THE COST OF COLLEGE: STUDENT CENTERED REFORMS TO BRING HIGHER EDUCATION WITHIN REACH

HEARING

BEFORE THE

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C O N T E N T S

THE COST OF COLLEGE: STUDENT CENTERED REFORMS TO BRING HIGHER EDUCATION WITHIN REACH

Wednesday, March 13, 2019
House of Representatives
Committee on Education and Labor,
Washington, DC.

The committee met, pursuant to notice, at 10:16 a.m., in room 2175, Rayburn House Office Building. Hon. Robert C. "Bobby" Scott (chairman of the committee) presiding.

Present: Representatives Scott, Davis, Courtney, Fudge, Sablan, Wilson, Bonamici, Takano, Adams, DeSaulnier, Norcross, Jayapal, Morelle, Wild, Harder, McBath, Schrier, Underwood, Hayes, Shalala, Levin, Omar, Trone, Stevens, Lee, Trahan, Castro, Foxx, Roe, Walberg, Guthrie, Grothman, Stefanik, Allen, Smucker, Banks, Walker, Comer, Cline, Fulcher, Taylor, Watkins, Wright, Meuser, Timmons, and Johnson.

Staff present: Tylease Alli, Chief Clerk; Nekea Brown, Deputy Clerk; Ilana Brunner, General Counsel Health and Labor; Jacque Chevalier Mosely, Director of Education Policy; Sheila Havenner, Director of Information Technology; Elizabeth Hollis, Director of Finance and Personnel; Ariel Jona, Staff Assistant; Stephanie Lalle, Deputy Communications Director; Andre Lindsay, Staff Assistant; Max Moore, Office Aide; Merrick Nelson, Digital Manager; Veronique Pluviose, Staff Director; Katherine Valle, Senior Education Policy Advisor; Banyon Vassar, Deputy Director of Information Technology; Claire Viall, Professional Staff; Joshua Weisz, Communications Director; Cyrus Artz, Minority Parliamentarian, Marty Boughton, Minority Press Secretary; Courtney Butcher, Minority Coalitions and Members Services Coordinator; Bridget Handy, Minority Legislative Assistant; Blake Johnson, Minority Staff Assistant; Amy Raaf Jones, Minority Director of Education and Human Resources Policy; Hannah Matesic, Minority Director of Operations; Kelley McNabb, Minority Communications Director; Brandon Renz, Minority Staff Director; Alex Ricci, Minority Professional Staff Member; Mandy Schaumburg, Minority Chief Counsel and Deputy Director of Education Policy; and Meredith Schellin, Minority Deputy Press Secretary and Digital Advisor.

Chairman SCOTT. The Committee on Education and Labor will come to order. I want to welcome everyone, and note for the record that a quorum is present. The committee is meeting together in a legislative hearing to hear testimony on the cost of college, student-centered reforms to bring higher education within reach. Pursuant to committee rule 7C, opening statements are limited to the chair and ranking member. This allows us to hear from witnesses sooner and provides all members with adequate time to ask questions. I now recognize myself for the purposes of making an opening statement.

This morning marks the first of five bipartisan hearings which will inform our work on comprehensive reauthorization of the Higher Education Act. I want to thank the ranking member and her staff for working cooperatively with us to arrange all five of the hearings. I also want to thank our witnesses for being with us today to answer questions and provide their valuable expertise.

Our timing could not be better. Yesterday's news was a powerful reminder that elements of our higher education system are in desperate need of repair. The alleged use of bribery and fraud to game the college admissions system illustrates a reality that our higher education—reality in our higher education system, that is students from wealthy families and students from—poor families are not treated fairly. It is important to note that all of the indicted people in this scheme are entitled to a presumption of innocence, but at least one has pleaded guilty. So, we know that the scheme was going on. The reality of this is maddening and inflammatory. It is illegal and systemic—is the illegal and systemic inequality of its college admissions. It, ultimately, deprived countless students of their chance to reach their full potential.

Our education must be an engine of economic mobility for all students, not an instrument for preserving the elite status of wealthy families. In rewriting the Higher Education Act, we have an opportunity to address many factors that prevent students, particularly students of color and low-income families, from attending institutions of higher education, and those same factors often perpetuate racial and income inequality.

This committee has a difficult challenge. The competing proposals released in the last Congress, the Republican PROSPER Act and the Democratic Aim Higher Act, illustrated the vast differences in our approach to higher education. This hearing will begin the process of finding areas of common ground. The goal of our work in this committee on the higher education is not just to write a new higher education bill, but it is to pass a comprehensive higher education bill. Accordingly, we propose to work together in a bipartisan way that produces a bill that can pass the House, pass the Senate, and be signed by the President. Students, families, taxpayers, and institutions of higher education deserve a good faith effort on our behalf to address the urgent challenges facing the higher education system.

Today, we are discussing one of the biggest challenges, the rising cost of college. The cost of attending public colleges has risen dramatically in recent years. While—from 1990 to 2015, the median household income increased by 12 percent, but the net cost of attending college increased by 81 percent.

When President Johnson signed the Higher Education Act, he said, that a high school student anywhere in this great land of ours can apply to any college or any university in any of the 50 States and not be turned away because the family is poor. That could have been the case in the 1960's and 1970's, but it is not the case today. In 1980, the maximum Pell Grant covered 76 percent of the cost of attending a 4-year public college. Today, the maximum Pell Grant covers only 29 percent of that cost.

There are many factors that have led to the rising costs of college, but none more significant than the decline of State investment in higher education.—You have a chart on higher education? This shows the change in investment from States. Red is how much less they are paying, and the blue is how much more they are paying. We can see that a decade ago, States paid, on average, about two-thirds of the cost of higher education. Today, States pay, on average, less than one-third of the cost. Going from two-thirds to one-third doubles the cost of education to the students, and it is only going to get worse. Adjusted for inflation, 45 States spent less per student in 2018 than they did 10 years before, in 2008.

As tuition continues to outpace both wages and Pell Grants, it should not be a surprise that students and their families are asking themselves if college is even worth the cost. The evidence and research demonstrate that given well-supported and responsive—responsible institutions of higher education, the answer is, overwhelmingly, yes. Yes, it is worth the cost. A college degree remains a good investment for students and families, as well as local communities and the national economy. Individuals with a bachelor's degree, typically, earn about a million dollars more than a high school graduate, over their lifetime. Individuals with an associate's degree earn about $400,000 more than a high school graduate over their lives.

Two out of three jobs within the modern economy are filled by individuals who have more than a high school education, and we see in this chart those that—after the recession, you see, those with a college degree recovered. Those with just a high school diploma, on the bottom, did not do well. Those in the middle got kind of in between, but, you can see, those with college educations did much better during the recovery.

A college-educated work force is also good for local economies. Evidence shows that for every dollar a State invests in higher education, it receives about $4.50 in return in higher tax revenue and lower spending on public assistance.

Colleges also contribute to the cultural and financial strength of communities that are across the country. We know that universities represent the largest employers in 10 different States around the country, and in rural areas they are, invariably, the largest employer in the county.

We also know that economic competitiveness is, to a large extent, based on the availability of well-trained, well-educated work force. Even though college enrollment and completion is a matter of economic competitiveness, only 48 percent of Americans 25 to 34 have obtained some sort of postsecondary credential. In Canada and Japan, it is 60 percent have obtained some kind of postsecondary education; in Korea, 70 percent.

If we do not address the rising costs, we will not only lose our economic competitiveness, but a growing number of students and families will lose out on the benefits of a college degree. This is particularly true for low-income students and students of color, who already face significant barriers to attending college. Today, we will consider a broad range of solutions to make college more accessible and affordable to individuals from all backgrounds, including halting increases in college costs by encouraging more State and local investment in public institutions; restoring the purchasing power of Pell; and expanding eligibility, including short-term, high-quality programs that provide both valuable technical skills and a path to 2-and 4-year college degrees, so that students will be able to afford college; and making college—student loans cheaper and easier to pay off, while providing additional support for low-income students, such as Federal Work-Study, which empowers students to earn while they are in college.

The evidence of the benefits of college degrees are all around us. In the recently completed 115th Congress, we found that all 100 United States senators had college degrees, and more than 90—about 94 percent of the members of the House held at least a bachelor's degree. We, of all people, should not be discouraging students from seeking the kind of education that got us here today.

If we only tinker around the edges and do not make comprehensive steps to addressing access and affordability, we will fail to serve the students, parents, and communities we were elected to serve. In sum, we will fail the Nation, and that simply should not be an option. So, I look forward to our discussion, and now recognize the ranking member, Dr. Foxx.

[The statement by Chairman Scott follows:]

Prepared Statement of Hon. Robert C. "Bobby" Scott, Chairman, Committee on Education and Labor

This morning marks the first of five bipartisan hearings, which will inform our work on comprehensive reauthorization of the Higher Education Act. I want to thank our witnesses for being here with us today to answer questions and provide their valuable expertise.

Our timing could not be better. Yesterday's news was a powerful reminder that elements of our higher education system are in desperate need of repair. The alleged use of bribery and fraud to game the college admissions system illustrates a reality in our higher education system: Students from wealthy families and students from poor families are not treated fairly. It is important to note that all of the indicted people in this scheme are entitled to a presumption of innocence, but at least one has pleaded guilty, so we know the scheme was going on. The reality of this is maddening and inflammatory. It is the illegal and systemic inequality in college admissions and success that ultimately deprives countless students of the chance to reach their potential.

Our education must be an engine of economic mobility for all students, not an instrument for preserving the elite status of wealthy families. In re-writing the Higher Education Act, we have an opportunity to address many factors that prevent students—particularly students of color and low-income families—from attending institutions of higher education and those same factors have too often perpetuated racial and income inequality.

This Committee has a difficult challenge. The competing proposals released in the last Congress—the Republican PROSPER Act and the Democratic Aim Higher Act—illustrated the vast differences in our approach to higher education. This hearing will begin the process of finding areas of common ground. The goal of our work in this Committee in higher education is not just to write a new higher education bill, it is to pass a comprehensive higher education bill. Accordingly, we propose to work together in a bipartisan way that produces a bill that can pass the House, pass the Senate, and be signed by the President. Students, families, taxpayers, and institutions of higher education deserve a good-faith effort to address the urgent challenges facing the higher education system.

Today, we are discussing one of the biggest challenges: The rising cost of college. The cost of attending public colleges has risen dramatically in recent years. From 1990 to 2015, the median household income increased by 12 percent, but the net cost of attending college increased by 81 percent.

When President Johnson signed the Higher Education Act, he said, "that a high school senior anywhere in this great land of ours can apply to any college or any university in any of the 50 States and not be turned away because [their] family is poor." That could've been the case in the 1960's and 70's, but it is not the case today. In 1980, the maximum Pell Grant covered 76 percent of the cost of attendance at public 4-year colleges. Today, the maximum Pell Grant, which is the cornerstone of Federal student aid for nearly 7.5 million low-income students each year, covers just over 29 percent.

There are many factors that have led to the rising cost of college, but none are more significant that the decline of State investment in higher education. A decade ago, States paid about two-thirds of the cost of higher education.

Today, States pay, on average, less than one-third of the cost. Going from 2/3 to 1/3 doubles the cost of college to students and it's only going to get worse—45 States spent less per student in the 2018 school year than in 2008.

As tuition continues to outpace both wages and Pell Grants, it should not be a surprise that students and families are asking themselves if college is still worth the cost. The evidence and research demonstrate that, given well-supported and responsible institutions of higher education, the answer is an overwhelming yes. A college degree remains a good investment for students and families, as well as local communities and the national economy. Individuals with a bachelor's degrees typically earn about $1 million more than high school graduates over their lives. Individuals with an associate's degrees earn $400,000 more than high school graduates over their lives. And two out of three jobs in the modern economy are filled by individuals who have more than a high school education.

A college-educated work force is also good for local economies. Evidence shows that for every $1 a State invests in higher education, it receives up to $4.50 in return in higher tax revenue and lowers spending on public assistance.

Colleges also contribute to the cultural and financial strength of communities across the country. We know that universities represent the largest employers in 10 different States around the country and, in rural areas, they are invariably the largest employer.

We also know that economic competitiveness is, to a large extent, based on the availability of a well-trained and well-educated work force. Even though college enrollment and completion are a matter of economic competitiveness, only 48 percent of Americans ages 25 to 34 have obtained some sort of postsecondary credential. In Canada and Japan, 60 percent of young adults have obtained postsecondary education. In Korea, that figure reaches 70 percent.

If we do not address the rising costs, not only will we lose our economic competitiveness, but a growing number of students and families will lose out on the benefits of college degree. This is particularly true for low-income students and students of color, who already face significant barriers to earning a college degree. Today, we will consider a broad range of solutions to make college more accessible and affordable to individuals from all backgrounds, including:

* Halting increases in college costs by encouraging more State and local investment in public institutions.
* Restoring the purchasing power of Pell Grants and expanding eligibility, including to short-term high-quality programs that provide both valuable technical skills and a path to a two-and 4-year degree, so that students will be able to afford college.
* Making college loans both cheaper and easier to pay off, while providing additional support for low-income students such as Federal Work-Study, which empowers students to earn while in college.

The evidence of the benefits of a college degree are all around us. In the recently completed 115th Congress, all Senators and more than nine in 10 members of the House of Representatives held at least bachelor's degrees. We, of all people, should not be discouraging students from seeking the education that got us here today.

If we only tinker around the edges and do not take comprehensive steps to address access and affordability, we will fail to serve the students, parents, and communities who elected to serve. In sum, we will fail the nation—and that is simply not an option.

I look forward to our discussion and I now recognize the Ranking Member, Dr. Foxx.

Mrs. FOXX. Thank you, Mr. Chairman, and I thank you for your commitment to our working on this issue in a bipartisan fashion. This hearing cuts to the heart of why postsecondary education reform is necessary, and why it is so difficult to accomplish.

It is necessary because college is so increasingly expensive.

For decades, tuition and fees have risen higher than the cost of inflation. Because costs have always varied between different types of institutions, it is often hard to know what option would provide the best value for the unique needs of each student and their families. Here is a way to put the cost of college into perspective. If the price of cars had risen at the same rates tuition and fees have risen, the average car today would cost more than $80,000.

The high cost of college is not a question for debate. It is a matter of fact. It is also why change is so difficult. High costs for all mean very, very high payouts for some. As a former college administrator, I know firsthand the complexity and the ripple effects of budget decisions at the institutional level. Sometimes it takes creativity and resourcefulness to manage an institution's finances well. Sometimes the easiest way to grow your budget is to use an old business mindset and simply pass cost to the consumer. In this case, the consumers are students and families, and they are not willing to take the high cost anymore. There are ways to protect students from absorbing the cost of institution level budget decisions, and I must say I do not believe every college administrator in the country is giving students the consideration they deserve when deciding how to manage institutional finances.

Any discussion of college affordability must involve serious questions about institutional accountability. I hope we will hear more about that today, and I hope we will all have the courage to confront those who seek to maintain the status quo at the expense of students for their own benefit.

The Federal Government's role in trying to help families pay for college is a classic example of the unintended consequences of good intentions. On top of the different types of grants available, the Federal Government deals in 5 loan programs, 9 repayment plans, 8 forgiveness programs, and 32 deferment and forbearance options. Somehow, all these numbers and options have added up to more than $1.5 trillion dollars in student debt and counting, a number no Congress could have anticipated as each of these Federal aid options came online.

These facts should be further indication that college costs are not simply a matter of supply and demand or loan amounts or interest rates, but a symptom of deeper systemic flaws in American postsecondary education systems and, perhaps more importantly, popular perceptions and values. I have long said we need bold reforms in postsecondary education, if we are going to make the system work for students again, and I have put those ideas forward. I believe in the necessity of comprehensive reform today more than ever. However, I am happy to acknowledge that there are few bright stars in the system as we know it. The comparative success of the Pell Grant program has made it the cornerstone of Federal student aid.

In today's economy, there are ways to strengthen the Pell Grant program in ways that may not have been evident in previous decades, and that comes back to my point about public perceptions. If we consider ways to make Pell Grants applicable to shorter term, skills-focused programs that meet the needs of students and the communities in which they live, I believe we will see a higher, faster, and more satisfying return.

All education is career education. American students view postsecondary education as a necessity, and they are not wrong in thinking that way. As we broaden our ideas of what postsecondary options can look like for students of every age, the question of how they will pay for it looms large. I am glad to see increasing public interest in this issue, and I welcome this hearing and these witnesses today. I yield back, Mr. Chairman.

[The statement by Mrs. Foxx follows:]

Prepared Statement of Hon. Virginia Foxx, Ranking Member, Committee on Education and Labor

This hearing cuts to the heart of why postsecondary education reform is necessary and why it is so difficult to accomplish. It's necessary because college is so increasingly expensive. For decades, tuition and fees have risen higher than the cost of inflation. Because costs have always varied between different types of institutions, it's often hard to know what option would provide the best value for the unique needs of each student and their families.

Here is a way to put the cost of college into perspective: if the price of cars had risen at the same rates tuition and fees have risen, the average car today would cost more than $80,000. The high cost of college is not a question for debate, it is a matter of fact.

That's also why change is so difficult. High costs for all mean very, very high payouts for some. As a former college administrator, I know firsthand the complexity and the ripple-effects of budget decisions at the institutional level. Sometimes, it takes creativity and resourcefulness to manage an institution's finances well. Sometimes, the easiest way to grow your budget is to use an old business mindset and pass costs along to the consumer. In this case, the consumers are students and families, and they are not willing to take the high costs anymore.

There are ways to protect students from absorbing the costs of institution-level budget decisions, and I must say, I don't believe every college administrator in the country is giving students the consideration they deserve when deciding how to manage institutional finances. Any discussion of college affordability must involve serious questions about institutional accountability. I hope we'll hear more about that today, and I hope we'll all have the courage to confront those who seek to maintain the status quo, at the expense of students, for their own benefit.

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Chairman SCOTT. Thank you. Without objection, all other members who wish to insert written statements to the record may do so by submitting them to the committee clerk electronically by Tuesday, March 26th.

I will now introduce our witnesses. Dr. Douglas Webber is associate professor of economics and the director of graduate studies at Temple University. He holds a Ph.D. and master's in economics from Cornell and undergraduate degrees in math and economics from the University of Florida. He has published on many topics in the field of labor economics, and current research focuses most heavily on higher education finance and the returns in and to investments in—return to an investment by going to college.

Dr. Alison Morrison-Shetlar is the interim chancellor at Western Carolina University, where she serves as chief executive officer for the university, and oversees all major divisions of the university, including academic affairs, administration and finance, student affairs, and legal affairs. She has nearly 35 years of experience working in higher education in eight institutions in three countries, and in both public and private universities.

