worthy of such bonus aid only compared to their own baseline, however, since the broad diversity of institutions and capacities would make cross-institution comparisons inappropriate.

Strengthen the capacities of minority-serving institutions (MSIs) to educate the nation's emerging majority populations.

Tribal Colleges and Universities (TCUs), Hispanic-Serving Institutions (HSIs), and Historically Black Colleges and Universities (HBCUs) and other predominantly Black institutions, which collectively are known as Minority-Serving Institutions (MSIs), represent some of the nation's most important but underserved postsecondary education resources. Combined, more than 1.8 million students are educated by these institutions.

Given demographic projections that show these communities are the fastest growing in the nation, it is clear that MSIs must be recognized as a leading voice for the underrepresented populations that are the main focus of most HEA programs. MSIs have taken on the responsibility for educating large numbers of the nation's emerging majority populations of students, many of whom come from low-income, educationally disadvantaged backgrounds. These students find that MSIs offer a unique educational experience that fosters cultural values and traditions, promotes civic and community responsibility, and produces citizens who are attuned to the increasingly diverse country in which we live.

MSIs also represent one of the fastest-growing sectors of American higher education. Enrollment is growing at all three groups of MSIs, increasing by an average of 22 percent between 1990 and 2000. By comparison, the average rate of enrollment growth in U.S. higher education during this same period was only 9 percent.

Four years ago the three MSI communities came together to create a groundbreaking collaborative. The Alliance for Equity in Higher Education, created in 1999 by the American Indian Higher Education Consortium (AIHEC), the Hispanic Association of Colleges and Universities (HACU), and the National Association for Equal Opportunity in Higher Education (NAFEO), has been working on several important fronts to promote greater collaboration and cooperation among these communities. I have had the privilege of serving as the convener and facilitator of the Alliance since its creation, and have learned a great deal about the tremendous potential that exists in the individual and collective efforts of these communities.

Building on the recommendations made earlier this year by the Alliance, I believe that several important steps could be taken during this reauthorization to strengthen the capacity of MSIs. One is to expand both the scope and authorization levels of Titles III and V to ensure the continued development and growth of MSIs. Additional funding is required for MSIs to reach a level of financial stability that ensures the students enrolled at these institutions receive the same quality academic programs offered by majority institutions.

Congress also could take steps in this reauthorization to encourage improvements in the infrastructure and application of information technology at MSIs. The digital divide between better-funded and endowed majority universities and MSIs has impeded MSIs' ability to deliver state-of-the-art programs in information technology-related areas. Additionally, limited technology access has hindered MSIs' ability to meet administrative and student service needs.

Investments must be made in both the technology infrastructure at MSIs—the hardware, software, and systems that drive technology—as well as the application of technology—training, upkeep, and the other uses of technology as a teaching and learning tool. This might be accomplished through the creation and funding of a new subpart under the Minority Science and Engineering Improvement Program (MSEIP) program. A new subpart would help to ensure that all graduates of MSIs will be able to use technology effectively and can pass invaluable information technology skills on to the communities in which they will live and serve. Such an effort could complement the kinds of support envisioned in the Senate's unanimous passage earlier this year of S.196, the Minority Serving Institution Digital and Wireless Technology Opportunity Act, sponsored by Senator Allen of Virginia.

I also would urge you to consider the development of new graduate-level opportunities to enhance the capacity of MSIs to train future faculty and senior institutional leaders. As the need for educational experiences and credentials beyond the BA continues to grow in the workplace, the significant under-representation of minorities in many advanced degree fields is a major concern. The limited graduate-level opportunities available to MSI graduates and other minorities can be enhanced through policies that support: the infrastructure of post-baccalaureate education at MSIs—such as Ph.D. programs for schools currently offering Master's degrees; the recruitment and retention of minority professors; and the financial resources necessary to attain an advanced degree, including fellowships. These minority graduate fellowships should be provided to MSIs so that they can attract and retain minority students, including those who graduate from MSIs and those who commit to teach at these institutions.

Finally, it would be useful to consider opportunities to expand support for international education at MSIs under Title VI. Such international program opportunities historically have been quite limited for the students served by MSIs. The creation of more programs outside the United States would assist MSIs in building relationships with foreign institutions and governments, creating understanding among diverse populations, and enhancing the likelihood that students at MSIs be considered for international positions. Such programs also could help to dramatically expand the international career horizons of the nation's emerging majority populations and thereby contribute to the country's global capacities and international competitiveness.

Encourage private sector investment in aid to students.

Government-sponsored grant and scholarship aid from both federal and state sources today totals more than \$20 billion per year, plus another \$40+ billion in guaranteed student loans. Direct support from institutions to students via grant aid also totals more than \$17 billion. But private scholarship support, often thought of as marginal or modest in its impact, also is growing in importance and stature. Private scholarship aid has long made a difference in the lives of students hoping to go to college. In fact, at about the same time that the National Defense Education Act of 1958 heralded the beginning of a series of governmental programs that have allowed millions of financially needy students to attend college, private scholarship assistance also became more organized and related specifically to meeting the country's educational, economic, and social needs. An optometrist from Fall River, Massachusetts named Irving Fradkin organized a community-based scholarship program in the late 1950s to help academically able and financially needy students go to college. The Citizens' Scholarship Foundation of America slowly expanded in the New England region, and eventually across the country, creating local scholarship foundations that contribute resources to assist students with college costs. In 2002, the national organization now known as Scholarship America distributed over \$135 million to more than 100,000 students through its community-based, volunteer-supported programs.

Organizations like Scholarship America work in various ways with colleges and universities to offer a variety of scholarships and grants that include need-based, merit-based, and 'blended' forms of financial assistance to students. A subset of these providers recently banded together to form a network of more than 130 organizations known as the National Scholarship Providers Association (NSPA). NSPA estimates that its members offer more than \$450 million in scholarships to more than 200,000 students.

While private scholarship aid never will—nor should—be seen as an alternative to federal financial assistance, it must be recognized as one of the key partners working to support students at the federal, state, institutional, and private levels. I therefore would encourage you to examine ways in which the HEA can be used to stimulate even greater response from local communities, corporations, foundations, organizations, and individual donors in the private sector.

One specific way to do this is via the Leveraging Educational Assistance Partnership (LEAP) program, which encourages state governments to provide state tax dollars to assist students in their states to gain the critical benefits of postsecondary education. This program could be enhanced to leverage a much greater amount of aid for students if it were used to stimulate not just state dollars for student aid, but significantly increased private sector aid in each state as well. For example, in the state of Washington the legislature has provided small challenge grants to communities to encourage the creation of local scholarship fundraising chapters. As a result over 100 new volunteer-supported, community-based scholarship chapters are now raising money each year to help their local students pursue college, university, or vocational education.

The current LEAP legislation could be modified to reward those states where significant increases in student aid is produced by the states working in partnership with local community-based scholarship providers. This modest effort could also help to stimulate increasing awareness at the local community level about the importance of grant-based assistance and the need for a broad partnership of providers to contribute to the national goal of making college possible for all Americans.

These are clearly not the only options that you might consider during this HEA reauthorization to promote access to postsecondary education. Other witnesses at this hearing will be speaking to vital priorities and concerns that must be addressed, particularly as they relate to supporting enhancements to programs such as TRIO and GEAR UP that help students overcome various social, academic, and cultural barriers to postsecondary education. I will leave the specific recommendations regarding these programs to those with the most experience and expertise in providing essential services to low-income, first generation, and disabled students. Other important concerns that deserve consideration during this reauthorization include the regulatory burden that colleges and universities face, the capacity of higher education to meet increasing access demands via distance education and other efforts, and the growing challenge of understanding the potential linkage between need-based financial aid and federal and state tuition tax credits and deductions.

Promoting access to higher education remains one of the most critical responsibilities of the federal government in ensuring the nations public, private, social, and economic stability and prosperity. Efforts such as those I have briefly outlined here could go a long way toward improving student access to higher education and fulfilling the American dream of a college education.

Thank you again for this opportunity to appear before Committee on this important issue. I would be pleased to answer any questions you may have.