Jenae Parker is the first in her family to graduate from college, obtained an associate in plant science, in human resources management, from Columbus State Community College, in December. She is now enrolled at Franklin University, a 4-year institution, where she plans to obtain her bachelor's degree in human resources management by the Fall of 2020. She is a student parent, and her 8-year-old daughter joins us in the front row today.

Dr. Beth Akers is a senior fellow at Manhattan Institute. Prior to her role in Manhattan Institute, she was a fellow at the—Brookings' Institution's Center on Children and Families. Then a staff economist on President Bush's Council on Economic Advisors, where she worked on Federal student lending policy, as well as other education and labor issues. She received a B.S. in mathematics and economics from SUNY in Albany and a Ph.D. in economics from Columbia.

James Kvaal is president of the Institute for College and College Access and Success, a nonprofit organization that works on the issues of affordability, accountability, and equity in education. He previously served as the deputy director of the White House Domestic Policy Council and has senior roles in the U.S. Department of Education, U.S. House of Representatives, and the U.S. Senate. He taught at University of Michigan's Ford School of Public Policy and attended Stanford University and Harvard Law School.

We appreciate all the witnesses for being here today, and we look forward to your testimony. Let me remind the witnesses that we have your written statements, and they will appear in full in the hearing record pursuant to committee rule 7D and committee practice. Each of you is asked to limit your oral presentation to a 5-minute summary of your written statement.

Let me remind the witnesses that Title 18, the U.S. Code Section 1001, makes it illegal to knowingly and willfully present false information to Congress, but before you begin your testimony, please remember to press the button on the microphone in front of you, so that you will be able to turn the microphone on, so that the members can hear you. As you begin to speak, the light in front of you will turn green. After 4 minutes, the light will turn yellow to signal that you have 1 minute remaining. When the light turns red, we would appreciate it if you could summarize your testimony and wrap up.

We will let the entire panel make presentations before we move to member questions. When answering a question, please remember, again, to turn your microphone on.

We will first recognize Dr. Webber.

STATEMENT OF DOUGLAS WEBBER, ASSOCIATE PROFESSOR AND DIRECTOR OF GRADUATE STUDIES, ECONOMICS DEPARTMENT, TEMPLE UNIVERSITY

Mr. WEBBER. Chairman Scott, Ranking Member Foxx, and distinguished members of the committee, I sincerely thank you for the opportunity to testify today, and for your interest and devotion to college affordability. My name is Doug Webber and I am an associate professor of economics at Temple University, where I have focused on higher education finance and the returns to college investment.

Affordability is about access, the value of a degree, and the risk associated with the investment. I say with great confidence that college is a risk worth taking for the vast majority of individuals and is worth the considerable public investment that we make in trying to ensure that a quality education is affordable for anyone who wants it.

But the price of college has outpaced inflation over the past several decades, making college less affordable. The high prices and prospect of significant debt deter low-income students, including highly qualified, low-income, high school students from even—from ever enrolling. Higher debt loads and the fact that we have a complicated repayment system that does nothing to automatically place distressed borrowers into income-driven repayment plans have increased students' risks, particularly for students who do not complete a degree.

The factors driving the increasing price of college are complex and vary greatly across sector. My research has found that at public institutions, State divestment is responsible for roughly 30 percent of tuition increases since the year 2000, and 41 percent of increases since the Great Recession began in 2007. Possibly the biggest single driver is known as Baumol's cost disease. The returns to very high levels of education, such as a Ph.D., in the private sector have increased dramatically over time. For example, in my field of economics, the combination of modern computing technology and econometric scales taught in most Ph.D. programs have caused private sector salaries for economics Ph.D.'s to rise substantially. This increased competition from the private sector pushes up the salary that a university must offer to hire an economist. The difficulty here is that rising instructional costs are driven by market forces completely outside the control of universities.

The problem is that as tuition has increased, low-income individuals have found themselves with little money to pay for college. For starters, the purchasing power of Pell Grants has declined considerably over time. The maximum available Pell Grant of $6,095 covers only 30 to 40 percent of the annual cost of attendance at the average 4-year public school. This is down from 80 percent in the 1970's. The decline in purchasing power is largely due to nontuition expenses, such as housing, food, and other school supplies. At the typical public institution, tuition comprises only a quarter of the full cost of attendance. As college prices have increased and the purchasing power of Pell Grants has decreased, more students are working during school. Seventy percent of college students work. Over half of those work more than 20 hours per week. This is problematic, as needing to work this much has been shown to lengthen the time it takes to get a degree and also reduces the likelihood of graduating.

More students are taking out loans. Today, 69 percent of students borrow to pay for college, with the average 4-year college graduate owing roughly $30,000 in Federal and non-Federal debt when they leave school. Although our system of need-based aid and loans is often needlessly complicated, it does help students enroll and graduate.

To conclude, the picture of affordability is very complex. The financial value of a college degree has never been higher, but the downside risk has also increased over time, particularly for those who do not graduate, and, unfortunately, wealth and family background play an important role in college success. In one striking statistic, a high-achieving student from a low-income family is less likely to graduate from college than a low-achieving student from a high-income family.

For more on how the wealth gap impacts student outcomes, especially along the dimension of race, see the excellent research of a colleague of mine from graduate school, Dr. Fenaba Adbo of the University of Wisconsin-Madison, and Dr. Jason Houle of Dartmouth University. I think there are many areas of bipartisan agreement that will lead to a better future for the students of this country, particularly as it relates to accountability, which is somewhat—something that I have done a lot of work on.

Thank you all for this opportunity to come before you today. I am eager to help in any way that I can, both today and in the coming weeks and months. Thank you very much.

[The statement of Dr. Webber follows:]

Douglas A. Webber
Associate Professor of Economics
Temple University

Testimony before the House Committee on Education and Labor

The Cost of College: Student Centered Reforms to Bring Higher Education Within Reach
March 13th, 2019

Chairman Scott, Ranking Member Foxx, and distinguished members of the Committee, thank you for inviting me to this important hearing. As a researcher who strives to do policy relevant work in the area of higher education, this is truly an honor. I commend you all for your focus on this important issue. I hope that you find my testimony today useful. If I can be of any help at all to you or your staffs during the legislative process, I would be delighted to contribute in whatever way I can.

I come before you today to discuss the statistics, facts, and research surrounding college affordability and student debt. I begin by providing an overview of the price of attending college, how those prices have changed over time, and the factors which have driven those increases. I then briefly discuss our student financial aid system, including how students finance their education and the impact that various programs have on student outcomes. Finally, I discuss student outcomes both in terms of debt and the return on investment to college.

Trends in College Pricing

It is well known that the price of attending college has far outpaced inflation over the past several decades. Published tuition rates (adjusted for inflation), known as "sticker prices", have risen by 177% ($3,690 to $10,230) at public four-year schools and 94% ($18,500 to $35,830) at comparable private institutions since 1990. Net prices, what students actually pay after receiving financial aid have risen more slowly, 75% ($2,130 to $3,740) at public four-year schools and 18% ($12,390 to $14,610) at private institutions

While it is tempting to focus entirely on net prices, the advertised sticker prices are important as well. One crucial aspect of affordability is the perception of access. There are lowincome, high-achieving students who don't apply to college in part because they assume they could never afford to attend.[1] This sticker shock, and a broader difficulty navigating our complex financial aid system, is especially pronounced among students whose parents did not attend college.[2]

Schools often offer generous financial aid packages to students, in some cases only a very small percentage of those enrolled actually pay the full sticker price. However, since

[1] Russell, Lauren and Phillip Levine and Jennifer Ma "Do College Applicants Respond to Changes in Sticker Prices Even When They Don't Matter?"

[2] Goldrick-Rab, Sara. Paying the price: College costs, financial aid, and the betrayal of the American dream. University of Chicago Press, 2016.

institutional financial aid typically does not include things like housing and food, low income students have been fully exposed to price increases in these markets. It is very important to keep in mind that tuition expenses make up a minority of the total price of attending college, at public four-year schools for instance tuition and fees account for only 25% of the net price.

All of this combines to give a significant advantage to students from wealthy backgrounds. In one striking example, a study[3] found that high-achieving students from the lowincome families were less likely to graduate from college than low-achieving students from wealthy families

Why have prices increased?

So prices have increased over time, causing particular stress among students from low and middle-income backgrounds, but what is behind these price increases? There is no single answer, and the mix of factors differs greatly across schools. Among public schools, state divestment has certainly been a contributing factor. On average, per-student support from state and local sources has declined by about a quarter ($9,489 to $7,152) over the past 30 years. There has been a rebound in recent years as states have recovered from the Great Recession. One trend has been the institution of "Promise" programs,[4] aimed at keeping college affordable for low income residents.

Although the degree and reason for divestment are different for each state, the main destination of this formerly higher education spending has been the Medicaid program.[4] By my most conservative estimates, this accounts for 50-75% of the decline in per-student higher education support. This presents a difficult budgetary challenge to states, since Medicaid has had such large, positive impacts on the well-being[5] of recipients. States are using these funds in a way which benefits the less fortunate, so there is no obvious fix from a social welfare perspective.

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[3] https://tcf.org/assets/downloads/tcf-CarnevaleStrivers.pdf [4] https://www.northcarolina.edu/prospective-students/nc-promise

[4] https://www.educationnext.org/higher-ed-lower-spending-as-states-cut-back-where-has-money-gone/

[5] Goodman-Bacon, Andrew. "Public insurance and mortality: evidence from Medicaid implementation." Journal of Political Economy 126.1 (2018): 216-262.

For this reason, we can expect states to divest further in the near future as healthcare costs continue to rise. Further complicating matters, states which expanded Medicaid as part of the Affordable Care Act are only now just starting to see declines in federal subsidies, a trend that will continue over the next few years.

In prior work[6] I estimate that in recent years there is a pass-through rate of about a third following state divestment (e.g. a $1,000 budget cut would lead to $318 in increased tuition), with the remaining deficit financed through lower spending. State divestment can explain 30% of tuition increases at public institutions since the year 2000, and 41% since 2008. Importantly for students, the reduction in spending may actually be more damaging than the tuition hike, as recent work has found that spending reductions following state budget cuts led to lower graduation rates.[7]

One of the biggest drivers of price increases in higher education is known as Baumol's cost disease.[8] The returns to very high levels of education (e.g., PhDs) outside of academia have increased dramatically over time. A big reason is that the combination of increased technology and lots of education leads to very productive workers. For example, in my field of Economics the combination of modern computing technology and econometric skills taught in most PhD programs have caused private sector salaries for economics PhDs to rise substantially. This increased competition from the private sector pushes up the salary that a university must offer to hire an economist.

This is the central problem with Baumol's cost disease, rising instructional costs are driven by market forces completely outside the control of universities. A very similar story can explain rising healthcare costs. In effect, the only way to break the cost disease is to become more productive: provide the same quality education to a greater number of students without needing to hire more professors. While many efforts involving online courses and other

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[6] Webber, Douglas A. "State divestment and tuition at public institutions." Economics of Education Review 60 (2017): 1-4.

[7] Deming, David J., and Christopher R. Walters. *The impact of price caps and spending cuts on US postsecondary attainment*. No. w23736. National Bureau of Economic Research, 2017.

[8] See here for a detailed analysis of all of the factors which have led to increases in college pricing: Archibald, Robert B., and David H. Feldman. Why does college cost so much?. Oxford University Press, 2014.

technology/software have tried, to date I am not aware of any substantial breakthroughs which maintain high levels of quality.

Another potential driver of increases in price is the so-called "Bennett Hypothesis," which posits that the availability of federal financial aid drives tuition higher as schools attempt to capture the benefits. Data limitations prevent the research community from being able to convincingly say what the causal impact of financial aid programs is on tuition levels, instead we can only evaluate the impacts of small changes over the last several decades. To the extent that such behavior exists, it appears to be stronger in the private sector. [9] Given the magnitude[10] of the effect sizes from the research literature and the size of the changes in undergraduate loan programs, it seems that Bennett Hypothesis-type behavior is likely responsible for some small to modest proportion of price increases (depending on the sector), but overall is not a dominant factor. The most recent work, which to my knowledge is the only study able to examine a very large change in loan generosity (looking at the market for students attending law school), found[12] no significant evidence of Bennett behavior.

Other forms of spending have increased as well, academic (tutoring, advising, etc.) and other support services (mental healthcare) have increased over time. This sort of spending[11] does seem to improve student outcomes like graduation.

This brings me to the hot button issue of truly wasteful spending, often embodied in the press as a lazy river. Such spending is problematic on both a practical (it does not improve student outcomes) and political level. However, it is not a major factor behind the rising price of most colleges. Very few students attend the 'fancy' universities which are covered in the popular press. Most students attend community colleges or regional comprehensive four-year institutions which are decidedly not glamorous schools. So, while I would be personally supportive of

[9] Lau, Christopher V. "The Incidence of Federal Subsidies in For-profit Higher Education," Working Paper, Department of Economics, Northwestern University, 2014.

[10] https://robertkelchen.com/2015/07/07/new-evidence-on-the-bennett-hypothesis-and-federal-student-aid/ [12] Kelchen, Robert. "An Empirical Examination of the Bennett Hypothesis in Law School Prices." *AccessLex Institute Research Paper* 17-09 (2017).

[11] Webber, Douglas A., and Ronald G. Ehrenberg. "Do expenditures other than instructional expenditures affect graduation and persistence rates in American higher education?." *Economics of Education Review* 29.6 (2010): 947958.

efforts to reduce or eliminate such spending, doing so would make little to no difference in the overall affordability picture.

Financial aid basics

Prices have gone up, for a variety of reasons, how are students paying for school? More than 40% of full-time students and nearly 80% of part time students work while attending school, the majority in each category work more than 20 hours per week. 60% of college graduate leave school with some debt (averaging $30,000), but only about 30% borrow in any given year (it is more common to borrow in later years).

The Pell grant program covers students from low-income backgrounds, currently 32% of students receive some level of Pell grants (the maximum possible annual award is $6,095, the average grant is about $4,000). The purchasing power of the Pell grant has declined considerably over time. In the 1970's, the maximum Pell grant covered 80% of the total cost of attendance at the average public school, today that figure is closer to 30%.[12] While the proportion of students receiving Pell grants has generally increased over time, this trend is due to two different factors: increased eligibility of the program and a larger share of students from low-income backgrounds attending college.

Financial aid and student outcomes

Taking out debt to pay for college, so long as you wind up graduating, is not a bad investment. Research has shown that access to loans improves a wide range of outcomes, including attendance, GPA,[13] persistence, and graduation.[14]

Need-based aid, such as the Pell grant program (and other state/local programs), is very strongly associated with increased college enrollment. The effects on longer-term outcomes are positive, but more modest in size. A recent meta-analysis[15] finds that receiving grant aid increases persistence and graduation by 2-3 percentage points (for comparison, the average Pell

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[12] https://www.cbpp.org/research/federal-budget/pell-grants-a-key-tool-for-expanding-college-access-and-economicopportunity
[13] http://econweb.umd.edu/~turner/Marx_Turner_Nudges_Borrowing.pdf
[14] https://asu.pure.elsevier.com/en/publications/denying-loan-access-the-student-level-consequences-whencommunity
[15] https://cepa.stanford.edu/sites/default/files/wp18-04-v201803.pdf

graduation rate is about 50%). The same analysis found that each additional $1,000 in aid increases persistence by 1.2 percentage points. The impact of need-based aid appears to be highly context specific, as some well-done randomized control trials have found small to nonexistent long-term effects.[16] The impact of merit aid on student outcomes is similarly context specific, but overall the impacts are smaller than that of need-based aid. Merit aid can even harm student outcomes such as graduation if it induces students to enter a lower quality college.[17]

Not all subsidies are created equal, however. For example, tax-credit based programs generally have little effect on behavior and are generally targeted more toward high-income households.[20] So any revenue generated from such programs might be better allocated towards something like the Pell grant program.

Student debt metrics

Historically, the most common way to measure the performance of loans from a given school was the cohort default rate (CDR), defined as the fraction of students who left school in a given year who defaulted within three years. Recent CDRs average 10.8% nationally, 10.3% at public four-year universities, 7.1% at private non-profit four-year universities, 15.6% at private for-profit four-year universities.

These are not apples-to-apples comparisons, as the type of student in each of these sectors can be quite different across a range of factors that are likely related to default rates. See, for instance, the recent work by Judith Scott-Clayton[18] which examines default rates after controlling for differences in student populations.

Return on investment in higher education

The median college graduate will out-earn the median high school graduate by $900,000 over their lifetime. Factoring in future discounting and adjusting for student characteristics, the

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[16] https://hope4college.com/wp-content/uploads/2018/09/Anderson_et_al_2018_Experimental-Evidence-on-the-Impacts-of-Need-Based-Financial-Aid_Longitudinal-Assessment-of-the-Wisconsin-Scholars-Grant.pdf
[17] Cohodes, Sarah R., and Joshua S. Goodman. "Merit aid, college quality, and college completion: Massachusetts' Adams scholarship as an in-kind subsidy." *American Economic Journal: Applied Economics* 6.4 (2014): 251-85. [20] Dynarski, Susan. "Who benefits from the education saving incentives? Income, educational expectations and the value of the 529 and Coverdell." National Tax Journal 57.2 (2004): 359-384.
[18] Scott-Clayton, Judith E. "What accounts for gaps in student loan default, and what happens after." (2018).

average net present value (NPV) of a degree is still $344,000. This return certainly differs greatly across majors[19] but for the vast majority of college graduates, even academically[20] marginal[21][22] students,[23] college is worth the investment! I would much rather be a college graduate with $30,000 in debt than a high school graduate with no debt.

This brings up the important notion of risk. First, college graduates will not all receive the same earnings premium. The college earnings boost will depend on many factors, including school quality, major, individual ability, and random chance. Framed in this way, college is on average a great investment, which pays off for the majority of students, but it will not pay off for everyone. My work puts[24] the success rate between 80% and 90% overall (this range may be higher or lower depending on school attended and major). College is a good investment which is likely to pay off, but it is not a guaranteed windfall.

Probably the biggest 'risk' associated with attending college is that of not graduating. Only 60% of students at four-year schools will earn a degree within six year of initial enrollment. This figure is lower at two-year schools, but is difficult to pin down precisely because a high proportion of the two-year school student population is composed of part-time and transfer students.