THE ARRAY OF HIGHER EDUCATION BENEFITS

	<i>Public</i>	<i>Private</i>
	*Increased Tax Revenues	*Higher Salaries and Benefits
	*Greater Productivity	*Employment
<i>Economic</i>	*Increased Consumption	*Higher Savings Levels
	*Increased Workforce Flexibility	*Improved Working Conditions
	*Decreased Reliance on Government Financial Support	*Personal/Professional Mobility
	*Reduced Crime Rates	*Improved Health/Life Expectancy
	*Increased Charitable Giving/Community Service	*Improved Quality of Life for Offspring
<i>Social</i>	*Increased Quality of Civic Life	*Better Consumer Decisionmaking
	*Social Cohesion/ Appreciation of Diversity	*Increased Personal Status
	*Improved Ability to Adapt to and Use Technology	*More Hobbies, Leisure Activities

PREPARED STATEMENT OF SHANE HOLLETT

Good morning. I am Shane Hollett, Executive Director of the Ohio College Access Network also known as OCAN. Mr. Chairman, I thank you for holding the Senate's first major hearing on reauthorization of the Higher Education Act and for extending this opportunity to OCAN. As a first-generation college graduate, I am honored to appear before you today to discuss an initiative I believe is key to helping many students get to college who would not otherwise go.

Unfortunately, Ohio ranks 39th in the U.S. in percentage of population with a Bachelor's degree (Ohio Board of Regents, 2000). In response to this situation and the need for an educated workforce, the Ohio College Access Network (OCAN) was founded in 1999 by KnowledgeWorks Foundation in collaboration with the Ohio Board of Regents and Ohio Department of Education. OCAN works to establish community-based college access programs across Ohio. Our goal is to help as many Ohio students as possible pursue post-secondary education by helping to create new access programs and providing continuing assistance to access programs already operating throughout the state.

What is a community-based college access program? It is a non-profit organization embraced and supported by the community it serves, established and designed to

increase the number of students who pursue education beyond high school. Access program advisors, volunteer or paid, work in high schools, community centers, and libraries to open the doors to postsecondary education by providing hands-on financial counseling, last dollar scholarships, college visits, career guidance, tutoring and test preparation courses.

O CAN is the nation's first and only statewide coordinating body for college access programs. When we began in 1999, membership stood at 11 programs stretched across Ohio. Two years later, 21 community-based access programs were members. Then in February 2002, Governor Bob Taft, in his State of the State address, challenged O CAN to double the number of programs and provided the financial means to do so.

Today 33 O CAN college access programs serve nearly 300 of Ohio's 612 school districts and 17 private/parochial schools in 46 of Ohio's 88 counties, providing hands-on guidance and financial support to almost 96,000 high school students and to more than 135,000 students overall. And we are still growing.

I was the first in my family to go to college. Neither one of my parents graduated from high school. My mother was a waitress all her life and my father spent 28 years serving his country in the army. But I went to college because they expected me to. They were my cheerleaders. They believed I could do it.

Unfortunately, today many children do not have parents who believe they can or should go on to some form of education beyond high school. These young men and women become convinced they can't go: they're not smart enough; it's too expensive; it's not worth it; it's time to get a job.

That's where O CAN and its member programs come in. Our programs range in size from Opening Doors of Opportunity serving two high schools in Millersburg (pop. 3,051) to Cleveland Scholarship Programs serving 50 high schools in Greater Cleveland (pop. 2,900,000). But they all have the same mindset: "We're going to help you go to college." Their staffs serve as coaches, motivators, cheerleaders, and surrogate parents working day in and day out convincing Ohioans, young and old, of the need for education beyond high school and showing them how to get there.

There are many barriers to going to college, and allow me to use the word "college" to cover all forms of accredited education beyond high school. In our experience, both cost and lack of information are the major reasons why young men and women do not attend college. Let me address the hot topic of the day: cost.

According to the Advisory Committee on Student Financial Assistance, cost factors prevent 48 percent of all college-qualified, low-income high-school graduates from attending a four-year college and 22 percent from pursuing any college at all. Students from moderate-income families do not fare much better—43 percent are unable to attend a four-year institution and 16 percent are unable to enroll at any college. At this rate, according to the Advisory Committee, by the end of the decade more than two million college-qualified students will miss out on the opportunity to attend college.

The National Center for Education Statistics study, *Getting Ready for College*, found that recent media attention on rising college costs, combined with a general lack of knowledge about the affordability of many colleges, may unnecessarily discourage some students and their parents from preparing for college. Also, a recent Harris Survey commissioned by The Sallie Mae Fund found that lowest income and Hispanic-American parents are most likely to say that they have "no idea" how they are going to pay for college. Further, lower income and minority parents are less likely to be able to identify common sources of financial aid.

What do these findings show? Low-income and first generation students will continue to depend upon federal student assistance such as Pell Grants, Work-Study, and Federal Family Education Loans to pay for college. Unfortunately, many students don't know how to apply for this support, let alone come from families who know how to send their kids to college. They need information.

Information. That is what college access is all about. College access programs provide the information that families need to: (1) believe it is possible for their children to go to college; (2) understand that a college education is not out of reach; and (3) understand how to pay for college tuition.

Let me share with you two examples of the work of college access programs. In Zanesville, Ohio there was a young woman from a single parent family who wanted to go to college but was afraid to go to her high school guidance counselor because she believed her family secret would be revealed. The secret: her mother was dying of AIDS and she was convinced the illness would be revealed when she completed the FAFSA in the counselor's office. Plus she thought she was too poor to afford the tuition.

The college access advisor working in her school learned of her plight through fellow students known as Scholarship Scouts. She approached the high school senior

and asked her to visit the access program on a Saturday when no one was around to give her the ability to remain anonymous. After months of private counseling, the college access advisor gained the young woman entry into Muskingum College and she is now a sophomore getting straight A's.

In Cleveland, I met a young man who was recommended to Cleveland Scholarship Programs for guidance and counseling. He came from a broken home. His father was in jail and his mother was lost to drugs. He was living with his grandmother who believed college was the way out of his circumstances.

He impressed me with his quiet, respectful manner and I learned that he loved studying physics. His high school transcript indicated he was just an average student but there was something about him I liked. Something that made me believe that given the chance, he would do well.

Cleveland Scholarship Programs provided him with scholarship support and helped him gain entry to Morehouse University. Surprisingly, he graduated with honors in physics. More surprisingly, he was accepted directly in Case Western Reserve University's doctoral program in molecular biology and physics.

These examples show what college access programs can do for the young men and women of Ohio. OCAN, with the support of Governor Bob Taft, has built 12 new programs over the past year. It has been a challenging process but a rewarding one as well. What have we learned? It is evident that increased information and financial support are the keys to opening the doors of higher education to all students. However, our lowest income students are getting increasingly caught in the squeeze between soaring college tuitions and moderate increases in need-based aid to help them make the leap to become the first in their families to attend college.

The reauthorization of the Higher Education Act presents us with the opportunity to address the growing need for college access programs across this country. Specifically, I ask that the committee consider the following principles:

Cost and lack of information are the biggest barriers to going to college. Families need the services of college access programs to provide hands-on guidance and more information about all aspects of the college application process. Even in the year 2003, we cannot assume that every student has access to the Internet or that every student will be encouraged to seek out these opportunities.

Successful community-based college access programs are built through public/private partnerships, collaborations that involve all within the community and do not presume that government support is the only source of program revenue. Community-based efforts need your support. Federal support for even just the start-up of these programs would go a long way towards increasing awareness that college is attainable and to connect students with existing federal programs and financial aid.

Building college access programs in small urban and rural communities is a slow and time-consuming process. One cannot assume these communities have the sophistication or the means to quickly and effectively build non-profit organizations, even those they want and need. OCAN's national counterpart, the National College Access Network, receives inquiries every day from communities across the country that want to help their kids get to college. We need to provide these grassroots efforts with the resources and know-how to start serving these students.

Lastly, we need to make it easier to apply for financial aid. We must simplify the FAFSA (Free Application for Federal Student Aid) by eliminating unnecessary questions, "fast-tracking" those students who have already qualified for other forms of federal aid, allowing for the variety of family and living situations students come from, and making the forms more user-friendly.

Thank you for the opportunity to explain the work of and need for college access programs in Ohio and across the nation. The staffs of OCAN and its member programs are committed to helping all Ohioans achieve the dream of a college education. At the appropriate time, I would be pleased to answer your questions and share more about the rewarding and successful work of the Ohio College Access Network.

PREPARED STATEMENT OF TROY LAMBERT

Good morning, Mr. Chairman and Members of the Committee. My name is Troy Lambert and I am presently in my fourth year at the University of Maryland, College Park. I will graduate next year with a major in geography and a concentration in computer engineering. My current plans are to use my education to pursue employment working with global positioning systems. I am very pleased to testify this morning at this hearing on student financial assistance and access because without federal student aid—as well as institutional financial aid and the support of the federal TRIO programs—I would not be in college today.

I am a graduate of Friendly High School in Southern Prince George's County, Maryland. I am the sixth of seven children and next year I am confident that I will become the first in my family to receive a bachelor's degree. My father works for the Water and Sewer Authority in the District of Columbia and my mother works for a small construction company from home.

Last year I received \$4,575 in grants and scholarships, \$1,800 in work study and \$5,500 in loans to cover nearly \$1000 of about \$13,000 cost of attendance for a student who lives at home. This included: \$2,350 in Pell, \$1,625 in University of Maryland grants and scholarships, \$600 in SEOG, \$1,800 in work study and \$5,500 in Stafford loans. However, because I made an error in submitting my FAFSA and missed an application deadline for aid this year, I will continue to receive Pell, I will not receive aid from the university or SEOG.

I live at home with my parents and also work 26 to 30 hours each week as a security officer at the Environmental Protection Agency. Typically during the week I work from 6 a.m. until noon, take the metro to the University and finish classes between 4:30 p.m. and 7:30 p.m. Last year, Pell, SEOG and University assistance covered all of my \$5,500 in tuition, thus allowing me to assist with expenses at home. This year, the university increased tuition 13% and due to this increase and the lateness of my application I have to cover more tuition with loans and my earnings.

This morning I would like to address four topics from my own experience related to student financial aid and access to higher education: 1) the importance of providing information about attending college and financial aid to low-income and first-generation students, 2) obstacles to retention and graduation for low-income students, 3) issues related to work and college attendance, and finally, 4) issues related to accumulated loans.

INFORMATION REGARDING COLLEGE ADMISSION AND FINANCIAL AID

Although I graduated with a 4.0 average from high school, I was not regularly admissible to the University of Maryland because of my SAT scores. My family had moved while I was in high school and no one at school was able to help me sort out my postsecondary options. Members of my church helped me find the University of Maryland's Educational Opportunity Center (EOC) in New Carrollton, a Federal TRIO Program. Staff at the EOC discussed my choices with my parents and myself, and assisted me in securing special admission to the University of Maryland through the Academic Achievement Program. The Academic Achievement Program is another University initiative, partially supported through TRIO Student Support Services Program.

I don't think the needs that my family and I had for information and assistance about college are unique. The cost of one year of my undergraduate education at a public university is several months of my parents' total income. Today, on average it takes 62% of a low-income family annual income to send one child to college for one year (Access Denied, 2001). While there are a number of other factors that have major impacts on college access—for example, differentials in academic preparation available among high schools, differences in family support—just information and the sheer “ticket price” of college made it seem almost impossible for many of my friends to enter college. One can see the results nationally.

While 82% of students from families in the top income quartile continue on to college, only 55% of students in the bottom quartile do so (Mortenson, 2001). Moreover, at least in large part because of costs, students from families with income below \$25,000 who do go to college, only about half begin at four-year institutions because of expenses.

Nor was my need for information about student aid eliminated when I entered college. Three times in the course of my enrollment, I encountered serious problems in trying to understand what I needed to do to continue to receive adequate aid: first, when I became over committed in terms of work; a second time, when my mother was diagnosed with cancer last year and my family responsibilities increased; and again, this year when the University increased tuition in response to state budget cuts—and I compounded those problems by missing a financial aid deadline. In each instance, the TRIO program office—working closely with the University's financial aid office—helped me through a situation that could have resulted in my withdrawing from the University.

RETENTION AND GRADUATION

In my own college experience, I have encountered at least three sets of obstacles that challenged my commitment to remain in school and graduate. The most serious was last year when my mother was diagnosed with breast cancer. Although she is

presently doing well, the costs of her medical care placed a real burden on our family's resources and we accumulated substantial debt. I just needed to be with her and my brothers and sisters more often. I am now contributing part of my earnings to help my family pay those bills. In addition to family pressures, academic pressures often cause students to consider dropping out. When I first came to the University, I intended to major in computer engineering but did have problems with physics, as well as some of the advanced mathematics courses. I hadn't taken some courses in high school, such as calculus and other advanced placement work, that would have better prepared me for the University. However, both the Academic Achievement Program's pre-freshman summer program—and the tutoring, academic support and encouragement I received from this TRIO program—increased my resolve to stay in school and graduate. It doesn't escape me that many of my friends that graduated from my high school are presently working in custodial jobs at EPA where I work, or in sales at drugstores or at fast food restaurants.

A final problem that could have resulted in my dropping out of college was the extent to which I was working in my sophomore year. I realized that I couldn't maintain my grades and work the number of hours that I was putting in.

The factors I saw in my own life are reflected in national figures. Students whose parents didn't graduate from college, first-generation students, are 64% more likely to leave school without a degree than children of college graduates. 45% of first-generation students who first enroll in four-year colleges leave school without a degree compared to 29% of students who are children of college graduates.

COLLEGE STUDENTS AND WORK

Certainly, while I am pleased to be able to work to assist my family and pay my living expenses, I recognize that work can be a barrier to success in college. The typical low-income student served by TRIO in Student Support Services works 26 hours per week (NPSAS, 2000) and more than 57% of college students work over 24 hours per week (Crucial Choices, 2002). This Committee is well aware of the complexity of this issue.

Most low-income and middle-income students work. Some work to cover basic expenses such as food and lodging not covered by financial assistance, while others work to cover costs that exceed the basic "cost of attendance", such as travel or a newer model car. But working—for whatever reason—can not only distract a student for study, but can also have the effect of reducing eligibility for student aid in subsequent years. I am quite sure a large number of TRIO students are grateful that you are examining this problem.

LOANS

Over the course of four years, I have taken out slightly over \$18,000 in loans—both Perkins and Stafford loans. This is slightly lower than the average amount for all borrowers, (NPSAS, 2000). I have chosen to work, rather than borrow more extensively because I want to be in a position to continue to assist my family when I graduate. If I borrow an additional \$4000 next year, my loan payment will be over \$250 monthly. While from the perspective of many middle or upper class income families, \$22,000 in accumulated debt does not appear excessive, the perspective is somewhat different from where I stand. A low-income student who begins college knowing the obstacles to graduating, and knowing that more than half of his friends who started college at two or four-year institutions dropped out—and that they left college without significantly increasing their earning capacity.

Senators, I appreciate your giving the hopes and struggles of students like me your thought and attention. Thank you.

PREPARED STATEMENT OF HECTOR GARZA

Mr. Chairman and members of the Subcommittee, let me start by expressing our appreciation for the opportunity to submit this written testimony for the record on promoting access to postsecondary education.

On behalf of the over 1.2 million students, their schools and districts, higher education and business partners, community and faith-based organizations and the 47 states that are involved with GEAR UP—it is indeed a privilege for me to represent them today.

Because NCCEP has signed on as a supporter to other reauthorization proposals submitted by sister associations and the higher education community as a collective, my remarks will focus primarily on the question related to promoting access and educational opportunities for low-income and underserved students.

Specifically, I want to focus exclusively on ways to expand and improve an already successful program known as GEAR UP.

Our extensive involvement with GEAR UP practitioners and their partners places us in a unique position to represent their interests and articulate some of the changes and improvements to the GEAR UP program that we, as a community, believe are necessary.