The majority of the financial benefits of college are tied up in attaining the degree. Students who do not complete college earn only slightly more than their counterparts with high school diplomas. This feature of the college earnings boost puts college dropouts in a particularly bad position: these students hold non-dischargeable debt and have poor prospects for paying off the debt.

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[19] Webber, Douglas A. "The lifetime earnings premia of different majors: Correcting for selection based on cognitive, noncognitive, and unobserved factors." Labour economics 28 (2014): 14-23.
[20] Goodman, Joshua, Michael Hurwitz, and Jonathan Smith. "Access to 4-year public colleges and degree completion." Journal of Labor Economics 35.3 (2017): 829-867.
[21] Ost, Ben, Weixiang Pan, and Douglas Webber. "The returns to college persistence for marginal students: Regression discontinuity evidence from university dismissal policies." Journal of Labor Economics 36.3 (2018):
[22] -805.
[23] Canaan, Serena, and Pierre Mouganie. "Returns to education quality for low-skilled students: Evidence from a discontinuity." Journal of Labor Economics 36.2 (2018): 395-436.
[24] https://www.thirdway.org/report/is-college-worth-it-going-beyond-averages

The popular press likes to focus on students who have amassed extremely large sums of debt, often greater than $100,000. While these stories are often heart-wrenching, they are extreme outliers and not representative of the larger student debt problem. Holding over $100,000 in student debt is uncommon – about 5% of borrowers and 3% of students overall. Moreover, many students who amass this amount of debt attend graduate and professional schools and will obtain good jobs that enable them to pay down their debt. This is reflected in the lower default rates among individuals with $100,000 in debt relative to those with small debt loads ($5,000 to $10,000).[25]

The excessive focus on borrowers with very large debt loads can be a problem for public policy because it distracts focus away from the larger problem of non-completion. The true student debt crisis is concentrated among those borrowers who did not obtain the degree. Addressing non-completion should be a top priority for future research and policy, and will allow us to provide real solutions to the most vulnerable college-attenders.

Thank you again for the chance to testify, and for the time you are spending as a committee examining this important topic. Higher education is an investment in the future, and I think that in general there is broad and bipartisan agreement on what the problems are with respect to affordability and the ways that we can move forward.

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[25] https://libertystreeteconomics.newyorkfed.org/2015/02/looking_at_student_loan_defaults_through_a_larger_window.html

Chairman SCOTT. Thank you. Ms. Morrison-Shetlar?

STATEMENT OF ALISON MORRISON-SHETLAR, INTERIM CHANCELLOR, WESTERN CAROLINA UNIVERSITY

Ms. MORRISON-SHETLAR. Good morning. My name is Dr. Alison Morrison-Shetlar, and I am the interim chancellor of Western Carolina University, the westernmost institution of the globally recognized University of North Carolina system. Our mission is to serve our region and our community. Our student body reflects that. Approximately 43 percent of the Western Carolina students are Pell Grant recipients, and 40 percent are first generation college students.

Western Carolina University has enjoyed great success over the last 7 years. Enrollment has soared to more than 11,600 students. Freshman retention has increased from 71 percent to 80 percent, and our 6-year graduation rate has risen from 50 to 60 percent.

As a regional comprehensive university, we know the lion's share of the work needed to lift families out of poverty happens at universities like ours. We take that responsibility very seriously. This past fall, Western Carolina implemented a bold and innovative program, created by a forward-thinking North Carolina legislator, to strengthen our crucial role as an engine of economic mobility, to make college more affordable for every student, and to provide access to truly affordable higher education that leads to timely graduation and a transformed future for our students.

North Carolina has a long and proud history of generous support for its public universities, and ranks fifth nationally in both per pupil and per capita spending toward higher education.

Our State recognizes that our universities drive economic development, create jobs, and unlock opportunities for our students and communities, large and small. With this in mind, North Carolina General Assembly has taken important steps to invest in, rather than divest from, public higher education. In 2016, the General Assembly implemented a fixed tuition program across the system that guarantees a student's tuition will not change for eight consecutive semesters. The following year, a cap on student fees limited increases to no more than 3 percent per year, helping keep inflationary costs at a reasonable level. 2016 also saw the creation of NC Promise, one of the country's boldest moves in providing a radically affordable college education.

NC Promise sets tuition at $500 per semester for in-State students and $2,500 per semester for out-of-State students at three UNC system institutions: Elizabeth City State University, the University of North Carolina at Pembroke, and Western Carolina University. The State pays the difference between what it used to cost before NC Promise to the tune of $51 million this first year alone. For context, that is around one and a half times Tennessee's investment in their innovative free community college program, Tennessee Promise.

The goals for NC Promise are clear: increase access to higher education, improve affordability, reduce student debt, and continue to grow North Carolina's economy. I hear from my students every day that this program is a game changer. It is opening doors. It is changing the trajectory of their lives. It is setting them up for success beyond their expectations, and NC Promise's impact on decreasing student debt is significant.

NC Promise is unique compared to most access programs nationally because it is a first-dollar scholarship. That means the tuition price comes down before any other financial aid is awarded. Under NC Promise, Pell Grants, State scholarships, and institutional aid go a lot further. For example, at Western, the program allows an in-State student who graduates in 4 years to save approximately $12,000. That is nearly equivalent to the total cost of attendance for one full academic year.

So, is NC Promise working? Unequivocally, the answer is yes. At Western Carolina University, in fall 2018, total undergraduate enrollment grew by 6.6 percent. At UNC Pembroke and Elizabeth City, the two other—UNC Promise institutions, enrollments grew by 14 percent and 19 percent, respectively. At Western Carolina University, the number of first-time, full-time freshman increased by 10.5 percent, and transfer of students by 40.5 percent.

In a survey of our fall 2018 entering class, almost a third of our new students with significant financial needs said that if it had not been for NC Promise, they would not have been able to attend any college or university. These numbers are hard to ignore. All three NC Promise institutions are located in historically underserved parts of North Carolina. Pembroke and Elizabeth City are both historically minority-serving institutions. This program is a target intervention that lifts up the communities and families who need it the most.

There should also be no question that an educated leadership ready for work force is absolutely essential for economic development. We know that an affordable college degree can transform a student's future. North Carolina's overall investment in higher education and the groundbreaking NC Promise program is a resounding win for all: students win; their families win; the businesses that call our State home win, and we are a step closer to creating a thriving economy and a better life for all of our citizens.

Thank you very much for the opportunity to speak with you today.

[The statement of Dr. Morrison-Shetlar follows:]

Dr. Alison Morrison-Shetlar

Interim Chancellor

Western Carolina University

Testimony before the U.S. House Committee on Education and Labor

The Cost of College: Student Centered Reforms to Bring Higher Education Within Reach

March 13, 2019

Good Morning. My name is Dr. Alison Morrison-Shetlar and I am the Interim Chancellor of Western Carolina University – the westernmost campus in the globally-recognized University of North Carolina System. Our university is one whose mission is to serve our region and our community and that is reflected in the students we serve. Approximately 43% of Western Carolina students are Pell Grant recipients and 40% are first generation college students.

Western Carolina University has enjoyed great success – strong enrollment trends for the past seven years resulted in more than 11,600 students this past fall and a focus on student success aided in a seven-year increase in freshman retention from 71% to 80%, and a six-year graduation rate that has risen from 50% to now over 60%.

As a regional comprehensive university, we know the lion's share of the work needed to lift families out of poverty happens at universities like ours. We take that responsibility seriously.

This past fall, Western Carolina implemented a bold and innovative program, created by a forward-thinking North Carolina legislature, to make college more affordable for EVERY student.

I am here today to bring the committee's attention to the strategies our state and the University of North Carolina System are employing to provide access to higher education that is truly affordable, that leads to a degree in a timely fashion, and that sets our students up for success after graduation.

North Carolina has a long history of generous support for its public universities and ranks 5th nationwide in both per pupil and per capita spending toward higher education.

Our state recognizes that our universities, particularly regional comprehensive institutions like Western, are also essential to job creation, and sustainable growth for the businesses and industries which they are located.

In today's economy, a college degree is THE primary route to economic mobility available to the American public, one that helps transform the lives of individual students AND their families.

With this in mind, North Carolina's General Assembly, has taken important steps to invest in rather than divest from public higher education.

2016 was a watershed year for college affordability in the University of North Carolina System.

First, the General Assembly called upon the universities within our System to implement a fixed tuition program, where each student's tuition remains constant for eight consecutive semesters, helping families to plan for and sustain the cost of a high-quality education.

The following year, a cap on student fees limited their increase to 3% per year, helping to keep inflationary costs at a reasonable level.

2016 also saw the creation of NC Promise, one of the country's boldest experiments in providing a radically affordable college education.

NC Promise sets tuition at $500 per semester for in-state students and $2,500 per semester for out-of-state students at three universities in the state: Elizabeth City State University, The University of North Carolina at Pembroke, and Western Carolina University.

Yes, you heard correctly. Tuition at our university is now only $500 a semester for in-state students. The state pays the difference between what it used to cost before NC Promise —to the tune of $51 million this first year alone. That's about one and a half times the investment Tennessee has made in Tennessee Promise, their free community college program.

The goals for this program are clear: increase access to higher education, improve affordability, reduce student debt, and continue to grow the economy in North Carolina.

I can tell you from my interactions with students that this program is a game changer. It is opening doors. It is changing the trajectory of their lives and setting them up for success beyond their expectations.

And NC Promise's impact on decreasing student indebtedness is real. NC Promise is unique compared to most of the "free college" programs in that it is a first-dollar scholarship; that means the tuition price comes down before any other financial aid is awarded. Pell Grants, state scholarships, and institutional aid go a lot further than they used to under NC Promise.

At Western, the program allows an in-state student who finishes their degree in 4-years to save approximately $12,000, an amount nearly equivalent to the total cost of attendance for one full academic year.

Is NC Promise working? Unequivocally, the answer is yes.

At Western Carolina University this fall, total undergraduate enrollment grew by 6.6%. The number of first-time, full-time freshmen increased by 10.5% and transfer students by 40.5%.

At Elizabeth City State University, undergraduate enrollment has risen 19%. At the University of North Carolina-Pembroke, their undergraduate enrollment increased by 14% and both universities saw their freshmen class grow by 20%.

In a survey of Western Carolina's Fall 2018 entering class, 21% of new freshmen, 30.7% of all Pell-eligible students, and 35.7% of Hispanic students said that, had it not been for NC Promise, they would NOT have been able to attend ANY college or university. These numbers are hard to ignore.

All three NC Promise institutions are in historically under-served parts of North Carolina. UNC Pembroke and Elizabeth City State University are both historically minority-serving institutions. This program is a targeted intervention that lifts up the communities and families who need it the most.

Beyond the impact to individual students, this program will have a lasting impact on our state and its economy, because NC Promise is playing a significant role in increasing the number of career-ready graduates that our state needs to meet workforce demands.

Many of the students that have been brought into higher education by NC Promise are entering degree programs that will prepare them to serve our state in important ways.

Western Carolina has seen tremendous growth in our engineering programs – meeting the demand of the high-tech manufacturing sector growing in our region.

We've also seen growth in our health sciences programs, which train students in a number of high-demand fields. At Western Carolina we are finding innovative ways to meet the demand for these degrees, such as our RIBN transfer program. Through a partnership with regional community colleges, a nursing student can be dual-enrolled at one of our partner colleges and at WCU. The student attends community college the first three years while taking one class a semester online with Western Carolina. The student then finishes their fourth year at Western and receives their BSN for a total cost of $20,000.

And, many of our students aspire to have an impact beyond our region and our state. In October, I had the pleasure of meeting transfer student Gabriel Pope. Gabriel knew he wanted to pursue a four-year degree, but he said finding a school he could afford was a challenge. He is highly concerned about student debt because he has plans beyond WCU. He wants to go to law school and eventually into politics. Having spent five years overseas as the son of missionaries, Gabriel hopes to one day work for, or even become, the U.S. Secretary of State. It may sound ambitious, but if you knew Gabriel, you would know his incredible dedication and potential for leadership.

Students like Gabriel represent our future global leadership, and there is nothing more important than insuring their access to a quality education.

Another student who spoke with me about how NC Promise directly impacted her was Marcy Sammons of Gastonia, NC. Sammons dreamed of getting a 4-year marketing degree in high school, but when her senior year rolled around, the cost of a four-year university simply wasn't an option for her or her family. She was going to need to borrow the money she would need to attend school, and the thought of finishing a marketing degree with significant college debt was overwhelming.

So, in the fall of 2016, Sammons enrolled at Gaston College, a public community college near her home. She earned her Associate of Arts from Gaston while living at home and working a part time job to pay her tuition cost.

Then, last year, as she began to again consider whether or not she could afford to transfer to a four-year school and finish her bachelor's degree, Sammons heard from friends at WCU about the introduction of NC Promise. Marcy told me that learning about NC Promise is what definitely made Western Carolina a yes. She called it the deal maker.

These are just a couple of the stories we have of students whose lives are being changed every day by invests like these.

And there should be no question that an educated, leadership ready workforce is an absolutely essential part of economic development for any community, any region, and any state. And I have no doubt that a college degree, especially one that does not leave the student burdened with crushing debt, can transform a student's future.

North Carolina's overall investment in higher education, and the groundbreaking NC Promise program, is a win for all. It is a win for the student, for the student's family, for the businesses who call North Carolina home, and for the state's efforts to promote a thriving economy and quality of life for its citizens.

Thank you for the opportunity to speak with you today.

Chairman SCOTT. Thank you. Ms. Parker?

STATEMENT OF JENAE PARKER, STUDENT, FRANKLIN UNIVERSITY

Ms. PARKER. Chairman Scott, Ranking Member Foxx, and the members of the committee, thank you for the opportunity to testify. The price of college is a subject I know a lot about, and so does my 8-year-old daughter, Journey Marie. On TV, college looks like a lot of fun. Students live in dorms, eat pizza on campus, relax at the gym between classes. It is really seems like a mini vacation, but that image is nothing like what I have experienced in real life. I suspect the reality is far more common than the media stories. It needs to be a greater part of the conversation about the real college experience that Americans are having.

I am 29. I am a parent, like nearly one in four college students. I am also a single parent, like 14 percent of students. Eleven years ago, I graduated from high school and went to the University of Toledo. Money was so tight that I did not have a comforter when I arrived on campus. The university cost over $25,000 per year, and all I got was a Pell Grant of $4,300. I borrowed $20,000 in Federal and in private loans, and worked at Starbucks, a grill, and also Target. It was exhausting. I could not focus on school and, 2 years later, I dropped out.

Time passed. I got married. I had Journey, and I also got divorced. In 2013, I was working full-time and decided to try college again, this time at Columbus State Community College. I juggled full-time work and full-time college while raising my daughter and caring for my mother, who had fallen ill.

I loved school, but when my mom passed away, I had to also care for my two teenage brothers. Again, it seemed college was not in the cards for me.

The third time, I enrolled in college part-time, and worked several part-time jobs. It was slow, but it was the only way I could afford school. Many people think community college is already free, but Journey and I know that is not true.

Our bills got so tight we ran out of money for food, and this was not about ramen. We lacked enough money to eat regularly. Then we were evicted. I thought this was my fault, but then I realized that 50 percent of college students are also dealing with food and housing insecurity. More than one in 10 are homeless. Are we all just not college material or have we all done something wrong?

Eventually, I found a college staff member who referred me to childcare, health insurance, food stamps, a scholarship, and housing in Scholar House, and I succeeded. In December 2018, I earned my associate's and transferred to Franklin University, where I am now pursuing a bachelor's in human resource management, and I also plan on a graduate degree in psychology.

It seems that for Pell recipients like me, the only way to attend college and eat is to use food stamps, but what happens to the millions of students who cannot get that help? The U.S. Government Accountability Office recently said that 2 million students are having trouble paying for college, but not getting help from SNAP. Like me, most are first-generation students. Many are also single parents.

For me to go to college and to focus, I have to know that my child is safe, but 95 percent of campuses with childcare have long waiting lists, and some campuses do not have childcare at all. I am here today because of my daughter. I am also here for students like me around the country and students like those that Journey will become. I know the odds are low that Journey and I will ever escape poverty, but I also know that college education—a college education helps, and we will. I am clearly willing to work for this bachelor's degree, but on days when money is tight and the bills are due, I wonder why I am paying for the price for a badly broken system. What would happen if Congress instead built a college financing system that matched the strength and ambition of today's students, like myself? I hope my story makes clear how desperately we want to improve our lives, and how very real the struggle of paying for college has become.

Thank you for your time.

[The statement of Ms. Parker follows:]

Ms. Jenae Parker
Undergraduate Student
Franklin University

Testimony before the U.S. House Committee on Education and Labor

The Cost of College: Student Centered Reforms to Bring Higher Education Within Reach
March 13, 2019

Chairman Scott, Ranking Member Foxx, and the Members of the Committee,

Thank you for the opportunity to testify before you today. The price of college is a subject about which I have personal experience and expertise, as does my 8-year-old daughter Journey Marie. She joins me here today, as I share with you our story of paying for college. We are here together, fighting for our dreams.

On television, college looks like a lot of fun. Students live in dormitories, enjoy sushi on campus, and relax at the gym between classes—it almost seems like a vacation. But that image is nothing like what I have experienced in real life. I suspect my reality is far more common than the media stories. It needs to be a greater part of the conversation about the real college experiences that Americans are having.

I am 29 years old. I am one of the 50% of college students around the country who is financially independent from their parents. I am a parent, like nearly 1 in 4 college students. I am also a single parent, like 14% of college students.

Eleven years ago, I graduated from Reynoldsburg High School and went off to college. I showed up at the University of Toledo, the child of a single mother who never graduated from college, without any money—not even a comforter for my bed. The university cost over $25,000 per year and all I received for financial aid was a Pell Grant of about $4,300. I borrowed more than $20,000 in federal and private loans to afford my first year. I tried everything to avoid taking that debt—I worked at the campus Starbucks, the campus grill, and I also worked a job at the Target nearby. It was exhausting and I could not focus on school. Two years after I started, I dropped out.

Time passed. I got married, gave birth to Journey, and got divorced. By 2013, Journey and I were living in a little apartment and I was working full-time. I had also decided to try college again—this time at Columbus State Community College. I wanted to avoid accruing another large sum of debt and Columbus State just made sense financially. I became one of the 27,000 students enrolled there and started once again to juggle my responsibilities. I worked a full-time job, attended college, raised my daughter, and I was also caring for my mom who was ill. When my mom passed away a year later, I was left to take care of my two teenage brothers, in addition to my daughter. Although I loved school, I was juggling many responsibilities and decided to take a break. Once again, it seemed a college degree was not in the cards.