With respect to the federal college access programs, we believe that GEAR UP and TRIO should be maintained as separate complementary programs and expanded to collectively serve larger number of students, schools, and communities.

Each of these important college access programs offers unique approaches and services to low-income and first-generation college students.

To consolidate the programs would be a mistake.

Of the two, GEAR UP is the younger and more contemporary using research-driven practices that focus on what matters most- student achievement and academic success.

GEAR UP partnerships already are documenting impressive changes in students' achievement levels as well as changes in educational practices that will serve as lasting reforms to K-16 systems.

The central question, then, is how can we make an excellent college access program even better?

We believe that the programmatic thrust and work of GEAR UP partnerships are central to helping schools, districts, and states efficiently implement the No Child Left Behind Act.

In GEAR UP, the administration has a model program that can help ensure that no child is left behind.

GEAR UP is the mechanism to ensure a smooth education transition for all children.

This model, encompassing local strategies and community engagement with a coordinated state presence, is precisely the type of federal program that should be improved and expanded to serve all states and more communities.

RECOMMENDATIONS

1. We encourage Congress to increase the GEAR UP funding period from five to six years. Support the President's FY 2004 proposal and add an additional year to the program. Existing GEAR UP grantees could, then, ensure their students access to postsecondary education (funding 7th—12th grades).

2. We encourage Congress to increase the authorization level of GEAR UP to \$500 million. We believe Congress can play a leadership role in expanding GEAR UP to serve students in all 50 states by increasing the program's authorization level and provide the Department with resources to open up new application processes.

3. We encourage Congress to clarify the legislative language that would allow both state and partnership grantees to apply for second phase of the grant. Addressing the fact that there is NO "wait out" period is important as programs desire to re-apply for grants to sustain early efforts to promote student achievement and system(s) change. Grant renewal, however, will be based on "successful performance" and not "prior experience".

Several studies have concluded that effective education reforms not only takes time to develop and implement but also requires a sustained effort continually improving and adjusting the education strategies implemented using a top-down and bottom-up grassroots approach.

These comprehensive and systemic reform models being implemented through GEAR UP are precisely the locally effective practices the Congress needs to support.

4. We encourage Congress to exclude partnership grants from proposing a scholarship component. The scholarship component should be left exclusively to state grantees. Local communities rarely have the capacity to fundraise and manage complex scholarship programs that involve out years and forward funding and may not have the requisite experience to ensure that a student is appropriately "packaged" as required by law. Providing scholarships should remain a role for state grantees, though waivers for states with appropriate need-based student aid programs should also be made available.

5. We encourage Congress to appropriate supplemental resources to improve the capacity of GEAR UP grantees to conduct project-level evaluation. While project-level evaluations are the cornerstone for measuring program impact, we are concerned that GEAR UP partnerships have not been provided the necessary technical assistance by the Department's evaluation staff or their evaluation contractor.

As with many other education reform initiatives, at least three years is necessary to get organized and to begin to function effectively as an education partnership.

GEAR UP partnership teams are just now ready to more effectively use local and state student achievement data to refine their programs, policies, and practices.

As the technical assistance provider for GEAR UP partnerships, NCCEP stands ready to work with the Department to help build the organizational and individual capacities of GEAR UP partnerships to conduct better project-level evaluations and measure program impact.

We believe that our proven track record and organizational capacity in the area of K-16 partnership assessments will help GEAR UP grantees to conduct better evaluations and to use their data and analyses to improve their programs.

Moreover, the GEAR UP community has repeatedly expressed concern about what is perceived as disconnect between the data reported through the Annual Performance Review (APR) and the unique design of the local GEAR UP program. I will add, however, that we are working closely with the Department to revise and enhance the report for the future.

Many program directors see little relevance between the data collected through APR and their specific program interventions. Our concern is that a flawed methodology and data collection system will fail to produce the type of evaluation that will be necessary to demonstrate the programs' real impact.

In addition, program evaluations should have value locally and should be designed to guide program directors in making program adjustments and mid-course corrections.

Thus, we reemphasize that grantees use the NCCEP-sponsored GEAR UP conferences and capacity-building workshops as a way to gain valuable insight from the field and to refine the project-level evaluation strategy as a way to improve local GEAR UP programs.

6. We encourage Congress to require the Evaluation Contractor to form a learning community made up of GEAR UP program and NCCEP evaluators, the Department of Education's evaluation and GEAR UP program staff, and academic researchers who study college access programs and K-16 partnerships. We continue to be concerned about the way in which the Evaluation Contractor-Westat, in this case-has organized itself to conduct the GEAR UP evaluation.

This contractor has failed to demonstrate a willingness to immerse itself in the trenches of partnership work as a way to understand the inner workings of the program as well as left the GEAR UP community suspicious of the Contractor's role and function.

Repeated attempts to engage the Contractor in meaningful conversations with GEAR UP practitioners have proven futile, heightening mistrust.

Further, the Contractor should be encouraged to participate and assume a supportive role at the national GEAR UP conference and capacity-building workshops.

7. We encourage Congress to urge the Secretary to use GEAR UP Appropriations to open new grant competitions every year. In maintaining the intent of the legislative language, the Secretary is directed to use annual appropriations to provide broader access to GEAR UP programs for communities in need.

Therefore, as the level of GEAR UP funding increases so should the number of grants that are awarded. Since 2002, the Department of Education has chosen to "forward fund" existing grantees instead of providing opportunities for new communities to apply for GEAR UP grants. We believe this is contrary to the Higher Education Act's legislation.

In closing, we offer the following reflection:

GEAR UP is founded on the adage, "Give a hungry person a fish and he eats for a day; teach him to fish and he can eat for a lifetime."

GEAR UP teaches students, parents, teachers, and schools "how to fish"—how to learn, what to learn—so they can feed-educate-themselves and the generations that will follow.

Mr. Chairman and members of the Subcommittee, my staff, the GEAR UP constituency and I look forward to working with you over the coming months to ensure that GEAR UP is neatly and efficiently reauthorized under the Higher Education Act of 1965.

Thank you for the opportunity to submit this written testimony.

NATIONAL ASSOCIATION OF INDEPENDENT COLLEGES AND UNIVERSITIES,
NAICU,
WASHINGTON, DC 20036-5405,
October 16, 2003.

DEAR MEMBERS OF THE HEALTH, EDUCATION, LABOR AND PENSIONS COMMITTEE:
As you consider the vital work of how to expand opportunities for individuals to attend college, I would like to give you some information on what the nation's inde-

pendent colleges and universities are doing to provide access to a broad array of students from diverse backgrounds, and to create an educational environment in which they are likely to earn their degrees on time. I hope you can include this in the official record of today's hearing on access.

The following information is from NAICU's publication *12 Facts That May Surprise You About America's Private Colleges and Universities* which draws from data collected by the Department of Education's National Center for Education Statistics. In the report, you will see evidence that:

- Thanks to grants and scholarships, most students pay less than the published tuition at private colleges and universities.
- The average tuition that students pay at private colleges has actually declined over the past decade, once you subtract grant aid and adjust for inflation.
- The proportion of students from racial and ethnic minorities, from low- and middle-income families, or who have dependents and support themselves who attend private colleges is almost the same as at 4-year State institutions.
- All types of students—regardless of race/ethnicity, family income, or academic preparation—are as likely to earn their degree in 4 years at a private college or university as they are in 6 years at a State institution.

If you would like any additional information, I would be happy to provide it to you.

Sincerely,

DAVID L. WARREN,
President.

PREPARED STATEMENT OF THE AMERICAN ASSOCIATION OF COMMUNITY COLLEGES

The American Association of Community Colleges (AACC) is pleased to submit this statement on the state of access in American higher education as it relates to the reauthorization of the Higher Education Act (HEA). AACC represents almost 1,100 public and private, associate degree granting, regionally accredited institutions, and serves as the national voice for community colleges.