Fast forward to my third try four years later. I re-enrolled at Columbus State Community College but this time I enrolled part-time to allow me to work multiple part-time jobs at CVS, the United States Postal Service, and a third-shift cleaning job. Enrolling part-time was a slower road to earning a degree but was the only way I could afford school.[1]

So many people think community college is already free, especially for people like me who get the Pell Grant, but Journey and I know that is not true.[2] In fact, according to the federal definition the cost of attendance at Columbus State Community College is more than $15,000 per year. That includes about $4,500 in tuition and fees, another $1,500 in books and supplies, and more than $9,000 for transportation, medical care, food, housing, and other expenses associated with showing up ready to learn. While after taking financial aid into account, the price can be reduced to around $4,000 per year for full-time students, it is higher for part-time students like me. We face a "part-time tax" that affects the nearly 40% of college students who are enrolled part-time, and who compared to full-time students pay a bigger share of the cost of attending college. For example, a full-time student with a family income of $30,000 or less attending a four-year institution has about half of her cost of attendance covered by aid. But an adult 25 or older attending part-time with the same income will receive aid covering only 17 percent of her cost.[3]

I was working hard for a better life for myself and my daughter, but the bills got so tight that more than once we found ourselves short on money for food. This was no simple matter of not having enough ramen to eat. We lacked sufficient money to have food to eat on a regular basis. Then, as if things could not get any worse, we were evicted from our home.

I remember thinking that these problems were my fault. I thought this was happening because I had made bad choices or was not trying hard enough. But now I know that as many as 50% of college students are also dealing with food and housing insecurity. Even students attending elite private colleges are facing these challenges.[4] More than 1 in 10 students are homeless.[5] Are we *all* just not cut out for college? Have we *all* done something wrong?

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[1] Klein-Collins, R. *Never Too Late: The Adult Student's Guide to College.* New Press. (2018).
[2] Goldrick-Rab, S. & Kendall, N. *The Real Price of College.* The Century Foundation. (2016); Monaghan, D. & Goldrick-Rab, S. *Is Community College Already Free?* Hope Center for College, Community, and Justice. (2016).
[3] Bombadieri, M. *Hidden in Plain Sight: Understanding Part-time College Students in America.* Center for American Progress. (2017).
[4] Nadworny, E. "As Elite Campuses Diversify, A 'Bias Towards Privilege' Persists." NPR. (2019); Jack, A. *The Privileged Poor.* (2019).
[5] Goldrick-Rab, S., Richardson, J., Schneider, J., Hernandez, A., & Cady, C. *Still Hungry and Homeless in College*. Hope Center for College, Community, and Justice. (2018)

Columbus State Community College helped me realize that I could make it. In my darkest hour, I found my way to a Jobs and Family Representative on campus and she helped me get assistance with childcare by enrolling me in the Title 20 program, a subsidized child care program that helps low income families pay their childcare fees. She also helped me, right there on campus in between classes, to complete the application for SNAP (food stamps).[6] She also helped me sign up for medical insurance. TRIO Student Support Services also connected me to other resources, including Scholarship Opportunities for Success, a local organization that helps "women of low income with financial aid for education."[7] Fortunately, I also found housing at the Columbus Scholar House. Scholar House is a unique model of providing housing for lower income college students with children. Thanks to a partnership between area colleges and universities, social services agencies, and the Columbus Metropolitan Housing Authority it helped me with affordable housing and other supportive services, including financial literacy coaching and a mentorship program for my daughter.[8]

With all that help—which went way beyond the Pell Grant and was very hard to find—I finally succeeded. In December 2018, I earned my associate's degree and, in January, I transferred to Franklin University where I am now working on a bachelor's degree in human resource management. Upon completion of my bachelor's degree, I intend to continue my education and obtain a graduate degree in psychology, with plans to start a career in human resources specializing in talent acquisition.

Franklin University has a partnership with Columbus State Community College that allows me to transfer up to ninety-four semester hours from Columbus State Community College. This allows me to pay a community college rate for credit hours transferred into my degree plan at Franklin University. My tuition at Franklin University is also discounted by 15% because I am an employee at Columbus State Community College.

When the program began, the federal Pell Grant was supposed to cover the entire cost of attending a community college, or even a public university. But the last decade has taught me that as a Pell recipient the only way to attend college <u>and</u> eat is to use food stamps. I have to wonder: what happens to the millions of students who cannot get that help because they cannot meet the work requirements or worse yet, do not even know about the program?

The United States Government Accountability Office recently reported that about two million students are having trouble paying for college and are at risk of food insecurity, but are not

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[6] Duke-Benfield, A.E. & Saunders, K. *Benefits Access for College Completion: Lessons Learned from a Community College Initiative to Help Low-Income Students.* Center for Law and Social Policy.
[7] For more information, see http://sosgrants.org/
[8] The Scholar Houses located in Kentucky also offer on-site childcare. For more information, see: http://www.kyhousing.org/Specialized-Housing/Pages/Scholar-House.aspx

getting help from SNAP. Many of them are, like me, the first in their family to graduate from college. Many are also single parents.[9]

Between 1996 and 2016, the percent of students earning at or below 130% of the poverty line grew from 28% to 39%.[10] Over that period the percent of students receiving the Pell Grant grew from 23% to 40%.[11] But even though more students turned to it for support, the value of the Pell declined during that time, as it has for decades. It stuns me that the grant which now barely covers 30% of attending a public university used to cover about 75% of those costs forty years ago.[12]

I look hard at my budget every month. It keeps me up at night. I wonder, why does college cost so much? It is clearly not mainly about tuition. For example, Columbus State Community College's tuition is $152.93 per credit hour, or about $4,500 a year for a full-time student. Sure, if tuition were free I could save $4,500 to use on my rent. But the rent, the cost of food, health care, books, transportation costs to and from school, and all the other things I need to be in college—these are most of my expenses and they go up fast. They rise even when tuition does not. For example, over the last four years, tuition at Columbus State Community College went up by about $400, while food and housing rose by more than $1,000. There are more renters than homeowners in Columbus and there is very little affordable housing. Colleges do not control this, but having a safe place to live is necessary if I am to do well in school.

Then there is child care. In order for me to go to college and focus, I have to know that my child is safe. We need space on campus, and funding for staff, to offer high quality childcare to students and their children. Campus childcare increases the chances that student parents will complete degrees. But a 2016 study found that 95% of on-campus childcare centers had a waiting list, with an average waitlist length of 82 children.[13] To make matters worse, campus child care centers have been closing across the country. Between 2003 and 2015 the number of community colleges with childcare dropped from 53% to 44%.[14] Indeed, Columbus State used

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[9] U.S. Government Accountability Office. *Food Insecurity: Better Information Could Help Eligible College Students Access Federal Food Assistance Benefits.* (2018).

[10] U.S. Department of Education, National Center for Education Statistics, *1995-1996 National Postsecondary Student Aid Study (NPSAS:96);* and *2015-2016 National Postsecondary Student Aid Study (NPSAS:16).*

[11] U.S. Department of Education, National Center for Education Statistics, *Trends in Pell Grant Receipt and the Characteristics of Pell Grant Recipients: Selected Years, 1999- 2000 to 2011-2012,* NCES 2015-601 (Washington, D.C.: September 2015); and *2015- 2016 National Postsecondary Student Aid Study (NPSAS:16).*

[12] Goldrick-Rab, S. *Paying the Price: College Costs, Financial Aid, and the Betrayal of the American Dream.* University of Chicago. (2016).

[13] Institute for Women's Policy Research. *Survey of Campus Children's Center Leaders.* (2016).

[14] Eckerson, E. et al. Child Care for Parents in College: A State-by-State Assessment. Institute for Women's Policy Research. (2016)

to have a Child Development Center that received support from Child Care Access Means Parents in School Program, but it closed in 2013 so I was unable to benefit from this resource.

I am here today in Washington because of my daughter. I often ask myself what I have done that I would want her to carry on. I am also here for students like me around the country, and students like those that Journey will become. We have to speak up for others, especially when no one else is paying attention to them.

I know the odds are low that Journey and I will ever escape poverty, but I also know that a college education helps. I am clearly willing to work for this bachelor's degree. But on days when money is tight and the bills are due, I wonder why I am paying the price for a badly broken system. What would happen if Congress instead built a college financing system that matched the strength and ambitions of today's students? I hope my story makes clear how desperately we want to improve our lives, and how very real the struggle of paying for college has become.

Chairman SCOTT. Thank you. Dr. Akers?

STATEMENT OF ELIZABETH AKERS, SENIOR FELLOW, MANHATTAN INSTITUTE

Ms. AKERS. Good morning, Chairman Scott, Ranking Member Foxx, and members of the committee. My name is Beth Akers, and I am a senior fellow at the Manhattan Institute, where I conduct research on higher education in the United States with a focus on finance. I have now worked in this space for over a decade; first, in my position as staff economist for the Council of Economic Advisors and at the Brookings Institution, as a fellow in both governance and economic studies. Thank you for the opportunity to share my testimony here today.

College is expensive and getting more so every year. This inflation, combined with the growing enrollment among less well-off students, is driving student borrowing to tick up year after year. The current outstanding balance of $1.5 trillion is the highest level in history, but it is important to remember that spending on higher education is, at least on average, worth it. The increase in earnings that comes from having a college degree tends to outweigh the upfront cost of enrollment. This makes debt a reasonable mechanism for helping students to pay for college. For those who do go on to see a positive return on their spending, the problem of affordability is an issue of liquidity or being able to borrow from their future earnings, and not an issue of price.

This notion is borne out by the statistics. While the popular media has frequently told stories of borrowers struggling with repayment, like the dental student who managed to amass $1 million in student debt, the vast majority of borrowers have small balances, reasonable payments relative to their income, and are eligible to take advantage of safety nets that will reduce or stop payments in times of financial hardship. The reality is that few borrowers have astronomical balances. As of 2015, just 5 percent of borrowers had balances in excess of $100,000, and many of those borrowers had completed graduate or professional programs that would lead to high-paying careers. While it is the responsibility of the media to cover the dire circumstances of the few, I am afraid that this has distorted our collective impression of the magnitude of the college cost problem, but knowing they are in the minority will provide little comfort to borrowers who find themselves underwater on their educational spending, nor should the infrequency of this problem cause policymakers to turn a blind eye.

Sadly, many students are spending on college, only to end up worse off financially than if they had not gone in the first place. College is risky, and it is this risk, not the price of college, that is untenable. The system of higher education finance that we have in place today is not fundamentally out of sync with the challenges we face, but a small number of important policy changes could bring it closer in line with our collective objectives.

First, we need to shore up the safety net for borrowers, and redesign it so that it operates effectively and is fiscally sustainable. It should be simple in design and foolproof to utilize, such that all students, not just those who are intensely financially savvy, can factor its existence into their enrollment and spending decisions. To accomplish this, we need to replace the existing system of Federal lending with a single loan program that collects loan repayment through a plan that ties monthly payments to a borrower's income.

There will always be a tension between providing a safety net and diminishing the incentive for people to be self-sufficient. Moral hazard is inevitable, but smart program design can ensure that safety nets are as efficient as possible and do not create incentives for perverse behavior, like those that exist in the current system.

We also need to work to mitigate the financial risk of college enrollment by empowering consumers with better information. The introduction of the college scorecard during the Obama Administration was a tremendous step forward. We should continue these efforts by improving and expanding the information that is available to students as they shop for college. And before we consider increased spending on subsidies, we need to make our current spending work harder for students and taxpayers by moving dollars from hidden and inefficient channels, like tax benefits and interest rate subsidies, to places they will do the most good. I believe all Federal subsidies to higher education should be delivered through a single means-tested grant program that delivers the most aid to the least well-off students.

With these primary changes in place, we should also look for ways to support new, low-cost business models that can put downward pressure on prices at all institutions. Innovation in higher education marketplace is currently limited by the constraints on access to Federal financial aid. It is challenging for innovative startups to compete with traditional institutions, where their students cannot access Federal grants or subsidized student loans. We should continue the work started with the EQUIP Program under the Experimental Sites Initiative to explore how best to extend Federal student aid dollars to new, low-cost providers.

Lastly, I urge you to reject the growing demand to make college free. Universality would be justified if there were fundamental barriers to a functioning marketplace in higher education, but no market failure exists that is not rectifiable through subsidies, provision of credit, and appropriate regulation. Embracing universality and postsecondary education would come at a tremendous financial cost, but would also rob us of the byproducts of a competitive marketplace: innovation, quality, and adequacy of supply.

Thank you for the opportunity to be here today. I look forward to answering all of your questions.

[The statement of Dr. Akers follows:]

Testimony of Beth Akers, PhD

Senior Fellow, Manhattan Institute

Submitted for the Record

United States House Committee on Education and Labor

Hearing: "The Cost of College: Student Centered Reforms to Bring Higher Education Within Reach"
March 13, 2019

College is expensive and getting more so every year. This inflation, combined with growing enrollment among less well-off students, is driving student borrowing to tick up year after year. The current outstanding balance of $1.5 trillion is the highest level in history.

But it's important to remember that spending on higher education is, on average, worth it. The increase in earnings that comes from having a college degree does, on average, outweigh the upfront cost of enrollment. This makes debt a reasonable mechanism for helping students to pay for college. For those who do go on to see a positive return on their spending, the problem of affordability is an issue of liquidity, or being able to borrow from their future earnings, and not an issue of price.

This notion is borne out by the statistics. While the popular media has frequently told the stories of borrowers struggling with repayment – like the dental student who managed to amass one million dollars in student debt – the vast majority of borrowers have small balances, reasonable payments relative to their income and are eligible to take advantage of safety nets that will reduce or stop their payments in times of financial hardship [link]. The reality is that few borrowers have astronomical balances. As of 2015, just 5 percent of borrowers had outstanding balances in excess of $100,000 [link]. And many of those borrowers had completed graduate or professional programs that would lead to high-paying careers. While it is the responsibility of the media to cover the dire circumstances of the few, I'm afraid that this has distorted our collective impression of the magnitude of our college cost problem.

But knowing they are in the minority will provide little comfort to borrowers who find themselves underwater on their educational spending. Nor should the infrequency of this problem cause policy makers to turn a blind eye. Sadly, many students are spending on college only to end up worse-off financially then if they hadn't gone in the first place.

College is risky. And it is this risk, not the price of college, that is untenable. Higher education is perhaps the single most important mechanism for social mobility in our economy. If we wish to maintain a system of economy that relies heavily on a notion of individual responsibility, then it is necessary that our primary mechanism for providing opportunity is functioning. And to the extent that it sometimes fails, a robust safety net should be in place. A pathway to financial prosperity and a corresponding safety net are necessary to empower people to provide for themselves.

Students who borrow to pay for education after high school should have access to a safety net that ensures repayment affordability. And it should be simple in design and fool-proof to utilize. And the safety net should be so fundamental to our system of finance that *all* students, not just those who are intensely financially savvy, can factor this safety net into their enrollment and spending decisions. We need to eliminate the complex system of federal student lending and replace it with a single loan program. That program should collect loan repayment through an income-driven repayment plan which ties monthly payments to a borrower's income.

There will always be a tension between providing a safety net and diminishing the incentive for people to be self-sufficient. Reducing the incentive to work, on some margin, is a necessary evil. Moral hazard is inevitable, but smart program design can ensure that safety nets are as efficient as possible and do not create incentives for perverse behavior, like those that exist in the current system.

Changes to the system of federal student aid are also needed on the front-end. We need to make government spending work harder for students and taxpayers by moving dollars from hidden and inefficient channels to places they will do the most good.

We are currently providing massive subsidies to individuals who work in the public and non-profit sectors through the Public Service Loan Forgiveness program. This program, which is estimated to cost $24 billion over the next ten years [link], provides loan forgiveness to workers who have balances remaining on their student loans after ten years of repayment. Providing subsidies to these workers may be justifiable but doing so through the student lending program is wildly inefficient an inequitable. Congress should eliminate the Public Service Loan Forgiveness program and divert funds to a program that more explicitly subsidizes employment in undersubscribed professions that serve the public good.

Tax benefits for spending on higher education should also be eliminated, with funds diverted to a means tested grant program. Research indicates that subsidies delivered through the tax code are less effective than Pell grants at encouraging enrollment [link]. Tax credits (Lifetime Learning Credit and the American Learning Credit) come several months after tuition is due, far too late to help families who are struggling to make ends meet. And the benefit of being able to deduct student loan interest payments from taxable income comes years after a student finishes college. It's hard to imagine that their existence plays any role in how students and their families think about the affordability of college enrollment.

All government subsidies to higher education enrollment should be delivered through a single, means-tested grant program that delivers to the most aid to the least well-off students. The challenge of affordability faced by middle- and upper-income households stems, at least in part, from a preference for enrolling in higher price institutions and degree programs. Supporting this behavior should not come at the expense of further supporting lower income students who are struggling with expenses, even those beyond the cost of enrollment.

We also need to empower students to police the market for higher education themselves; to keep price in line with value. To do this, students need information on how institutions and programs of study are performing. They also need more clear information on costs. The introduction of the College Scorecard during the Obama administration was a tremendous step forward. We should continue these efforts by further refining the information that is available to students. Keeping in mind the need for privacy, the Department of Education should work with the Internal Revenue Service to develop a more complete database of graduate earnings so that the College Scorecard can provide more precise information on academic and financial success of former students by both institution and program of study.

Another source of downward pressure on price is competition from new, low-cost business models. Innovation in the higher education marketplace is currently limited by the lack of access to federal financial aid. It is challenging for start-ups to compete with traditional institutions which can grant their students access to both federal grants and subsidized student loans. We should continue the work started with the Experimental Sites Initiative to explore how best to extend federal student aid dollars to new, low-cost providers.

Congress should also support the emerging market for income-share agreements by providing a legal framework for these contracts. This will both protect borrowers from predatory actors but also provide the clarity that is necessary for the market to continue growing.

Lastly, I urge you to reject the growing demand to make college "free." Universality would be justified if there were fundamental barriers to a functioning marketplace for higher education. But no market failure exists that isn't rectifiable through subsidies, provision of credit and appropriate regulation. Embracing universality in post-secondary education would come at tremendous financial cost but would also rob us of the byproducts of a competitive marketplace - innovation, quality and adequacy of supply.

There is no reason why the marketplace for higher education in the United States can't work better for individuals and society. But for it to do so we need to: (1) empower consumers with information; (2) recognize that risk is a fundamental challenge that should be addressed through provisions of an effective and efficient safety net; and (3) deliver subsidies in a manner that is efficient and simple enough for students to navigate even when their attention is limited by working and caring for their families.