To a large degree, the growth that is commonly referred to as "the community college movement" occurred largely because of the programs authorized by the HEA. In the fall of 2001, community colleges had credit enrollments of over 6 million students, and about 5 million noncredit students. These numbers have surged over the last few years, a trend that shows no signs of abating. Community colleges are usually the first choice for the workers challenged by our sluggish economy. Most of our colleges report that the recent spikes in enrollments, which have pressed our institutions to the limit, have been due to both the "baby boom echo" of traditional college-aged students, as well as older individuals who are employed or recently became unemployed. Indeed, the largest category of growth last year (2002-03) in eligible applicants for the Pell Grant program was for independent students with children—a staggering 13.6%.

Community colleges enroll 44% of all U.S. undergraduates (measured in terms of head-count), and 45% of first-time freshmen. Almost two-thirds, 63%, are enrolled on a part-time basis of fewer than 12 credit hours. The average age of our students is 29 years. Because community colleges enroll 46% of all African-American undergraduate students,

55% of all Hispanic students, and 46% of Asian/Pacific Islander students in higher education, they pride themselves on being the "Ellis Island" of higher education.

TITLE IV PROGRAMS AND PARTICIPATION IN POSTSECONDARY EDUCATION

As Congress sets to reauthorize the HEA, it deserves thanks for having done so much to make college possible for those who otherwise would not have had the chance to improve their lives through higher education. The college continuation rate for recent high school graduates has risen from 47% in 1973 (just as the central student aid programs of the HEA were being implemented) to 62% in 2001. The genius of creating a student-focused system in which aid is delivered to the individual, for use at the college of his or her choosing, has repeatedly proven itself. But this investment is one that not only accrues to the individual; our economy would be incalculably weaker if not for the increased education and training fostered by the Title IV programs.

Student aid works. AACC strongly supports the current programs and basic structure of the HEA, and does not believe that the Act is flawed in any fundamental way. Rather, reauthorization provides an opportunity to make a system that is working well function even better. Our colleges view themselves as having a pact with the federal government: community colleges strive to keep tuitions as low as

possible, but for those who cannot meet the cost of education, the need-based programs in Title IV of the HEA are there to fill the gap. And there is a consensus that the HEA has proven extremely efficient and effective in providing financing to students and families who need resources to attend college.

Federal student aid represents close to 70% of all the student aid made available across the country (most of the rest consists of institutional grants from private colleges). American higher education would be radically different without it. Furthermore, the student financial aid programs are well targeted—those who need financial assistance the most are generally those who receive it. More than 90% of all Pell Grant funds are awarded to students with family incomes of less than \$40,000.

Unfortunately, the job of promoting equal access to postsecondary education is not yet complete. Access to college remains highly stratified by income. Over the last 25 years, a “rising tide” has lifted the college participation rates of students across the income spectrum fairly equally, with the largest gains occurring in the second lowest income quartile. This is a great achievement. Unfortunately, the persistence gap between less affluent and more affluent students has widened over that time. And, despite the gains in overall college access, the gaps in college participation across the various income bands have remained fairly consistent. We believe these gaps must be eliminated; with that will come the end of the current condition in which low-ability, high-income students are likelier to attend college than low-income, high ability students.

WHAT HAVE PARENTS, STUDENTS AND TAXPAYERS GAINED FROM THE INVESTMENT IN HIGHER EDUCATION?

The short answer is: the best system of higher education in the world, a system that is not only the envy of other countries but also the nation’s sixth largest net export. Support for higher education has fostered the world’s strongest economy, with productivity gains resulting from a better skilled workforce as well as the research conducted in America’s colleges and universities. The holders of a bachelor’s degree, with no education beyond that, can answer this question by responding that, on average (according to the U.S. Census Bureau), they have received about \$750,000 more in lifetime earnings compared to those holding just a high school diploma. Those with an associate degree could answer that their lifetime earnings increased by about \$335,000 compared to high school graduates. Obviously, complex sets of aptitudes and abilities give rise to these enhanced earnings. However, higher education is not just about earnings. Our higher education system produces a better-informed citizenry that participates in civil and political discourse, essential to a smoothly functioning democracy. Our society benefits, tangibly and intangibly, from a better educated populace.

COMMUNITY COLLEGES AND THE WORKFORCE

A first principle of community colleges is providing their local communities with the workers they need. A correlate goal is to provide individuals with the skills that they need to attain economic independence. In the last 25 years, the percentage of workers with an associate degree, certificate, or some college has more than doubled from 12% to 27% of the workforce. According to the Department of Labor, occupations requiring a postsecondary vocational award or an academic degree, which accounted for 29 percent of all jobs in 2000, will account for 42 percent of total job growth from 2000 to 2010. The array of occupational programs offered by community colleges is truly mind-boggling, and permeates every sector of the economy. Our colleges pride themselves on their entrepreneurial nature.

In all of the fields in which high-profile labor shortages exist, such as teaching, nursing, information technology, and first responders, community colleges are on the front lines, offering programs designed to address these pressing needs. For example, 48% of all applicants taking the national registered nurse examination to become licensed professional registered nurses were graduates of associate degree programs, and these graduates pass that examination at the same rate as those who have attended four-year colleges. 65% of new healthcare workers get their training at community colleges. Community colleges also train and credential 85% of the nation’s first responders—police, firefighters, and emergency medical technicians.

Community colleges do not receive adequate recognition for their role in educating the nation’s teachers. It is estimated that at least 25% of the graduates of undergraduate programs in teacher training began their postsecondary education at community colleges. Community colleges provide this initial teacher preparation, but are also heavily engaged in professional development for K-12 teachers; post-baccalaureate certification for undergraduate majors in non-teaching fields; encouraging high school students to enter the teaching field, and training the paraprofessionals

whose skills must be enhanced as a result of the "No Child Left Behind" law. Consequently, AACC is proposing that a small new program in the HEA be created to help community colleges further their activity in this critical area. We seek a national competitive grant program of \$20 million.

States consciously use community colleges in their economic development strategy, through programs that are designed in part to attract and keep businesses. A recent survey by the Education Commission of the States showed that at least 21 states provide special funding to community colleges to train workers for high-demand occupations. Thirty-two states provide funding to support customized training for employers.

Most colleges contract directly with a wide variety of businesses to provide the customized training to meet their needs. These programs are developed rapidly according to customer specifications. 95% of businesses and organizations that use them recommend community college workforce education and training programs.

THE ACCOUNTABILITY DEBATE

Community colleges embrace the accountability discussion because they are already highly accountable. In fact, colleges already provide a great deal of accountability information to federal, state, and local governments and accreditation agencies, and welcome every chance they have to explain how they are accountable for the funds they receive.

Proponents of greater accountability often claim that community colleges and other higher education institutions graduate an insufficient percentage of their students, or that their program quality is lacking. The astonishing diversity of higher education, whose non-profit institutions alone serve more than 16 million students each year, tends to get lost in these generalizations.

Community colleges alone have an enormous variety of programs and goals: to provide basic transfer education in academic areas; to give adult basic education to those who need it; to allow incumbent or unemployed workers to upgrade their skills; to provide language education for those who lack facility in English; and to help businesses get the workers they need in short order. These various functions will have different desired outcomes attached to them. It is also important to remember that not all students who enroll at a community college plan to earn an associate degree.

The competitive nature of higher education ensures that the ultimate goals of accountability-quality and efficiency-will be generated. The portable nature of the federal student aid programs neatly complements our competitive higher education system, empowering people to make their own choices about which college suits them best, whether they be deciding between Stanford University and the University of California at Berkeley, or between Kingsborough Community College in New York and the local ITT Technology Institute. Students themselves know better than anyone else how committed they are to completing a program.

Community colleges currently report substantial amounts of performance-related information to a variety of external bodies, and this includes the federal government. States provide about 42% of the overall annual revenues of community colleges and local governments add another 18%. These entities have developed extensive and growing reporting requirements. AACC has provided some information on state reporting to the Committee. Accrediting bodies and the sponsors of other programs, government and private, also demand reporting of various kinds, including reporting on outcomes. Accreditation also demands continual institutional self-assessment, a data-driven process. For example, an important focus of the Middle States Commission is on learning outcomes assessments. The North Central region has a process that parallels the National Baldrige quality model.