Chairman SCOTT. Thank you. Is it Dr. Kvaal? Thank you.

Mr. KVAAL. Yes.

Chairman SCOTT. Dr. Kvaal.

STATEMENT OF JAMES KVAAL, PRESIDENT, THE INSTITUTE FOR COLLEGE ACCESS AND SUCCESS

Mr. KVAAL. Yes, thank you. Chairman Scott, Ranking Member Foxx, and members of the committee, thank you for the great privilege of being here today. American colleges and universities are nearly unmatched in their potential to create opportunity and raise living standards, but over the last generation, we have had a sea change in how we pay for college. States have cut funding for public colleges and universities, and that drives up tuition for the three-quarters of students who attend public universities and community colleges.

Higher costs mean many students do not enroll. There is a long line of research that suggests that each additional thousand dollars in costs reduce enrollments by 3 to 5 percentage points. Other students work long hours or enroll part-time, often at the expense of academic success. Some go hungry or homeless. Only 58 percent of our students earn a degree within 6 years. The most common reason they give for dropping out is to earn more money. It is not surprising then that students with high earning parents are five times more likely to hold a college degree. Latino adults are only half as likely to hold a college degree as other Americans, and black adults only two-thirds as likely.

Growing college costs have also created a concentrated crisis in student debt. While most students benefit from college and repay their loans, millions of students fall behind on their loans, default, or see their balances grow over time because their payments are smaller than accrued interest. Struggling borrowers tend to have smaller loans, often because they dropped out of college. Others successfully completed but attended low-quality programs. For example, one study found that certificate programs at for-profit colleges leave students worse off, on average, because their increased learnings are smaller than their student debts.

Over 1 million students a year default on their loans, suffering punitive consequences that can drive them deeper into debt. The experience of black borrowers, in particular, is deeply disturbing. Seventy percent of black borrowers are projected to eventually default. These problems were a generation in the making and reversing them will not happen quickly. However, I offer three recommendations.

First, Congress should set a goal of doubling the Pell Grant, which is the level needed to end disparities in college affordability. It may not be able to double the Pell Grant immediately, but it should at least increase Pell Grants faster than inflation every year. It should also make them a true entitlement to protect them from the economic cycle.

Second, Congress should build a new relationship with States. Federal efforts to make college more affordable simply cannot succeed without robust State investments alongside them. A new partnership with States should prioritize low-income students, consider the full cost of college, not just tuition, and address inequities in how States fund the colleges, enrolling the most low-income students and students of color.

Finally, Congress should make it easier to repay loans as a share of income. Students in income-driven repayment plans are less likely to fall behind on their loans. They actually pay back more as a result, and they are financially healthier overall. However, improvements in IDR are needed. The five existing programs should be combined into a single plan that sets payments for all borrowers at 10 percent of income, above a living allowance. It should be easier for students to enroll and to certify their incomes, and after 20 years of payments, any remaining balance should be forgiven.

Some final observations. First, too many unnecessary defaults occur because of the low quality of the private companies that collect student loans for the Department of Education. I urge Congress to hold these companies to high standards.

Second, the Public Service Loan Forgiveness Program encourages graduates to become teachers, nurses, service members, first responders, but the program is far too complicated and poorly run. In the first round of applications, 99 percent of applicants were denied. We should retain this program, but we should simplify it.

Finally, the issue of affordability is intertwined with the question of accountability for student outcomes. Some colleges routinely leave students with unaffordable loans. I urge the committee to carefully consider how accountability can improve the value that colleges offer students and taxpayers.

After decades of shifting the cost to students, it is important to remember that we all have a stake in helping more Americans graduate. Investing in Pell Grants, partnering with States, and ensuring loans are affordable are a realistic path to help bring about the society we want.

Thank you very much.

[The statement of Mr. Kvaal follows:]

James Kvaal
President
The Institute for College Access & Success

Testimony before the U.S. House Committee on Education and Labor

The Cost of College: Student Centered Reforms to Bring Higher Education Within Reach

March 13, 2019

Chairman Scott, Ranking Member Foxx, and members of the committee:

Thank you for the privilege of sharing my views on college affordability with you.

I am the president of The Institute for College Access & Success. We combine research, policy design, and advocacy to promote affordability, accountability, and equity in higher education. Before joining TICAS, I served in the Obama Administration as deputy domestic policy adviser at the White House and deputy undersecretary at the U.S. Department of Education.

Few, if any, American institutions can match our colleges, universities, and community colleges in their power to improve lives, promote equal opportunity and raise living standards. But they cannot serve this mission if they are priced out of reach.

For college to be affordable, students must be able to both make ends meet while enrolled and successfully repay their loans after leaving school. Unfortunately, for many students, one or both of those goals are not possible today. Financial barriers still keep many students from earning college degrees and—while the returns to college are high for those who succeed—there is a crisis for the many students who struggle to repay their loans. A million students a year default.

To make college affordable, I urge the Committee to:

- Reinvigorate the most important federal commitment to college opportunity: the Pell Grant;
- Build a new partnership with states dedicated to affordability; and
- Offer all students a simpler, easier way to repay their loans on a sliding scale based on their income.

The Goal: Equitable Opportunity through Higher Education

In America today, the median income has grown by only 3.5 percent since the year 2000, after inflation.[1] Young people have only a 50-50 shot at earning more than their parents did a generation ago.[2]

Education helped build the widely shared prosperity of the 20th century and remains an essential strategy today. However, the number of college graduates have not kept up with the demands of the economy.[3] The wage premium paid workers with bachelor's degrees is near historic highs, and technical degrees and certificates can also lead to well-paid jobs.[3] The return to a four-year college is above 15 percent per year of college, more than double the return on investments in the stock market.[4]

College has tremendous potential as a force for upward mobility. At most colleges, students from low- and high- income families earn similar incomes in adulthood.[5] The returns to college have been just as high, if not higher, for students on the border of either attending or completing college. These students are often from low-income families and their decisions often hinge on the cost or accessibility of college.[6]

However, college opportunities are not equitably available by income and race. Young people with high-earning parents are more than five times more likely to earn college degrees by age 24 than their low-income peers.[7] While 34 percent of American adults have a bachelor's degree or higher, only 24 percent of Black adults and 17 percent of Latino adults do.[8] Children whose

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[1] Bureau of Labor Statistics, U.S. Department of Labor. "Current Population Survey Historical Income Tables: People, Table P-7: Regions—People (Both Sexes Combined) by Median and Mean Income. 2018. https://bit.ly/2eFg7jh.

[2] Raj Chetty, David Grusky, Maximillian Hell, Nathaniel Hendren, Robert Manduca, and Jimmy Narang. "The Fading American Dream: Trends in Absolute Income Mobility since 1940." Science 356, no. 6336 (2017): 398–406. https://bit.ly/2TsQtpN. [3] Claudia Goldin and Lawrence Katz. "The Race between Education and Technology: The Evolution of U.S. Educational Wage Differentials, 1890 to 2005." NBER Working Paper No. 12984. March 2007. https://bit.ly/2TqZDDp.

[3] TICAS calculations based upon Sarah Flood et al. Current Population Survey: Version 5.0, Integrated Public Use Microdata Series. Minneapolis: University of Minnesota. 2017. https://bit.ly/2CeXfEX. Clive Belfeld and Thomas Bailey. "The Labor Market Returns to Sub-Baccalaureate College: A Review. Center for Analysis of Postsecondary Education and Employment." 2017. https://bit.ly/2VStUYt.

[4] Michael Greenstone and Adam Looney. "Regardless of the Cost, College Still Matters." Brookings Institution. October 2012. https://bit.ly/1kpvZsp.

[5] Raj Chetty, John Friedman, Emmanuel Saez, Nicholas Turner, and Danny Yagan. "Mobility Report Cards: The Role of Colleges in Intergenerational Mobility." July 2017. https://bit.ly/2k1cnKG.

[6] See for instance Sandy Baum, Michael S. McPherson, Breno Braga, and Sarah Minton. "Tuition and State Appropriations: Using Evidence and Logic to Gain Perspective." Urban Institute. February 2018. https://urbn.is/2T0OPqc. Mark Huelsman. "The Unaffordable Era: A 50-State Look at Rising College Prices and the New American Student." Demos. 2018. https://bit.ly/2F3s9Cf. Michael Mitchell, Michael Leachman, and Kathleen Masterson. "A Lost Decade in Higher Education Funding: State Cuts Have Driven Up Tuition and Reduced Quality." Center on Budget and Policy Priorities. August 23, 2017. https://bit.ly/2pwkjIT. Neal McCluskey. "Not Just Treading Water: In Higher Education, Tuition Often Does More than Replace Lost Appropriations." Cato Institute. February 15, 2017. https://bit.ly/2F3F1bg.

[7] The Pell Institute. "2018 Indicators of Higher Education Equity in the United States." 2018. https://bit.ly/2yVlHd0.

[8] National Center for Education Statistics, U.S. Department of Education. "Digest of Education Statistics." Table 104.10: Rates of high school completion and bachelor's degree attainment among persons age 25 and over, by race/ethnicity and sex: Selected years, 1910 through 2017. 2018. https://bit.ly/2TzkOTS.

parents' earnings place them in the top one percent are 77 times more likely to attend an Ivy League or similar college than children whose families' earnings are in the bottom 20 percent.[9]

It's important to remember that education does not benefit students alone. It carries broader benefits, such as greater productivity, increased tax revenue, reduced criminal behavior, improved health, higher civic participation rates, and more.[10] We all have a stake in helping more Americans graduate from college, and yet more and more we have shifted the burden of college financing onto the students alone.

The Problem: Unaffordable College Costs and Student Loans

Over a single generation, there has been a sea change in how students and families pay for college. College tuition has risen and, with it, affordability gaps and student debt have also grown.

The cost of college increased by $2,200 for Pell Grant recipients at community colleges between 2000 and 2016, after adjusting for inflation, while available grant aid only increased by $1,000. At public four-year colleges, costs increased by $6,300 during this period, and aid increased just $3,100.

One important reason for these rising costs is the decline in state investment.[11] States often make deep cuts in higher education during economic downturns, but do not replace the funds when times are good. Between 2000 and 2016, per-student state and local funding to colleges fell by $1,400 (16 percent), after inflation.

Over this period, the maximum Pell Grant—the most important federal investment in college affordability—increased by almost $1,400 after inflation. Yet the purchasing power of the grant declined from covering 39 percent of costs to just 30 percent.

The result is more student debt. More students are borrowing: The share of public college bachelor's degree recipients with federal or private student loan debt increased from 60 percent to 66 percent between 2000 and 2016. And they are borrowing more: graduates' average debt load increased 18 percent between 2000 and 2016 after adjusting for inflation.[13]

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[9] Chetty, Friedman, Saez, Turner, and Yagan, supra note 6.
[10] White House Council of Economic Advisers, "Investing in Higher Education. Benefits, Challenges and the State of Student Debt." July 2016. https://bit.ly/2Uu2jfX.
[11] See for instance Sandy Baum, Michael S. McPherson, Breno Braga, & Sarah Minton. "Tuition and State Appropriations: Using Evidence and Logic to Gain Perspective." Urban Institute. February 2018. https://urbn.is/2T0OPqc. [13] TICAS calculations based upon the National Postsecondary Student Aid Study (NPSAS) 2015-16.

We have moved away from the days when states kept college broadly affordable and Pell Grants filled the gap for low-income students. The new era is marked by affordability gaps and growing student debt.

For everyone other than students, loans are an easy answer. Federal student loans have little cost to taxpayers. They have no cost at all to states or colleges. But for students, there are two problems.

First, many students cannot afford to enroll in college and earn a degree. Students must not only pay tuition and fees but also cover the cost of living expenses, textbooks, transportation, and the other costs of going to college. Even after scholarships, the remaining amount—the amount students must contribute from savings, earn, or borrow—is high.

More than half of Black, Latino, and Native American students come from families earning less than $30,000 a year.[12] To pay for college without loans, these students would have to dedicate half their income to pay to attend a community college even after receiving grant aid. An average public university would take 77 percent of their income.[13]

Real college costs can be even higher than the cost of attendance estimated by colleges. Lowincome students share the complex realities of other low-income Americans, such as the need to support children and other family members, unstable low-wage jobs, and unexpected expenses like car repairs.[14] The underfunded, blunt instrument of our financial aid system has little flexibility to help students meet extra needs or absorb unexpected financial blows.

Students cope with the affordability gap in different ways. Many do not enroll at all. A long line of research shows that each $1,000 in cost reduces enrollment by three to five percentage points.[15] Recent evidence from Texas suggests that scholarships substantially increase lowincome students' attainment and earnings, and scholarships pay for themselves through financial gains for the public.[16]

[12] TICAS calculations based upon the National Postsecondary Student Aid Study (NPSAS) 2015-16.

[13] TICAS. "College Costs in Context: A State-By-State Look at College (Un)Affordability." 2017. https://bit.ly/2krAm7K.

[14] TICAS. "The Road Less Fragile: First Steps for Helping Financially Vulnerable Students Succeed." February 2019. https://bit.ly/2UxnFZK.

[15] TICAS. "Aligning the Means and the Ends: How to Improve Federal Student Aid and Increase College Access and Success." February 2013. https://bit.ly/2UxnFZK. David S. Mundel. "What Do We Know About the Impact of Grants to College Students?" The Effectiveness of Student Aid Policies: What the Research Tells Us. Sandy Baum and Michael McPherson, editors. The College Board. 2008. https://bit.ly/2J4zzJq. Susan Dynarski and Judith Scott-Clayton. "Financial Aid Policy: Lessons from Research." NBER Working Paper No. 18710. January 2013. https://bit.ly/2Tu1mYB.

[16] Jeffrey T. Denning, Benjamin M. Marx, and Lesley J. Turner. "ProPelled: The Effects of Grants on Graduation, Earnings, and Welfare." September 2017. https://bit.ly/2HbGazS.

Other students cope with high costs by working long hours, reducing the time available for their studies.[17] Research shows that working more than 15 or 20 hours per week comes at the expense of academic success.[18] Many low-income students also enroll part-time to reduce tuition costs and make more time for paid work. But this strategy substantially extends their time-to-degree and reduces their chances of graduating.[19]

Some suffer deprivations. More students than should go hungry or homeless.[20] According to media reports, some low-income students sell blood plasma to get by.[21]

Not surprisingly, then, the most common explanation college students give for dropping out is that they need to work to earn money.[22] Struggling community college students say that the amount they needed to work left too little time to study.[23] One student told us, "I only take a couple of classes a semester because that is all I can afford at the time, and I have to keep working 30-40 hours a week to pay for everything else."

Another student said, "I pay for all of my bills, school, and personal needs with the hours I work. Because of this, it's taking me much longer to get through school than I would like, and I struggled a lot my first two years with the balance of work and school."[24]

The second implication of decades of declining investment in college affordability is a "concentrated crisis" in student debt.

I say the crisis is "concentrated" because, for many students, loans are working the way they are supposed to do. Borrowing helps many students enroll in college and complete more quickly.[25] The returns to college remain high.[28] Most students successfully repay their loans.

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[17] White House Council of Economic Advisers.
[18] Anthony P. Carnevale and Nicole Smith. "Balancing Work and Learning: Implications for Low-Income Students." Georgetown University Center on Education and the Workforce. 2018. https://bit.ly/2NMJQaP.
[19] D. Shapiro, A. Dundar, P.K. Wakhungu, X. Yuan, A. Nathan, and Y. Hwang, "Time to Degree: A National View of the Time Enrolled and Elapsed for Associate and Bachelor's Degree Earners" (Signature Report No. 11). National Student Clearinghouse Research Center. September 2016. https://bit.ly/2daq0VN.
[20] Government Accountability Office. "Food Insecurity: Better Information Could Help Eligible College Students Access Federal Food Assistance Benefits." GAO-19-95: December2018. https://bit.ly/2FmBqFK. Sara Goldrick-Rab, Jed Richardson, Joel Schneider, Anthony Hernandez, and Clare Cady. "Still Hungry and Homeless in College." April 2018. https://bit.ly/2EPl46P.
[21] Francisca Benitez. "Money for blood: As the global plasma industry grows, struggling students donate to survive." Daily Emerald. November 26, 2017. https://bit.ly/2Ttd5q5. Elsbeth Sanders. "Plasma donation companies exploit college students." Indiana Daily Student. February 13, 2019. https://bit.ly/2Tlf4pV.
[22] Public Agenda. "With Their Whole Lives Ahead of Them: Myths and Realities About Why So Many Students Fail to Finish College." 2011. https://bit.ly/2Mhp4zr (54 percent of students who dropped out said that needing to work to earn money was major reason they dropped out, more than any other reason).
[23] Stephen R. Porter and Paul D. Umbach. "What Challenges to Success Do Community College Students Face?" Raleigh, NC: Percontor, LLCRISC. January 2019. https://bit.ly/2E4vPCY. TICAS. "On the Verge: Costs and Tradeoffs Facing Community College Students." April 2016. https://bit.ly/2lBzTPk.
[24] TICAS, "On the Verge," supra note 27.
[25] White House Council of Economic Advisers, supra note 21. [28]
Greenstone and Looney, supra note 5.

However, there are clear and urgent signs of distress among a group that, while not the majority of all borrowers, numbers in the millions. These students usually do not have six figures of debt. These students are disproportionately older, enrolled part-time, and more likely to have attended open access colleges.[26] They tend to have small loans, often because they dropped out of college. Completing a program cuts the likelihood of default in half.[27]

Others may have borrowed to attend low-quality programs. One study of students seeking certificates at for-profit colleges found small, statistically insignificant earnings gains that were smaller than their debts.[28] Bachelor's degree graduates from for-profit colleges are more likely to have debt, and to have substantially larger debts, than graduates from other schools.[29]

Default is all too common. Over one million students default a year, suffering punitive consequences that can drive them deeper into debt and, ironically, make it harder for them to repay their loans.[30] There are 781 colleges where most students borrow and most borrowers have not paid down even $1 of their loan after seven years; three-quarters of these colleges are for-profit schools.[31] Almost half of the students entering for-profit colleges in 2003-04 defaulted within 12 years, four times the rate of students at public colleges.[32]

The experience of Black borrowers, in particular, is deeply disturbing. Twelve years after entering college, a typical Black borrower owes more than she borrowed—that is, more interest and fees have accrued than she has made in payments.[33] Judith Scott-Clayton of Columbia University estimated that 70 percent of Black borrowers may eventually default.[34]

There has been a generational shift away from public support for higher education, shifting more and more of the cost of college onto the backs of students. Millions of students are struggling to enroll in college, complete a degree, and repay their loans. It took us decades to get here, and an ambitious effort to reverse these policies and make college affordable will not be easy.