Congress obviously has a legitimate need to ensure that its enormous investment in student financial aid is well spent. However, community colleges urge this Committee to think carefully before it places new accountability mandates on institutions. We believe that the focus should be on providing data that will help students make more informed choices about the college best suited to their needs and goals. Wherever possible, Congress should strive to let colleges use information that they are already generating for other purposes.

In its May 23 HEA reauthorization submission to this Committee, AACC stated the openness of its member institutions to report to the federal government new outcomes information. We also think that different types of institutions should provide different types of information. For example, many community colleges will want to report on the attainment of skills certificates and industry certifications by their graduates, as well as their wage gains. Liberal arts colleges may find these measurements inappropriate to their missions and programs. Congress should recognize

that the 3,600 non-profit institutions of higher education, which now enroll over 16 million students, should not be looked at through the same lens.

Congress should also ask if it is always desirable for every student to graduate, or whether colleges are now being used for other purposes as well. Community colleges are under extreme pressure from local employers to provide more short-term training to help workers keep pace with changing skill requirements. A growing body of data shows that significant economic gains accrue to those who receive some postsecondary education, but not a degree. According to the Census Bureau, in 2001 the average salary of a high school graduate was \$23,470. The average salary for an individual who had attended a postsecondary institution but had not attained an associate degree was \$28,245—a difference of almost \$5,000, more than 20%. In addition, the children of those who attend any amount of postsecondary education are much more likely to enroll in college than those whose parents have no postsecondary education experience. The fact that these students don't receive a sheepskin is no sign of failure.

In this reauthorization, Congress should focus on the enormous impediment to graduation created by the huge and growing number of students who are working. Studies show that when students work more than 15 hours per week, their likelihood of graduating declines sharply. Unfortunately, according to the National Center for Education Statistics, in the 1999-2000 academic year 84% of community college students worked, 54% of them full-time. Almost 30% of all full-time students also worked full-time. This intensity of work involvement may be due to student financing needs, or because the student was employed full-time before enrolling in college. Nationally, according to the National Advisory Committee on Student Financial Assistance, low-income students average 24 hours of work each week. Common sense suggests that a lack of persistence and graduation will correlate with part-time enrollment in college; the longer it takes a student to complete his or her coursework, the likelier that external factors will deter that student from achieving a degree or certificate.

Community colleges accept from the start that, for many reasons, not all of their students will graduate. Some important factors include lack of adequate financing; the rigors of employment; family and other personal reasons; or because a student's goal of improved employment prospects have been met. In addition, some students are able to transfer to a four-year institution without obtaining a two-year degree. Furthermore, in some cases students will find that college is just not right for them. However, community colleges ardently believe that these cases are the unavoidable consequence of a system that operates with an open-door admissions policy, and that what some might label a failure is rather an ongoing, but reasonable, price that the nation's system of higher education must absorb. Congress should remember that, for community colleges nationally, 61% of the cost of educating students rests with state and local governments.

COLLEGE TUITIONS

Students, their families, and legislators have good reason to be worried about college costs. For many college students, tuition is rising faster than family incomes, a situation that causes deep and persistent concern throughout higher education. Community colleges are particularly sensitive to tuition increases because of their high enrollments of low-income students, for whom relatively small tuition hikes can stand in the way of enrollment.

Community colleges are surprised and disappointed by the current battery of criticisms about college tuitions. The simple fact is that college tuitions are, across a broad range of institutions, extremely affordable, and represent the best investment most individuals will ever make. According to the College Board, in the fall of 2002 the average tuition and fees charged at a two-year public institution of higher education was just \$1,735. The average tuition and fees charged by public four-year colleges were \$4,081. Roughly 80% of the students in non-profit higher education attend these institutions. The average cost of a baccalaureate degree at a four-year public college is now about two-thirds of the average cost of a new American automobile. Therefore, it is hard to understand why tuition charges are thought to be inordinate, given the economic returns that accrue to participation in higher education as outlined above. Also, the tuition that students pay is only a small fraction of the overall costs of educating them, whether it be at a public or independent institution.

Community colleges raise their tuitions as a last resort. It is just plain wrong to think otherwise. Last fall, tuitions at two-year public institutions rose on average by 7.9%. This regrettable hike came after a series of tuition increases in academic years 1995-96 to 2000-01 that, according to the National Center on Education Statistics, were as follows: 3.9%, 2.9%, 3.0%, 1.0%, 0.8%, and 1.6%—an average of 2.2%.

On average, community colleges receive 61% of their revenues from state and local sources. When these are cut, particularly at a time of enrollment growth, there is almost no alternative to increasing tuitions. Fortunately for students, tuitions represent only 22% of the overall revenues of community colleges.

In virtually every case, the recent large tuition increases were a direct outgrowth of state and, in some cases, local funding reductions. These cuts have been unprecedented in their severity, and have often occurred in the middle of the academic year. The current round of tuition hikes came after community colleges were forced to tell faculty that they were being laid off, or notify students that classes they were counting on to complete their programs were being cancelled, or that candidates who had expected to be enrolling in nursing or other high-demand programs would have to wait another year. We regret to report that a recent AACC survey indicates that community college tuitions will be rising this coming fall at an even higher overall percentage than they did last year, more than 11 percent. The colleges have no choice.

AACC strongly contests the claim that federal student aid increases cause higher tuitions at community colleges. For example, between the 1995-96 and 2001-02 academic years, thanks to generous appropriations, the maximum Pell Grant was increased by \$1,410, from \$2,340 to \$3,750. Over that same span, according to the College Board, the average tuition and fees at two-year public institutions increased by just \$278, from \$1,330 to \$1,608. Also during this period, the Hope Scholarship tax credit of up to \$1,500 was put into place. It simply is not true that institutions consider the availability of federal aid when setting their tuitions. (In many states, of course, tuition is set by legislatures, not the colleges.) Community colleges are pleased to report that this strong Congressional support for the Pell Grant program has translated into increased access. In fact, the Pell Grant recipient pool increased by almost one million students, to 4.9 million, over just the last two years.

Lastly, it may be that certain factors endemic to the academic enterprise cause the cost of educating students to rise at a faster rate than most other goods and services. For better or worse, college is a labor-intensive enterprise in which the application of technology to achieve productivity gains is not possible to the degree that it is in manufacturing and even other service industries. And the cost of technology itself is dear. However, community colleges strive to keep their costs of education as well as the tuitions they charge at levels that allow for widespread access. Their average cost of educating a student is about 60% that of educating a student at a public four-year institution.

COLLEGE PREPARATION

As Congress looks at the state of higher education, it should focus on college preparation. College is the key to the American dream, but not all students are given the same tools to take advantage of it. Academic achievement from the earliest ages remains strongly tied to economic background. Numerous studies show that college participation is related to students taking rigorous high school curriculums. Hopefully, reforms in elementary and secondary education will result in greater numbers of students taking more challenging academic coursework and succeeding at it.

More than any other sector of higher education, community colleges pay the price for under-prepared students. This is becoming ever more the case as four-year institutions ratchet up their admissions standards. Community colleges are open-door institutions, but that is not the same thing as allowing students to enroll in the program of their choice. Community colleges routinely undertake assessments of all new students so that they can determine their readiness for specific programs. They devote large amounts of resources to providing education designed to ready students for their offerings. Some of this is delivered to recent high school graduates, while much of it is provided to individuals who have been out of school for years. Remedial math is more frequently required than reading or writing; the need for these services is concentrated in urban areas.

For community colleges, it is not just a matter of selecting the best students, but bringing out the best in all the students who apply themselves in our colleges. The federal government is a big element in the fulfillment of this mission.

AACC is pleased to have the opportunity to submit this testimony to the Committee. The Association looks forward to working cooperatively with the Committee over the coming months as it undertakes the important responsibility of reauthorizing the HEA.

PREPARED STATEMENT OF THE AMERICAN COUNCIL ON EDUCATION

On behalf of the American Council on Education (ACE) and the eight associations endorsing this document, we are pleased to submit this statement for the record and

for your consideration as you begin to work on the reauthorization of the Higher Education Act. We congratulate the committee for choosing access as the topic for its first hearing on reauthorization. All of the associations that have signed onto this statement generally support these recommendations. Many of the associations that have signed this letter have or will submit their own specific statements that address some of these ideas in greater detail.