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[26] Adam Looney and Constantine Yannellis. "A Crisis in Student Loans? How Changes in the Characteristics of Borrowers and the Institutions They Attended Contributed to Rising Loan Defaults." Brookings Institution. 2015. https://brook.gs/2w7QuAA.
[27] TICAS. "Students at Greatest Risk of Loan Default." April 2018. https://bit.ly/2rb8doK.
[28] White House Council of Economic Advisers, supra note 21. Stephanie Riegg Cecillini and Nicholas Turner. "Gainfully Employed? Assessing the Employment and Earnings of For-Profit College Students Using Administrative Data." NBER Paper 22287. January 2018. https://bit.ly/2tXjfzE.
[29] TICAS. *Student Debt and the Class of 2017*. September 2018. https://bit.ly/2TK4g7w
[30] TICAS. "The Self Defeating Consequences of Student Loan Default." October 2018. https://bit.ly/2PThD2A.
[31] TICAS. "Colleges Where Most Students Borrow and Few Repay." April 2018. https://bit.ly/2L344fu.
[32] TICAS, "Students at the Greatest Risk of Loan Default," supra note 32.
[33] Ben Miller. "New Federal Data Show a Student Loan Crisis for African American Borrowers." Center for American Progress: October 16, 2017. https://ampr.gs/2ip5ZxD.
[34] Judith Scott-Clayton. "The Looming Student Loan Default Crisis Is Worse than We Thought." Brookings Institution: January 10, 2018. https://brook.gs/2EanLBr.

Addressing College Affordability

In the next reauthorization of the Higher Education Act, Congress should take three steps: make the investments needed to reinvigorate the Pell Grant, create a new partnership with states dedicated to college affordability, and make it simpler and easier for students to repay their loans as a share of their incomes.
Reinvigorate the Pell Grant

The Pell Grant remains the most important federal effort to promote college enrollment, completion, and equity. It serves over 7 million students, the vast majority of whom have family incomes below $40,000.[35]

However, this year's maximum grant of $6,095 is only about one-half the level needed to close college graduation disparities.[36] It is also much smaller than it was in the past, relative to college costs: it pays for just over a quarter of the cost of attending a four-year public college, down from nearly half in 1990 and more than three-quarters in the 1970s.[37]

To reinvigorate the Pell Grant, Congress should set a long-term goal of doubling the maximum award. To reach that goal, Congress will need to increase the maximum Pell Grant faster than inflation every year, starting by restoring the automatic adjustment that existed between 2013 and 2018.

Second, Congress should protect Pell Grants by making them an entitlement. In some ways they already are an entitlement: every qualified student receives a Pell Grant. However, it is funded through the annual appropriations process, which does not work well. Pell costs are very cyclical: during economic downturns, more students enroll in college and they have greater financial need. And yet, funding decisions rely on long-term projections; the FY 2020 Budget released this week will fund Pell Grants through June 2021, more than two years from now. The inevitable result is a boom-and-bust cycle of Pell surpluses and deficits.

The Pell Preservation and Expansion Act, introduced in the House by Rep. Susan Davis last year, embodies these principles.

In addition, Congress should make the Pell Grant more effective through simplification. By making better use of tax data to calculate students' Pell eligibility, Congress would simplify both

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[35] TICAS calculations using data from the U.S. Department of Education, "2015-16 Federal Pell Grant Program End-Of-Year Report," Table 71. https://bit.ly/2HunAm5.
[36] TICAS. "Aligning the Means and Ends," supra note 19.
[37] College costs are defined here as average total in-state tuition, fees, and room and board costs at public four-year colleges. TICAS calculations based upon on data from the College Board, "Trends in College Pricing 2018," Table 2, 2018. https://bit.ly/2is8e4i, and U.S. Department of Education data on the maximum Pell Grant. Precise figures are 28 percent in 2018-19, 45 percent in 1990, and 79 percent in 1975.

Free Application for Federal Student Aid (FAFSA) form itself and the burdensome verification process that often denies aid to eligible students.[38] However, simplification alone—without a larger Pell Grant—will not solve the affordability problem.

Build a New Partnership with States

Higher education has long been a federal-state partnership. States seek to keep tuitions low at community colleges and public universities, the institutions that serve three-quarters of students. The federal government promotes equity by providing financial aid to low-income students.

However, for decades, states have made deep cuts in higher education during downturns, without replacing the funds when times are good. The result has been a ratchet effect, with lower state support each economic cycle. Even now, long after state revenues have recovered from the Great Recession, average state funding per student at public institutions remains 16 percent below its pre-recession level.[39]

State spending is also distributed inequitably. Selective public colleges spend almost three times as much per student than other public colleges, according to the Georgetown Center on Education and the Workforce. Black and Latino students disproportionately attend open-access colleges where their graduation rate is only 46 percent.[40]

It is time for Congress to create a new partnership where the federal government and states invest together in higher education. The new program should:

- Provide a substantial increase in federal funds that reward states for making college affordable, including addressing the full cost of attending college and starting with lowincome students;
- Promote equity for low-income students and students of color by identifying and working to remedy disparities in resources and educational outcomes; and
- Cushion the impact of state budget crises on students and colleges.

[38] TICAS, *After the FAFSA: How Red Tape Can Prevent Eligible Students from Receiving Financial Aid*. July 2010. https://bit.ly/2Htv7Bp; TICAS. *On the Sidelines of Simplification: Stories of Navigating the FAFSA Verification Process*. November 2016. https://bit.ly/2Emz4WF. TICAS. "Recommendations for Eliminating Specific FAFSA Questions to Further Simplify the Federal Student Aid Application Process." June 29, 2015. https://bit.ly/2XNFiGI.
[39] Center on Budget and Policy Priorities. "Unkept Promises: State Cuts to Higher Education Threaten Access and Equity." 2018. https://bit.ly/2uOw50f.
[40] Anthony P. Carnevale, Martin Van Der Werf, Michael C. Quinn, Jeff Strohl and Dmitri Repnikov. "Our Separate & Unequal Public Colleges: How Public Colleges Reinforce White Racial Privilege and Marginalize Black and Latino Student." 2018. https://bit.ly/2C7UKnZ.

Many of the "free college" proposals are premised on a new federal-state partnership, including a proposal included in the Aim Higher Act introduced by Chairman Scott last year.

Offer all students a simpler, easier way to repay their loans as a share of income.

Since 1993, federal law has allowed students to repay their student loans as a share of income, rather than through fixed monthly payments. There are now five income-driven repayment (IDR) plans, and enrollment in IDR plans has grown by over 300 percent over the past five years to 7.2 million.[41] The most popular plan sets payments at 10 percent of income, above a living allowance, and forgives any remaining debt after 20 years.

IDR plans help protect students from the riskiness of student loans, allowing them to seek the returns that most students receive while being protected against low incomes, whether due to misfortune in the labor market or some other reason. While college graduates enjoy larger earnings of the course of their careers, the benefits of college are often small in the first years after college. In these cases, IDR payments also start low and grow over time, letting students repay their loan as their ability to pay increases.

Most borrowers enrolled in IDR have low incomes.[42] Nonetheless, research suggests that students repaying their loans through IDR are less likely to fall behind on their payments and default.[43] While monthly payments are often lower in IDR than in the standard plan, borrowers may actually pay more on their loans because they make more timely payments and pay more in interest. They are also financially healthier in other ways, with higher credit scores and a greater likelihood of holding a mortgage.[44]

Despite these advantages, IDR is not yet reaching its full potential. The array of five very similar programs is confusing to students, and the necessary annual income documentation makes it difficult to enroll and stay enrolled. Some IDR plans allow high-income borrowers with large debts to pay less than 10 percent of their incomes.[45] Borrowers who receive loan forgiveness at

[41] TICAS calculations based upon data from the Federal Student Aid Data Center, accessed March 10, 2019. https://bit.ly/1F0lXA7.

[42] TICAS. "Make It Simple, Keep It Fair: A Proposal to Streamline and Improve Income-Driven Repayment of Federal Student Loans." May 2017. https://bit.ly/2x3jeMW (in 2016, the average income of borrowers enrolled in the IBR, PAYE, and REPAYE plans was less than $36,000 for an average household size of more than two people).

[43] Holger M. Mueller and Constantine Yannelis. "Students in Distress: Labor Market Shocks, Student Loan Default, and Federal Insurance Programs." NBER Working Paper No. 23284. 2017. https://bit.ly/2Hd9rKn. U.S. Government Accountability Office. "Federal Student Loans: Education Could Do More to Help Ensure Borrowers are Aware of Repayment and Forgiveness Options." 2015. .

[44] Daniel Herbst. "Liquidity and Insurance in Student Loan Contracts: The Effects of Income-Driven Repayment on Borrower Outcomes." Working Paper. February 12, 2019. https://bit.ly/2Sx2Ro8.

[45] TICAS. "Make It Simple, Keep It Fair," supra note 46.

the end of 20 years of payments must pay taxes on that amount, sometimes a large and unaffordable penalty.[46]

Congress should replace the five current IDR plans with a single, streamlined plan that requires borrowers to pay 10 percent of their discretionary income for 20 years. After they make two decades of payments, any remaining balance should be forgiven tax-free. Student debt should not be a life sentence, and borrowers with large loans relative to their incomes, who have met their obligations for 20 years, should be given the opportunity to move on with their lives and meet other needs, such as saving for retirement.

In addition, borrowers should have access to an automated annual income recertification process, using existing IRS data. Delinquent borrowers should be automatically enrolled in IDR to help them avoid default.[47] Aim Higher includes these changes and more. The bipartisan SIMPLE ACT, introduced by Representatives Bonamici and Costello in a past Congress, includes several of them.

Student debt is a particular challenge for those who choose lower-paid careers, and it can deter students from entering public service careers.[48] The Public Service Loan Forgiveness program supports teachers, health professionals, service-members, and other public servants by writing off loans after 10 years of student loan payments. Despite its important purpose, its design is overly complex and implementation so poor that 99 percent of the first applicants have been denied.[49] I urge Congress to simplify this important program so that hundreds of thousands of borrowers receive the forgiveness they were promised and have relied upon.

Finally, I urge Congress to ensure that the private companies paid to collect federal student loans are held accountable to high standards. Incomplete or misleading information can and often does lead to unnecessary loan defaults and higher costs for students. The Government Accountability Office has documented deficiencies in the Department of Education's management of these companies.[50]

Conclusion

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[46] TICAS. "Tax Penalty Hits Student Loan Borrowers in Income-Driven Repayment Plans for the First Time." April 12, 2018. https://bit.ly/2vuOyHl.
[47] TICAS. "Make It Simple, Keep It Fair," supra note 46.
[48] White House Council of Economic Advisers, supra note 21.
[49] Stacy Cowley. "28,000 Public Servants Sought Student Loan Forgiveness. 96 Got It." *New York Times*, September 27, 2018. https://nyti.ms/2NLTLBQ.
[50] U.S. Government Accountability Office. "Federal Student Loans: Further Actions Needed to Implement Recommendations on Oversight of Loan Servicers." July 27, 2018. https://bit.ly/2NrwLUx. Office of the Inspector General, U.S. Department of Education. *Federal Student Aid: Additional Actions Needed to Mitigate the Risk of Servicer Noncompliance with Requirements for Servicing Federally Held Student Loans.* March 5, 2019. https://bit.ly/2GpZfxR.

Before concluding, I want to make one final observation. Because some colleges produce a low or even negative return on investment, the issue of affordability is intertwined with how colleges are held accountable for unacceptable student outcomes.[51] All colleges are not the same, and some college and programs routinely leave students with debts they cannot afford to repay. The evidence suggests that strong accountability systems can drive better outcomes for students.[52] And yet, the Trump Administration is seeking to dismantle key protections for students and taxpayers, which will make the problems of student debt worse.[53] The Committee's planned additional hearing specific to accountability will address an important topic.[54]

Millions of students are struggling to pay for college. Many cannot afford the cost of attending college. While student loans pay off for most, many struggle and default. These affordability challenges exacerbate inequalities facing low-income students and students of color. All of us would benefit from the more equitable, prosperous country that would result from greater investments in college affordability.

[51] Cellini and Turner, supra note 33.
[52] TICAS. "Detailed Comments on the Gainful Employment Rule." September 13, 2018. https://bit.ly/2HcfPBN. TICAS. "CDR: What is it Good For? Absolutely Something. A Primer on the Value of the Cohort Default Rate, its Shortcomings, and Solutions." January 22, 2018. https://bit.ly/2oUs5MA.
[53] "Coalition Letter to the 116th Congress on the Higher Education Act Reauthorization." January 2019. https://bit.ly/2Uw82BI. "Comments from 62 Organizations on the Department of Education's 2019 Regulatory Agenda." September 2018. https://bit.ly/2ETcWSC.
[54] For a discussion of issues the Committee could consider, please see TICAS. "Response to Sen. Alexander's White Paper and Request for Information on Accountability." February 16, 2018. https://bit.ly/2SVlSuP.

Chairman SCOTT. Thank you, and I thank all our witnesses for their testimony. Now, we begin with our members' questionings. I will reserve my questions to the end and call on the chair of the Higher Education Subcommittee, Ms. Davis.

Mrs. DAVIS. Thank you. Thank you, Mr. Chair. I appreciate it. Thank you all for being here, particularly our student, who is here to represent someone who is more close to this process than some of us are. And I want to also mention very briefly, because, you know, we can all imagine how many students and parents are anxiously awaiting those letters on admissions today, and how, in many ways powerless, they must be feeling when they know they have worked hard, played by the rules, and yet, we have this scandal that we are all going to be following, and it hurts many communities, even in San Diego. I know that the news is hitting hard.

I wanted to go—first to Dr. Webber. And you were mentioning in your testimony how public institutions respond to State budget cuts by increasing their tuition and cutting spending. Can you just talk a little bit more how the cutting of spending actually can be far more detrimental to students in some cases than even the increase in tuition?

Mr. WEBBER. Absolutely. Well, thank you for that question. And I also wanted to briefly mention that I am legally blind, so I sincerely apologize if I am not making eye contact with you at this moment.

So, spending matters quite a bit for graduation, and there are many low, low resourced institutions that, you know, simply are not able to provide the services that, especially, you know, many at-risk students currently need for graduating. And, you know, as we have, you know, talked about already today, the students who are at the greatest risk in terms of student debt are the ones who do not get the degree. So, to the extent that spending cuts hurts the likelihood of graduation, that is, potentially, even more damaging than a rising upfront cost.

Mrs. DAVIS. How do you think, and maybe others can answer this, too, that our public institutions have addressed this problem? What are they doing, specifically?

Mr. WEBBER. So, I think there are many different ways that different States have, you know, tried to address this. So, there are a number of States that have implemented Promise programs, like—

Mrs. DAVIS. Right. We did hear from—mm-hmm.

Mr. WEBBER [continuing]. like North Carolina. I mean, my colleague to my left might be better equipped at addressing that than me.

Ms. MORRISON-SHETLAR. I think the investment of the State has been unprecedented for North Carolina, and as a result, being able to ensure that the students receive the kind of support that they need to be successful is paramount. And so having the option to increase the number of students and, therefore, increase the need for these resources or increase the number of students and decrease these resources goes counterproductive to the success of the students.

Mrs. DAVIS. Right, and I know that you addressed, briefly, and others, just how that matters to the outcomes because we have students who, unfortunately, are taking longer and, in some cases, that might be okay, but it also costs them a lot more to do that and it has a greater burden on the institution. How have the outcomes been represented in that way?

Ms. MORRISON-SHETLAR. So, North Carolina's system has a series of metrics as part of their strategic plan, and we are held to those and we are accountable for those. And with North Carolina Promise, what we are finding, even in the first year, that we have had an increase in enrollment of low-income and rural students, and that metric is something, as I say, we are held accountable to. To be able to see that increase because of a reduction in the cost of attendance really means that we have to make sure that we have the resources available to make sure that they are successful in their time to graduation. So, we are also seeing retention as being a big component of this, and resources need to be put in place so that we can continue to retain our students, so that they are successful, graduate on time, and then leave to get good jobs, where they can then become good citizens of the community.

Mrs. DAVIS. Mm-hmm. Dr. Kvaal, you were talking about accountability, as well. I think you have all kind of mentioned that in terms of the ability of students who actually attend some of the for-profit institutions to be able to graduate, and to be able to pay back loans because they are earning a reasonable amount of money that represents their effort. Could you speak about our military, and how, in fact, we know our veterans, our active duty personnel, and, certainly, their families are affected by this, that they have really been shortchanged on many levels and are really a target of some of these institutions? How is that affecting them?

Mr. KVAAL. Well, we have seen some of the deceptive and high-pressure recruiting tactics at for-profit colleges, focus on service members and veterans, and there are, really, two reasons for that. One is GI Bill benefits and military education benefits can be quite generous. The second reason is for-profit colleges, by law, can only receive up to 90 percent of their revenue from Federal student aid, but that limitation does not apply to veterans or military benefits. So, for every veteran they enroll with GI Bill benefits, they can enroll an additional nine students with Federal student loans, and so that has led to some of the extreme pressure on military service members and veterans.

Mrs. DAVIS. Thank you. I know, Mr. Chairman, that the time is up, and perhaps, at some point, we can talk about how the Federal Government can address that better. Thank you.

Chairman SCOTT. Thank you. The ranking member will defer. Dr. Roe?

Mr. ROE. Thank you, Mr. Chairman, and, first of all, Ms. Parker, you hang in there. You are going to make it. I am going to confess that if it were not for the small university, Austin Peay, in my hometown of Clarksville, Tennessee, I would not be sitting here today. I went to dinner the other night, on Eighth, not a very expensive place, and two of us, my wife and I, had dinner, no alcohol, and that cost more than a quarter of college. I was able to go to college. I stayed home. I worked the whole time I was in school and medical school to graduate in 7 years with both of those, with zero debt, with a father who was a factory worker and a mother who was a bank teller. So, college was very affordable then. You could actually work your way through school.

The average medical student where I taught, at Quillen College of Medicine in Johnson City, graduates with $175,000 in debt. That is a huge debt. I think the question is: is college going to be relevant anymore? And I think it is a question to ask, I think, at Western Carolina. And, by the way, East Tennessee State beat you guys the other day, in basketball. I want to point that out, and I do want to offer my condolences to you for losing Coach Larry Hunter. I have booed him many times at basketball games, but a good, a great man.

In Tennessee, we have decided that education had to be affordable for our citizens. So, we put the Tennessee Promise in and Tennessee Reconnect. You can now go to community college in our State for free, and I will just give you a couple little things. At our local TCAT, which is our technical school, at one of them, I just saw the other day, 77 percent finish on time, 97 percent are placed in a job, and 100 percent graduate with no debt. So, you can go out in our State, and then, if you go to—if you go from community college to a 4-year college, East Tennessee State University, Tennessee Tech, Austin Peay, wherever, you have the Hope Scholarship to help you. So, we have tried to make it affordable for our students in our State, and I think it is being successful. I really do, and we are paying for that with our Lottery Scholarship.

Another confession, I have served on two foundation boards, been the president of one, and I think the college investment is the best investment I ever made, without a doubt. I have not heard any of you all talk about it. I know you know Dr. Zeppos at Vanderbilt University, who complains about the administrative cost, and at Vanderbilt it adds about $10,000 or $11,000. They spend $150 million a year complying with Federal mandates and check the box. I heard no one talk about that, or did not see it in your testimony, how much is added to FASFA with 100-plus questions, and on and on. Could we streamline that for you all and help with the cost a little bit because a lot of the reporting does not add any value to the students? Anyone can take that question.

Ms. AKERS. That is something I can chime in on. So, I think, something to think about with the administrative costs, we often see people pointing their finger at this as, potentially, the driver of the rising costs that are getting passed onto students. I think we want to realize that if we were looking at an institution that was providing tremendous outcomes for students, and they happen to have the large expenditures on administration, we probably would not be questioning whether or not that is an appropriate place for the institution to be doing their spending. What happens inside the school is somewhat of a black box in terms of their finances. I think what we want to be concerned most with is the outcomes that they are producing.

The thing that I want to ask is what is it about the demand side of the equation that is enabling these institutions to drive up their spending because of the increases in revenue that is coming from the increased sticker price and tuition that students are actually charged?

Mr. ROE. All that Ms. Parker is worried about, it was like when I sent my children to college. All I was interested in, when I drew the bottom line, was how much of a check do I have to write you all, and that check keeps getting bigger and bigger, and I looked at the inflation rate. I thought we were bad in medicine. We were actually pretty good compared to colleges. Colleges increased their costs almost 8 percent per year for the last 40 years, annually. That is a huge increase, and it is putting college out of the reach of people like Ms. Parker. And I think colleges are going to have to rethink, with all of the technology that is on this PDA I have got in my hand right here, I can learn a lot at no cost.

So, if you look at going to Georgetown, I just pulled it up, I do not want to pick on them, but at $75,000 a year, if you then go teach school at Johnson City, Tennessee, that is hardly a return on your investment. Then if you end up being an investment banker in New York, it probably is, but you may want to be a teacher. So, you are going to have to rethink where you go.

And I think another thing that we are doing, that I think both sides of the aisle do, is to educate these young people when they come in, about you do not have to borrow the maximum amount of money. You can borrow this much to get along because you are going to have to pay for it, sooner or later.

Mr. Chairman, my time has expired.

Chairman SCOTT. Thank you. The gentleman from Connecticut?

Mr. COURTNEY. Thank you, Mr. Chairman, and for holding this hearing early in the Congress. Hopefully, this is going to be the year that the 116th Congress reauthorizes the Higher Ed. It was 2008 was the last time, and we are way overdue for an issue that, again, every part of the country is looking for help and action.

First of all, I just wanted to note for, you know, my friend from Tennessee cited the Vanderbilt report. Actually, if you sort of drill down a little bit, in terms of the numbers that they used, in terms of the $146 million, in terms of added costs, most of those regs that they identified were, actually had to do with the research component of universities and colleges, and, you know, for things on human subjects, which, I think, all of us would probably agree that is not a bad idea. So, you know, that number, which, again, there is a report, I do not dispute that, but the number is actually a little more complicated than, I think, some of the reporting on it.

So, I checked this morning. The U.S. Treasury is selling 10-year notes for 2.6 percent. I always sort of use it as a benchmark when we talk about the Stafford Student Loan Program because those are 10-year term notes that the government offers. Again, even today, we are still getting back around 4 to 5 percent in terms of—from students. So that, that differential, that delta, between what the government is paying when it borrows versus what students are paying when they borrow from the same government, it is, again, just pure sort of windfall for the Federal Government. GAO reported that between the years of 2007 and 2012, the Federal Government had a windfall of about $66 billion in terms of that differential that is there.

This morning, myself along with a lot of my colleagues on this committee are reintroducing the Bank on Students Emergency Loan Refinancing Bill. Senator Warren is introducing a companion bill in the Senate, which would allow people, both private and—both public and private student loans, to write down their interest rate to 3.7 percent, which was the rate back in 2016. We know from last year's analysis by CBO that would put about $50 billion into the pockets of students and folks who have graduated and who are struggling with student loans. It is not, you know, the panacea, but, certainly, if you look—if you talk to middle class people, who, you know, are trying to lower their monthly expenses, obviously, refinancing their home mortgage, car loans, credit card debt. I mean, that is a tool that is normal, and yet—but in the student loan market because it is restricted in the public side by law, and in the private side by the fact that you have to have equity to go in and refinance, you need a—you know, some other piece of property in terms of writing it down. This is the year we should move forward on that. It is just, at least, one way of trying to stop the bleeding.

And I guess, Dr. Kvaal, I guess, you have talked, again, about these sort of the horror numbers in terms of default. At least being able to refinance down an interest rate, I think, would provide some mitigation of that problem. Would you agree?

Mr. KVAAL. Yes.

Mr. COURTNEY. Okay, and I do not know if anyone would disagree, but I think that would, hopefully, be the case.

Ms. Parker, you talked about your story. Thank you for being here. And I do not mean to, but, you know, the private student loan interest rates are far higher than even the inflated Stafford rates, and maybe just could comment, if having that ability to write down the interest rates would be a benefit to you and your friends?

Ms. PARKER. Thank you. I—yes, it would be a benefit to myself and my peers—

Mr. COURTNEY. Congresswoman Shalala is very excited about this bill, obviously, so—

Ms. PARKER. I have accrued now, and you said in private?—

Mr. COURTNEY. Both private and public can write down to 3 percent—

Ms. PARKER. I am at about $66,000, and I have an associate's degree—

Mr. COURTNEY. Right—

Ms. PARKER. So, yes, it would be beneficial to merit.

Mr. COURTNEY. Well, thank you—

Ms. PARKER. Mm-hmm.

Mr. COURTNEY [continuing]. and I do not know if—

Ms. MORRISON-SHETLAR. I would agree, and also I would want to say that the North Carolina Promise is a first-dollar plan, whereas other free programs tend to be last-dollar and rely on existing aid first. So, the North Carolina Promise is actually better and more generous, particularly for low-income students, so, and I think your comment, financial literacy is something that we also need to be making sure that we are educating our students and will.

Mr. COURTNEY. I guess we are about to run out of time, but, again, it was part of the Aim Higher Act, last year and, hopefully—we are very optimistic this is the year to move forward on it.

Thank you very much. I yield back.

Chairman SCOTT. Thank you. The gentleman from Michigan, Mr. Walberg?

Mr. WALBERG. Thank you, Mr. Chairman, and thanks to the panel for being here. This, of course, is an unbelievably important subject for us to be considering, and financial literacy absolutely is something that we have not done well, and we are seeing the challenges of that.

Dr. Morrison-Shetlar, I often hear that the FAFSA form is a real obstacle to students in continuing their education. I have supported legislation that would allow the IRS to share income information with the Education Department, thereby making it easier for students, and as families, to accurately complete the FAFSA form and access student aid.

This policy would also improve accuracy and cut down on the time that student aid administrators spend verifying a family's income.

Dr. Morrison-Sheltar, has it been your experience at the Western Carolina University that the FAFSA form can act as an obstacle for students? And, second, what advice do you have for us to simplify FAFSA in any HEA reauthorization?

Ms. MORRISON-SHETLAR. I am in complete agreement that the FAFSA and the protocol to complete the FAFSA is, for some people, an insurmountable position. A lot of our students, particularly at Western Carolina University, are first generation. They come from low-income backgrounds, and when faced with the questions that are on the FAFSA in which they have to remember or they do not have the information, they just do not do it and, as a result, they do not apply, and, therefore, they do not go to university or college. And so to—for my recommendation for all of the Federal grants and applications, we do simplify them, help people with the process, if needed, and we do that at Western Carolina University when people approach us.

And so, yes, I would love to see us streamline those compliance, make sure that is streamlined and allows people the opportunity to get the education that they deserve and have earned as their right.

Mr. WALBERG. Thank you. Dr. Akers, would you have any addition to that from your experience?

Ms. AKERS. Absolutely. I would adore simplification of the FAFSA. I think that your initial comments about financial literacy are critically important. Just to cite some evidence from some of my earlier research, we know that, through survey data, that students are shockingly underinformed about their own financial circumstances. So, only about half of students in their first year of college education know how much they are paying for their degree, and about a third of students are able to accurately tell you how much they have borrowed. So, to me, this is a pretty important crisis that we have in higher education finance today.

Mr. WALBERG. So, a wake-up call of—for instance, Ms. Parker, of $66,000, as you mentioned that. It is amazing. When you first started, did you expect anything like that to be the case in the process?

Ms. PARKER. Not only did I not expect it, I, honestly, had no idea.

Mr. WALBERG. No.

Ms. PARKER. The financial illiteracy piece is a good—

Mr. WALBERG. Yes. Yes.

Ms. PARKER. It is a big piece because I just was not aware.

Mr. WALBERG. Yes.

Ms. PARKER. I was not informed.

Mr. WALBERG. Yes. You make the example point very clearly that, why we have to move forward on this. Dr. Akers, in your testimony, you note that, in some cases, the students are spending money on college, only end up worse off financially than if they had not gone to college in the first place. In looking at the Federal Student Aid System, I am concerned about perverse incentives to overborrow. Can you expand a bit on what those perverse incentives are, and discuss ways we could address them in reauthorization and do it in such a way that I can explain it to my adult children in caring for their—my grandkids as they come up?

Ms. AKERS. Sure. So, the most glaring, perverse incentive that exists in the current financial aid regime is that borrowers who anticipate that they will be eligible for student loan forgiveness at the end of either 10 or 20 years, whether they are in public or private sector, basically, face no marginal cost for every additional dollar that they are borrowing. So, consider I am a student at a very high-cost institution. I have some understanding of what my career path is going to be after I finish, maybe because I am in a profession, like law or medicine, where careers are relatively—or earnings are relatively well-known. I may reach a point in my borrowing, if I have been at high-cost institutions, where every additional dollar that I take on in debt to support my lifestyle, for instance, will very likely, or with almost certainty, be forgiven. And so, in that case, I have incentive to borrow as much as I am able to borrow through the Federal Lending Program.

What is the solution to this? I think we need to consider limits on the eligibility for loan forgiveness, both in PSLF and income-driven repayment plans, like IBR and Pay as You Earn. Capping those, I think, would diminish that perverse incentive considerably.

Mr. WALBERG. Okay. Well, thank you.

Chairman SCOTT. Thank you.

Mr. WALBERG. I yield back.

Chairman SCOTT. The gentlelady from Ohio, Ms. Fudge?

Ms. FUDGE. Thank you so very much, Mr. Chairman, and thank you all for being here today; Ms. Parker from Ohio, as well. It is a pleasure to see you, and to watch your daughter have such great pride when she hears you speak.

Ms. Parker, surely, if we can provide $13 billion to farmers because of the President's bad losing trade war with China, we can help you. Surely, if we can give $1–1/2 trillion in tax cuts to the wealthiest people in this country, surely we should be able to help you and some of those very people we have just seen in the news cheat to get their children in college and you have done it the hard way. So, I am confident that you are going to be successful.

I am confident that you are going to see your way out of poverty because you have worked hard. You are committed and a lot of these cheaters are not. So, be confident. Just claim that, all right, because you are going to be successful.

Dr. Kvaal, do you think that it is important for us to discuss loan forgiveness as we talk about income-driven repayment plans?

Mr. KVAAL. I do.

Ms. FUDGE. And what should that be? What should that discussion be like?

Mr. KVAAL. Well, my view is that students who are paying everything they are supposed to pay over a period of 20 years should, at that point in time, have the opportunity to have the rest of their student loan forgiven. Twenty years is a very long time. We know that student debt affects your credit score. It makes it difficult to save for mortgage. After 20 years, you may be trying to save for your children's education, and I think there is an opportunity there, where we need to say that we have collected what we can collect from the student.

Ms. FUDGE. So, is there something that we can do in a shorter period than 20 years to help somebody like Ms. Parker?

Mr. KVAAL. Well, I think there is a—there are a couple of things that people that qualify—that should qualify for special help. I think one is people who go into public service careers, and we know that student debt is an obstacle and does affect career choices, and that can make it a challenge to recruit people into the military and to teaching careers. It impacts the diversity of those public service work forces.

I think a second category is people who have been cheated by their colleges, and there are, currently, over 100,000 borrowers who have applications pending at the Education Department claiming fraud or some other illegal conduct at their college. Those people need to have their loans forgiven as well.

Ms. FUDGE. Thank you. Just one more question for you, Dr. Kvaal. Grad PLUS loans. How do you believe that Grad PLUS loans assist with students in underrepresented communities, or even fields, for that matter, can get to graduate school, and what effect would there be if we eliminated them altogether?

Mr. KVAAL. Well, Graduate PLUS loans are an important source of finance for many people pursuing graduate and professional degrees, especially people whose families are low in wealth, including communities of color. And we expanded access to Federal loans for these communities because we were concerned that, otherwise, they would borrow higher cost private loans that have interest rates that can be as high as 13 or 14 percent.

Ms. FUDGE. Dr. Morrison-Shetlar, since you represent a university that deals with a lot of first-time and low-income students, what do you think we should be looking at to try to reduce the ongoing, and sometimes it is exorbitant, rate that—of loans that people have to take out? What do you think we should be doing differently? Is it increasing Pell Grants? Is it doing—just give me your ideas.

Ms. MORRISON-SHETLAR. I certainly would approve of reducing the cost to a student to be able to attend, and attend their dream of a—of an education. There are a lot of grants, as we heard, loans out there. I would like to see those simplified in terms of applications and more investment in those.

Pell Grants is a really good example. With over 40 percent Pell Grant—Pell-eligible students at Western Carolina University, we could see a tremendous amount of reduction in indebtedness with all of the results that occurs from that: people graduating on time, not having to do three or four jobs to be able to make it through, which distracts from their time of really focusing on their education and their future careers. So, I would like to see what we are all currently doing expanded, and make sure that it is the easy—and relevant to be able to apply for those opportunities.

Ms. FUDGE. Thank you very much, and I am going to close, again, with Ms. Parker. You know, we live in a country where people say if you work hard, you will be successful and you will do well. I want you to know that those people who believe people like you are lazy—you are a perfect example of someone who is not. I wish you all the very best. I yield back.

Chairman SCOTT. Thank you. The gentleman from Kentucky, Mr. Guthrie?

Mr. GUTHRIE. Thank you, Mr. Chairman, for yielding time, and thank you for the panelists for being here today. This is an important hearing, and I appreciate the chairman for calling it.

So, Dr. Akers, according to a study by the Brookings Institute, only a quarter of first year students could accurately report how much they had borrowed, and 14 percent of students who had borrowed money thought they had no debt at all. This information problem is very concerning to me, which is why I have introduced a bipartisan counseling bill with my friend, Congresswoman Bonamici from Oregon, in the last three Congresses to enhance financial aid awareness and understanding. The bill would require more detailed and annual counseling for Federal aid recipients throughout their education. Can you discuss the benefits of counseling students on their financial aid?

Ms. AKERS. Sure. So, a lot of folks are looking into the fact that the provision of information about the cost that students are facing and the aid that they are receiving is unnecessarily difficult to digest. So, the students were—discussed just recently are receiving, right now, their acceptance letters to universities and also their financial aid award packages. These packages are not often, like, complete transparent about the difference between loans and grants, and I think this is leaving students questioning what exactly their financial circumstances are. Obviously, it is leaving them questioning that because we were able to document that using survey data. So, if we want students to be able to police the market for higher education using their dollars, that is choosing to spend at institutions that are delivering good outcomes for students, they need to understand what it is they are paying. They need to understand what it is they are borrowing.

We also, of course, want them to understand what it is that institutions are delivering to students that they have served previously. So, I think it is critically important to the system, and also just to individual students themselves.

Mr. GUTHRIE. Thank you very much. And, Dr. Webber, with $1.4 trillion in outstanding Federal loan debt, there is no doubt that students are struggling with student debt. In your testimony, you noted the large amount of misinformation on who is suffering the most from taking on loan debt. Can you please explain what level of education students with $60,000 or more debt are seeking compared to the average balance of defaulted loans?

Mr. WEBBER. Sure. So, on average, the typical student who has, you know, more than, say, $100,000 in debt, first, they are very rare. We are talking about 5 percent of borrowers. Most of them are people who have gone to graduate school and received, you know, professional degrees, med school that are going to pay off in spades. Not all of them. And, you know, I do not want to minimize the problems that some have, but it is somewhat of a distraction from the much, much larger problem of people who have, say, between $5,000 and $10,000 in debt, but did not graduate, attended a, you know, low value institution and under-resourced institution, and said—because the vast majority of the college premium is tied up in actually getting the degree, then, you know, having $5,000 or $10,000 in debt, which is not dischargeable in bankruptcy, you are going to be much, much more likely to default under that scenario than someone with, you know, a graduate or professional degree and much more debt.

Mr. GUTHRIE. Thank you very much. And Dr. Morrison-Shetlar, I was interested in your testimony about the partnership with regional community colleges, and could you elaborate on this? I know, in Kentucky, a lot of people are getting their 2-years degree and then moving on. They matriculate direct, straight into our 4-year universities with the transferring credit. And when I was in the State legislature, I worked with someone to do dual credit, and we actually have people graduating from high school with their associate's degree if they want to do—move forward. Since they are with no debt, I think that there is some cost to it, but it is not, typically, if they went, graduated from high school and went. So, could you explain what you guys are doing to keep college costs down by working with community colleges?

Ms. MORRISON-SHETLAR. Most certainly. The great thing about Western Carolina University is that we work with all of our community colleges. We set up MOUs through particular tracts of education, so that students, when they go to the community college, know what they need to take at the community college that will count toward their 4-year degree, should they choose to go on and do that. And so we work very closely with the presidents and with the admissions office and with the advising office, which I think is a key component to anyone transferring from one institution to another. At Western, we have—42 percent of our students are transfer students, and we make sure that the curriculum alignment is in place, and that, also, the advising that they are getting at the community college is enough affiliation with that at Western Carolina University. So, a seamless transfer is really, really important. Curriculum alignment is really, really important.