Ensuring equal educational opportunity to college for all those who aspire to attend without regard to their means or economic status has been the compelling rationale for the Federal role in higher education since the 1970's. It is the guiding vision that is carried out through the various need-based Federal student aid programs, and it is the reason that the Higher Education Act centers predominately on student, rather than institutional, aid. As we move steadily into the 21st Century, the importance of this compact between the Federal Government and America's students remains as essential now as it has ever been.

That said, we also recognize that participation in higher education is a function of several different factors: understanding the value of higher education, having adequate information about appropriate educational programs, having the academic preparation to enroll and succeed in higher education, and having the financial resources to participate. We believe the Federal Government has an important role to play in all of these areas and in making a college education more accessible to more students.

In spite of the substantial gains in minority participation in higher education documented in the recently issued "20th Anniversary Minorities in Higher Education Status Report", low income and minority students remain underrepresented in higher education in comparison to their more affluent peers. We believe that attacking this problem requires that all students and families have excellent information about the importance of higher education, that adequate amounts of student financial assistance—especially grant assistance—be provided to help overcome financial barriers, and that high-quality, early intervention, and support programs be available.

Grant assistance is especially important to improving access to higher education for low-income students and the Pell Grant program is America's most important method to accomplish that goal. Thanks to generous funding increases in recent years, the real (i.e. after inflation) value of the maximum Pell Grant increased 29 percent between 1990–91 and 2002–03. Unfortunately, the real maximum grant—even with the recent funding increases—has not grown to the level achieved in the early years of the program. This is cause for authentic alarm when understood in light of the fact that the average income of families in the lowest income quintile has declined slightly in real terms since the early 1970's. As a result, paying for college now requires a larger share of a low-income family's annual income than it did when the Pell Grant program began. When sufficient grant aid is not available, students face difficult choices: work an excessive number of hours, go further into debt, or abandon college altogether.

Our institutions recognize their responsibility to develop coherent student retention strategies that tie together recruitment, admission, financial aid, academic advising, and student support services as part of a campus-wide effort. Often this involves redirecting scarce resources toward initiatives designed to improve access and retention. Among residential colleges, for example, most institutions offer students the opportunity to live in learning communities, housing students together with other students taking similar majors and classes so that built in study and support groups can be formed. Academic, as well as residential advisors, are routinely assigned to dormitories. Counseling, tutoring and advising services have been expanded and made readily available. The experience of one institution, the Chicago State University, is illustrative. Their model for student success addresses students' needs at three stages of their educational careers. At the precollege level, students are guaranteed success through activities designed to keep them in school as well as prepare them for college. This entails an extensive early outreach program that touches 25,000 students in 90 elementary and secondary schools. At the undergraduate level, students are guaranteed success through quality educational programs and appropriate safety nets. And at graduation, the potential for success in careers and graduate study is guaranteed through activities provided by the Career Development Center and the Graduate Studies Office. This is not the only model that has proven successful. Throughout the nation, committed colleges and universities are working hard to improve educational opportunity and retention.

To help low and middle income students afford higher education, most colleges now provide significant amounts of institutional student aid. In 2000–01, colleges and universities made \$14.5 billion in student aid available to students and fami-

lies, an increase of 92 percent over the last decade. In other words, the amount in institutions spent on student aid has increased faster than tuition.

Put another way, last year, the amount spent on student aid from colleges exceeded the total amount spent on Pell grants, work-study, Perkins loans, Supplemental grants, LEAP, and GI Bill benefits combined.

With increasing enrollments, a limited pool of resources from Federal and State Governments, and a struggling economy, institutions provide needy students and families with the resources to bridge the affordability gap. For example, in 1992 the University of Maryland System institutions provided \$19 million in aid. In 1999 this amount was \$34.5 million. In 2001, it was \$55.3 million.

In spite of efforts like this, institutions cannot compensate for massive State withdrawal of resources and the current stagnant nature of Federal commitment to higher education.

A bright light has been focused on the massive recent State cutbacks in support for public higher education, and the resulting decisions by State after State to shift the financing burden to students and their families through steeply increased tuitions. Less well understood is that over the past 20 years, State support for higher education has been diminishing as higher education's share of State appropriations has declined. A recent Policy Brief, titled "Higher Education Spending: The Role of Medicaid and the Business Cycle," by Thomas J. Kane and Peter R. Orszag, paints a discouraging picture. According to its authors, "The underlying story that emerges is that State fiscal pressures, especially Medicaid, have been crowding out appropriations for higher education. The pattern from the 1990s suggests that reductions in higher education appropriations are implemented during an economic downturn, and then made permanent by a failure to raise appropriations substantially during the subsequent economic recovery. Since roughly three-quarters of all college students in the U.S. attend public institutions, the implications for the nation's higher education system are profound."

In May of this year, we submitted a set of proposals outlining how the Federal Government can assist with access issues. While our list remains largely unchanged, we believe it is important to highlight those proposals once again.

Double the Pell Grant Maximum—First, we strongly urge Congress to make a firm commitment to doubling the appropriated Pell Grant maximum award within a 6-year time frame that coincides with the passage of the reauthorization legislation, and to conform the annual authorized maximums to this overarching goal.¹ The maximum Pell Grant award now covers 68 percent of the average price of attending a public 2-year college, 34 percent of a public 4-year institution, and only 13 percent at a private 4-year institution. By contrast, in 1976–77, the maximum Pell Grant covered 94 percent of the average price at a community college, 72 percent at the public 4-year and 35 percent at the private 4-year college. In order to achieve this same purchasing power, the maximum award would have to increase to around \$7,000.

Congress has taken significant steps over the last 6 years to increase the maximum Pell Grant in the annual appropriations bills. Now with the passage of No Child Left Behind and the demographic growth currently being felt on college campuses, we will have more college-ready students than ever before. We feel the next step in this debate is to significantly increase this fundamental grant for students. Because reauthorizations draw increased attention to the importance of key Federal programs, we feel strongly that now is the time to ask Congress to double the funding of the maximum Pell Grant. We urge that this targeted doubling of the award levels be embraced as a campaign initiated by the authorizing committees, but taken to Congress as a whole. Similar campaigns have paved the way to measurable increases for the National Institutes of Health and the National Science Foundation. Given the real and symbolic importance of the Pell Grant as an expression of the nation's commitment to equal educational opportunity, we ask that Congress make a commitment to doubling the maximum grant.

Raising the maximum Pell Grant to \$8,000 is a critical step toward restoring the Federal Government's commitment to access. While some may question whether this is an attainable objective, we would reply by citing the fact that the House of Representatives voted earlier this year to approve vouchers in the amount of \$7,500 per

¹Several associations—United Negro College Fund, National Association for Equal Opportunity in Higher Education, Hispanic Association of Colleges and Universities, United States Student Association, and National Association of Student Financial Aid Administrators—propose making the Pell Grant program a full entitlement. The other associations endorsing this statement do not believe this is achievable without the bipartisan support of Congress and the administration. We encourage the administration to take this bold step in its reauthorization proposal.

child to permit families in the District of Columbia to send their children to private and parochial elementary and secondary schools. If \$7,500 is deemed a reasonable proxy for a year of elementary school, there can be little question about the inadequacy of a \$4,050 grant for a college sophomore.

Protect the Maximum Appropriated Award—We believe that the Pell Grant program is fundamentally sound and does not need significant modification. However, the program's periodic shortfalls have created the misimpression among students and families that the grants might have to be reduced. **To address this problem, the HEA should be modified to protect the appropriated maximum award.** The statute should explicitly state that the annual maximum award level appropriated by Congress cannot be reduced *ex post facto* by the Department of Education. We will oppose any effort to give the Executive Branch the authority to reduce grants after the enactment of an appropriations bill. We do not believe that these critical student benefits should be subject to manipulation based on fluctuating estimates of the program's cost.

Permit Year-Round Study—Students increasingly want the flexibility in their educational programs to study year round. For example, many students would like to complete their academic degree in less time than the standard 2- or 4-year program because such a step reduces the amount of time that a student spends in school, and reduces educational expenses. States and schools believe that year round study makes better use of campus facilities (an important consideration in States facing significant increases in enrollments). In addition, some students require additional time to fulfill degree completion requirements and year round study would let them finish degree requirements more quickly. Year-round attendance, we believe, would increase student persistence and graduation from college. Current regulations governing the Pell Grant program assume that all students will enroll for just two semesters per calendar year. While the Department of Education has the authority to implement a "year-round" Pell Grant, it has been reluctant to do so. **Therefore, we ask Congress to mandate that students who wish to study year-round receive a Pell Grant that enables them to do so.**

Increase Support for the Supplemental Educational Opportunity Grant—We seek to increase the number of grant-rich student aid packages for low-income students. We believe that the Supplemental Educational Opportunity Grant (SEOG) is especially important in this regard. The SEOG provides grant assistance to students with exceptional financial need in addition to funds that they may have received under the Pell Grant program. Conceptualized as the partner program to the Pell, SEOG awards help the poorest Pell Grant recipients. The program works well and could move closer to its original intent by raising the authorized funding level to \$1.25 billion. With additional Federal funding, this important grant program could help low-income students pay for more of their college education with grants instead of loans.

Revitalize the Federal-State Student Aid Partnership—As part of this effort to provide more grants, we encourage Congress to take steps to revitalize the Federal-State partnership in providing student aid to financially needy students and families. In recent years, many States have diverted scarce need-based student aid dollars to increasing merit-based aid programs. While such programs provide welcome assistance to those who receive them, they do little to help low-income individuals who do not qualify for them. To increase State grant support for low-income students, we recommend that Congress revitalize the Leveraging Educational Assistance Partnership (LEAP) program, which seeks to boost State spending on need-based student aid.

The Federal-State partnership is key to ensuring access to higher education and providing additional grant dollars in a student's aid package. With institutions of higher education absorbing widespread reductions because of the current fiscal stress of State budgets, Congress should look to reinforce the LEAP State grants by increasing the authorized funding level to \$200 million, and efforts should be made to ensure that the Federal dollars go to serving more low-income students.

Designate "Campus-Based" Programs as Institutional Partnerships—We ask that the "campus-based" aid programs be designated as "Institutional Partnership" programs to better communicate the three components that work together to make college possible: the Federal investment, the institutional investment, and the State investment. SEOG, Federal Work-Study and Perkins Loans are critical pieces of many students' financial aid package, and institutions are a critical piece of making those packages work. Re-designating these programs as "Institutional Partnership" programs will reinforce the effort that institutions of higher education make to ensure that students have the financing they need to pay for college. Moreover, given the 25 percent matching requirement mandated by law, we believe the new label more aptly describes their function.

As mentioned, the SEOG program should be better funded to realize its original intent of providing additional grant funding to the neediest students.

The Federal Work-Study program has nearly reached its goal of serving one million students with over \$1 billion in Federal investment. This program places students in jobs on campus, in the campus community, and in the private sector to help them pay for college.

The Perkins Loan program continues to provide an extremely low interest rate for student loans. Forgiveness options for work in law enforcement, teaching, and nursing have made this program more and more popular.

These programs work well in their current form, but to further enhance these programs, the authorized funding levels for fiscal year 2005 should be raised as follows:

- SEOG should be increased to \$1.25 billion
- Federal Work-Study should be increased to \$1.25 billion
- Perkins Loan Capital Contributions should be increased to \$300 million

Maintain and Modify the Perkins Loan Program—The Perkins Loan Program remains an exceptionally valuable part of the Federal student aid portfolio and we encourage Congress to maintain it with three specific but important changes.² First, student loan limits ought to be adjusted to account for changes in the cost of living. We recommend that loan limits be increased to a maximum of \$5,500 for undergraduate borrowers and \$10,000 for graduate /professional students. Consistent with this change, we believe that the undergraduate cumulative loan limit ought to be reset to \$27,500 and the graduate/ professional limit to \$67,500.

Second, we encourage Congress to explore ways to simplify, streamline, and strengthen loan forgiveness provisions in the Perkins Loan Program. Third, we urge Congress to require consolidation lenders to provide clear and comprehensible disclosures to Perkins borrowers about the advantages and disadvantages of consolidating their loans, especially regarding any potential loss of Perkins benefits that would result from consolidating their loans.

Support the “DREAM Act”—The “Development, Relief, and Education for Alien Minors Act” or DREAM Act, S. 1554, would permit States to determine State residency for higher education purposes and provide alien college-bound students with the opportunity to obtain legal status. Currently, Federal law provides that undocumented children cannot be excluded from attending elementary or secondary school in the U.S. However, several States deny in-state tuition and student financial assistance to these same students once they graduate from high school because Federal law requires that if a benefit is offered to undocumented individuals, it must be offered to all U.S. citizens. Many States have interpreted this to mean that if they charge in-state tuition to undocumented students, the State must also offer in-state tuition to out-of-state students as well.

We urge the committee members to support this legislation, that would clarify current law and as another opportunity to provide access to students who are well-prepared for a college education and deserve the chance to pursue it.

Expand the Efforts to Ensure Students with Disabilities Receive a Quality Education—In the 1998 reauthorization, Congress created a new program, “Demonstration Projects to Ensure Students with Disabilities Receive a Quality Education” to boost enrollment of disabled students. This modest program is designed to address low participation rates of students with disabilities through model demonstrations, technical assistance, and professional development for faculty, staff and administrators. **In order to address the significant under-representation of students with disabilities in higher education, we strongly urge Congress to expand this program as part of the reauthorization to increase access to higher education for students with disabilities.**

Expand the Child Care Access Means Parents in School Program—We strongly support extension of the Child Care Access Means Parents in School program. This program is designed primarily to assist those students for whom college participation hinges on whether they can obtain childcare. Childcare centers that apply for funds under this program must demonstrate that the center serves the needs of low-income students enrolled at the institution. In addition to providing basic child care services, funds can be used to: provide before- and after-school services when it is necessary to enable Pell Grant-eligible students to attend college; develop curriculum for programs, faculty, and staff; and provide other program en-

² UNCF favors terminating the Federal Capital Contribution (FCC) for the Perkins Loan program and transferring those funds to a new “Super Pell Grant” Program/FSEOG. Although no longer receiving FCC, institutions could continue to operate a completely deregulated, campus-based student loan, work or grant program for Title IV eligible students using their Perkins Revolving Fund monies.

hancing measures. At present, there are over 2,000 on-campus childcare centers for the children of students and only 425 of them receive some assistance under this program. Expanding access to on-campus childcare will help increase access to post-secondary education for low-income students.

Stafford Federal Student Loans—In our formal proposal, sent to you earlier this year, we made several formal recommendations on the loan programs. In an environment of budget deficits, intense competition for discretionary appropriations and stagnant levels of grant funding, loans have become an essential component of access to college for nearly every student. Federal student loans offer better terms and conditions than other sources of loan capital and, since loan limits have not been adjusted since 1992, considerable evidence suggests that students are borrowing increasing amounts of money from private sector loans. We favor a change in student loan limits to give borrowers more access to loans that carry the lowest possible interest rate and the best possible terms, such as the in-school interest exemption and deferments. However, since the relationship between grant funding and access has been well established, we have elected to make that the focus of this statement.

The U.S. has the premier system of higher education in the world. No other nation has embarked on such an ambitious objective as the American commitment allowing its citizens to go as far as their talents will take them. At its heart, this commitment relies on a 4-decade long partnership between the Nation's colleges, the States, and the Federal Government and it has accomplished a great deal. But, we can do better and should do better to make sure that more individuals, especially from low-income and disadvantaged backgrounds have better access and opportunities to attend college. We look forward to working with you to achieve these goals and strengthen this commitment.

On behalf of:

American Association of State Colleges and Universities
 American Council on Education
 Association of American Universities
 Association of Jesuit Colleges and Universities
 National Association of College and University Business Officers
 National Association of Independent Colleges and Universities
 National Association of State Universities and Land-Grant Colleges
 National Association of Student Financial Aid Administrators

[Whereupon, at 11:28 a.m., the committee was adjourned.]