Mr. GUTHRIE. Thank you. I appreciate everybody for being here, and the chairman for calling this meeting. My time has expired, so I yield back.

Chairman SCOTT. Thank you. The gentleman from the Northern Mariana Islands, Mr. Sablan?

Mr. SABLAN. Thank you very much, Mr. Chairman. Thank you for holding this hearing. Good morning to all the panelists. Welcome, Journey. I hope that you will remember forever this moment in your life, and how your mother is sharing her story with us because that story is, has you as a part in it, a major part.

I would also like to take an opportunity, the privilege, to recognize in the audience a student from the Northern Marianas, who is attending school here in Washington, DC, Olivia. So, your name is on the record for good. She does not like that, but anyway.

I come from a place where we have a community college, a 2-year college. Ninety percent of our students qualify for a Pell Grant. And when I went to college, I was, had to come here as a foreign student. My father had a family of seven children to raise, and was making $1.00, $1.25 an hour, and he lost his job. I could not just go and get a job because I needed to get immigration to approve it as well. So, it was not easy for me to finish college, to be very honest.

Ms. Parker, congratulations. I mean, well, you are in my prayers, too. You will succeed, also.

I agree with—but Chancellor Morrison-Shetlar, you may not know this, but, again, my district, in the Northern Mariana Islands and American Samoa, are the only two U.S. jurisdictions without a 4-year public university. It holds a single community college. Our students face the cost of nonresident tuition at 4-year institutions, as well as the extra travel cost to attend school in Hawaii, 4,000 miles away from home, or almost 8,000 miles away from your school. And as a member of this Committee, I have worked and I continue to work on legislation to help reduce the cost for my constituents. I must compliment your State for committing the resources, to be able to offer, make college affordable, and also make sure the students are nurtured, too.

I will submit my questions for the record, but as a university chancellor, do you believe the Federal Government has a role to play in assisting students with unique college costs, such as those from the Marianas and American Samoa?

Ms. MORRISON-SHETLAR. The Federal Government has a number of things in place, and, as I mentioned earlier, I think the way to help people is to make sure that those grants and loans that are available are able to be easily attained. At North Carolina, we subsidize the in-State students up to the $500 per semester. We also have a $2,500 for out-of-State, but we also are, have an 18 percent cap on the number of out-of-State students that we can take into North Carolina—

Mr. SABLAN. I—

Ms. MORRISON-SHETLAR [continuing]. and I think that is something that one has to be aware of when we are funding the students at North Carolina. I will say that we are very fortunate at Western Carolina University, and within the system, actually. Fifty percent of the students who come from out of State to North Carolina end up staying in the State of North Carolina—

Mr. SABLAN. Mm-hmm.

Ms. MORRISON-SHETLAR [continuing]. and so that is a great investment in North Carolina, and allows people to give back to the economy within North Carolina.

Mr. SABLAN. Right. Thank you. And for me, we prefer that you educate our students and then they come back home and use what they learn.

But, Ms. Parker, college students in the Marianas and across the country are juggling work, parenting, and school. In fact, one in four students nationwide are parents. More than one in three are older than 25, and almost two out of three work while in college. So, what supports made it easier for you to remain in college, persist?

Ms. PARKER. Thank you, and thank you for your wishes earlier. I have been supported—I have been connected to resources, and that is what has been able to get me to completion. For example, the biggest help, I would say, was being connected to the jobs and family services representative on campus. I went to visit the representative for childcare costs. I needed help getting childcare costs to be approved while I was in school, and Journey was in daycare at the time. When I went to speak to the job and family services representative, she also let me know that I could enroll for additional benefits, so the healthcare, the food stamps. And then I was also referred to, in that same department, not through her, specifically, but to Scholar House for the student parent housing. It, takes a platform of all of those put together for me to be able to get to completion.

Mr. SABLAN. Thank you, and thanks, Mr. Chairman. My time is up. I will submit questions for the record. Thank you, everyone.

Chairman SCOTT. Thank you. The gentleman from Georgia, Mr. Allen?

Mr. ALLEN. Thank you, Mr. Chairman, and thank you for, again, for this hearing. It is important to find out what has actually got us to this point, and then try to fix it. It is a difficult situation.

We have got 7.4 million jobs open in this country right now, and we got college graduates that cannot get a job. I cannot, for the life of me, understand that. And everywhere I go, people need people and, now, this is not necessarily, a college graduate. It is just, you know, skilled people. And, of course, the Chairman put up a chart up there about the difference in the wages of college graduates versus those who maybe have technical training and all that. That gap, in my opinion, is narrowing very quickly. I know that when I was in college, I had the opportunity to learn how to weld, and through that skill I was going to co-op, and through that skill and working basically double time and help for my parents, I was able to get through it. And, of course, I thought it was terribly expensive back then, and I am sure I missed out on some of the college experience, but I had no college debt thanks to my great family and their support. So, I cannot imagine, Ms. Parker, what you have been through.

And also to straighten out one other thing that came up here today, and I just have to do this, is that I did notice that you were on the Food Safety Nutrition Program. One of my colleagues brought up the farm bill. Eighty percent of the farm bill is funding the Safety Net Nutrition Programs. It is not greedy farmers. We are just trying to keep our farmers in business, so we can produce the best, safest, most efficient food supply. It is a few—it is a national security actually. So, since you are here, and you are learning from us and we are learning from you, I thought you probably needed to know that.

So, with that, you know, Dr. Akers, your testimony mentions ways to bring private capital back into the student loan space, increase our competitive market participation in student lending. And can you expand on those issues and discuss any challenges policymakers should think about while considering private sector participation and student learning—lending?

Ms. AKERS. Sure. Is the question about private sector participation in provision of education or in the financing?

Mr. ALLEN. Well, in the financing. For example, we were told that the student loan rate is somewhere between 7 and 8 percent, and I know that—I mean, I come from the business world, and we borrow money for much less than that. Now, obviously, you might have to get, you know, some, you know, like a small business government-backed loan, but at least you could reduce the interest rate substantially and provide a—you know, where Ms. Parker could go and say, well, the government is charging me this, and you are going to charge me, give her choices.

Ms. AKERS. Mm-hmm.

Mr. ALLEN. And also, the financial institutions, I think, would do a much better job at least. I have to do a portfolio and tell them how I am going to have to pay the money back. Maybe they could educate Ms. Parker on how to really pay that money back.

Ms. AKERS. Sure. So, there is a bit of a misconception about the idea that private sector capital was previously involved in the Federal Student Lending Program. So, depending on how long you have been involved in this issue, we previously were providing Federal student loans through the FFEL Program, in which the loans were originated and financed by the private sector, but those loans were originated using terms that were prescribed by legislation. So, in essence, Department of Education was outsourcing to the private market the creation of those loans. Those loans were not private sector or private loans in any broader sense because they were not underwritten. So, what you are talking about is the process by which a private lender looks at a particular borrower and assesses their ability to repay in the future. That does not happen in the Federal Lending Program for student borrowers and did not happen, even when private capital were involved. The way forward, to think about private capital in higher education finance, I believe, is in the realm of income share agreements.

So, income share agreements are a relatively newly employed mechanism that are an alternative to loans that can help borrowers finance their education. So, rather than taking out a loan and having fixed payments to repay over 10 years, or whatever the term of the loan is, a borrower takes cash up front in exchange for a promise to pay a fraction of their income over a set period of time, and so this provides an insurance policy for students that if they face low income or no income, for whatever reason, they are not on the hook for an unaffordable financial obligation, and it also puts some skin in the game for institutions. So, in thinking about private capital, going forward, I think that is the place to focus attention.

Mr. ALLEN. Well, again, for—I had an amendment on the past bill markup to somehow put financial, actually, education into the student loan program. So, you know, like, folks like Ms. Parker would understand, you know, what she is up against.

So, Mr. Chairman, I am out of time. I yield back. Thank you.

Chairman SCOTT. Thank you. The gentlelady from Oregon, Ms. Bonamici?

Ms. BONAMICI. Thank you, Chairman Scott, and to Ranking Member Foxx, for holding this hearing. Thank you to all of our witnesses. Ms. Parker and Journey, and, especially, thank you to you for being here and telling your story, and reminding us that the costs of higher education are not just about tuition, housing, childcare. There are so many other costs as well.

I also worked my way through. I started at 2 years of community college, then 2 years of college, 3 years of law school with a combination of grants, loans, and work study, and ended up, because it was a long time ago, with a manageable amount of debt. And my first job was with the Federal Government, not with a law firm where I could have made more money. And, unfortunately, that is not the story I hear frequently today. So, I am really glad that we are having this hearing, especially when we are talking about students who remain underrepresented, but I am also glad that there seems to be a general recognition about the importance of higher education among people here today.

We certainly need a short-term solution for people like Ms. Parker with existing debt, but we also need long-term solutions to make sure that anyone who wants to go to college can do so without being burdened with debt.

So, Mr. Kvaal, nice to see you. The Federal Work Study Program allows students to get work study experience and financial aid, and I have introduced the Opportunities for Success Act to reform the Federal Work Study Program, to modernize the funding formula, which has not been done for quite some time, and also to make sure that work is going to, the work study jobs are helping to align students, work with their career goals and interests. We want the aid to go to the students most in need. So, what are your suggestions about how to make sure that institutions are serving the largest number of low-income students and helping to align their interests with their work study jobs?

Mr. KVAAL. Ms. Bonamici, thank you for the question. I share your support for the work study program. Work is an important strategy for getting students through college, both because it fills important gaps in financial aid budgets, but, also, research shows that modest amounts of work can actually help retain students and give them an opportunity to explore career interests and improve their earnings potential after college. The challenge we have, though, is many students are in the same low-wage work force as other low-income Americans, and we know those jobs are very unstable, can be difficult to get scheduled. So, to have an opportunity for a work study program, where jobs are designed around schedules, the students, they are often on campus. They are connected to career and academic interests. It is very valuable.

The existing work study program funds colleges largely, historically, and it does—no longer sends the money where there are large numbers of low-income students. So, for example, New York University gets a larger allocation than CUNY does. In fact, if you are a low-income student at a 4-year private university, you are more likely to get work study than a low-income student at a public university, even with—we know public universities disproportionately enroll low-income students. So, I think that—

Ms. BONAMICI. Thank you, and I want to get another couple questions in, but—

Mr. KVAAL. I apologize—

Ms. BONAMICI [continuing]. I think the message that it is time to update the funding formula. Thank you, also, for mentioning my Simple Act that I have been working on to—I plan to reintroduce this bill, which will protect many borrowers from default by getting more students and keeping more students in income-driven repayment. And you mentioned the importance of automating the annual income recertification process, and also automatically enrolling severely delinquent borrowers. These are both changes in the Simple Act. Can you talk a little bit about how this will help students?

Mr. KVAAL. Yes. The income-driven repayment is a really important safety net. It allows us to tell students we think loans are an excellent investment, but if it does not pay off, we can guarantee that loan payments will be affordable. There are very important changes that need to be made to the program, to simplify the program for students, make it easier to enroll, auto enroll delinquent students. And so I think the Simple Act has a lot of potential to reduce loan delinquency and default and make a real difference.

Ms. BONAMICI. Thank you so much. And I also heard retention several times this morning, and that is a significant issue, especially if we look at the students with debt. If they do not graduate, they are much less likely to be able to pay that back. So, who wants to talk about the importance of GEAR UP and TRIO and programs that help with retention? Who—Dr. Morrison-Shetlar?

Ms. MORRISON-SHETLAR. All of those programs help with retention, and it is key that if you have students who have debt that you get them through the process, and you get them to a point where they can start to work and earn money and pay back those debts, and those programs that you are talking about are essential. They are—they include things like financial literacy. They include things like working. If you are going to work, work in something that will get you the experience that will help you to succeed in your career. So, there are career pathway experiences. And so all of those things help with retention and just making sure that students can focus on their studies and get their work done without having to work on two or three jobs, really, really is important. So, all of—any program that will help students be able to focus and get through their degrees and be successful, I am fully supportive of.

Ms. BONAMICI. Thank you, and I am over time. I yield back. Thank you, Mr. Chairman.

Chairman SCOTT. Thank you. The gentleman from Pennsylvania, Mr. Smucker?

Mr. SMUCKER. Thank you, Mr. Chairman. Question for Dr. Shetlar. I would like to learn just a little bit more about your transfer program, which helps students prepare for several high-demand career fields that you described. How did you determine what jobs are in high demand in the work force?

Ms. MORRISON-SHETLAR. So, within Western North Carolina, we do surveys. We look to see what jobs are available, in particular what jobs are needed. And so, in our particular area, healthcare is a big industry, and one in which we are—severely need for the citizens of Western North Carolina. And so we make sure, as an institution, that we are providing the right programs with the right qualifications and the right experiences, so that students will then graduate and then go into those careers and be successful, and that lifts up the whole economic development of our region.

Mr. SMUCKER. Yes. Can you talk a little bit more about the agreements that you have in place with some of the partner colleges? Was it difficult to reach those agreements, or talk a little bit about how that came about?

Ms. MORRISON-SHETLAR. Well, we all have the same goal in mind: for our students to be successful. And to do that, we need to make sure that we have curriculum alignment. If you are taking 2 years of community college and earning your A.A. degree, then those credits transfer into your 4-year degree, and then you can go through as seamlessly as possible. Advising is really key on that. So, we do joint advising between the community colleges and the university, making sure that the advisors know what to say to the students if they even are thinking about going to a 4-year degree because a lot of students go to community colleges not thinking that they are even going to have that dream. And so advising is a real component.

And then making sure that those memorandums of understanding between the colleges and the universities are clear and updated regularly as curriculum changes to meet the needs of a growing industry, like healthcare.

Mr. SMUCKER. Yes. Well, in your mind, what could other regions learn from you? What obstacles would they have to setting up similar arrangements?

Ms. MORRISON-SHETLAR. It is all about communication. It is all about the best for the student, and making sure that pathway is one that is affordable, that—and this is where NC Promise, I think, has been fabulous because the cost of NC Promise is—to the student can be similar to a community college cost. And, therefore, if a student has managed to get through the 2 years, then, with the cost of that, to be able to transfer to Western Carolina University, for example, is an NC Promise school, means that they are already on that pathway. They know that they can afford it. They know how much debt they are going to incur, and they know that they are going to get a high-quality education provided by high-quality faculty and staff, who make sure that they have the experiences that they need to be successful.

Mr. SMUCKER. Thank you. Dr. Akers, innovation in any industry is critical to increasing competition amongst providers in delivering a high-quality product to consumers at a low price, and it appears that, you know, colleges and universities—we know education is changing, but, in some ways, continue to use the same model that has been in existence for a long, long time, for decades and maybe longer. How can we be helpful or to—maybe to what extent do you think the Federal Government sort of constrains what colleges and universities can do? How can we work with you to encourage more innovation in higher education?

Ms. AKERS. Sure. So, in order for a new institution to come into existence, they need to be able to find and retain students. It is challenging for them to do that in the current space because they are competing with institutions who have eligibility for very generous aid through the Pell Grant Program and access to subsidized student loans.

The way to potentially allow them access to Federal student aid is through the Experimental Sites Initiative and the EQUIP Program. So, this is an effort that was started under the Obama Administration, to allow innovative institutions that do not fit the standard model of what higher education looks like in this country and, therefore, do not achieve the standards that are necessary to gain access to financial aid. It allowed them to partner with traditional institutions and to sort of play with Federal student aid and experiment. That effort was not largely successful, perhaps because of the way it was designed.

I would encourage that the Federal Government continue to support those types of initiatives that do not just open the floodgates and allow Federal student aid to be utilized by, you know, these new and exciting business models without, you know, any accountability, but rather to continue to test out and using different sites and trial programs for these new programs that have a proven track record of success.

Mr. SMUCKER. Great. I look forward to working with you on that, but my time is up. Thank you.

Chairman SCOTT. Thank you. The gentleman from California, Mr. Takano?

Mr. TAKANO. Thank you, Mr. Chairman. I do appreciate that you are holding hearings on this important topic. I want to thank all of the panelists for being here today, but I want to begin my question with Mr. Kvaal. It is good to see you again and thank you for being here to share your recommendations on improving college affordability.

I have a letter from Chancellor Oakley of the California community colleges that describes how the California community colleges have been hit hard, particularly by the for-profit closures in the State of California. And when, so, what happens is when for-profit companies suddenly shutter, the community colleges, which are already under-resourced, how they mobilize to provide support to affected students. So, without objection, I would like to enter this into the record.

The ability of the community colleges to properly serve these students is severely hampered by the poor-quality education—the poor quality of education that the students receive at the for-profit institution, and by the debt load students carry after attending one of these schools. I have heard too many stories about students attempting to transfer their credits, only to find out that almost none of their credits actually transferred, and that they are nearing the maximum—their maximum loan limit, impeding them to continue their education, in this case at community colleges. So, Mr. Kvaal, what can the Federal Government do to provide better upfront accountability of for-profit institutions to better protect students?

Mr. KVAAL. Thank you for the question, Mr. Takano. We have seen, over the last few years, for-profit colleges enrolling over 100,000 students close and leave them in the bind. So, the instances you mentioned, in California, are only the latest in a long chain that began with Corinthian. It is important to have strong accountability protection, such as the Gainful Employment Rule, which requires that typical graduates of for-profit programs be able to repay their loans; the Borrower Defense Rule, which holds colleges accountable for illegal conduct, such as fraud; the Incentive Compensation Rule, which prohibits deceptive and high-pressure recruiting; and the 90–10 Rule, which requires at least 10 percent of students being willing to pay for the education out of their own pocket. So, there are important accountability rules. Many of them are being neglected by the current administration, and others need to be strengthened by Congress.

Mr. TAKANO. Yes, I am aware of the neglect and, actually, the rollback of protections, and I understand in the chairman's Aim Higher Act that we actually work to strengthen some of the protections you mentioned. How do we ensure that students are not left with burdensome debt after a for-profit closure?

Mr. KVAAL. Well, one important step is to make sure that students have their loans discharged after a school closes. The current law gives them the right to choose whether to transfer or get their loans discharged. Many students never actually do either, so it is important to guarantee them that automatic right to have the school discharged. We need to adequately fund tuition relief funds, so that students have that means, and we also should not keep students in the dark. So, you know, when the Argosy College and these other colleges closed last week, it was not a surprise to the executives at those colleges. It was not a surprise to the Department of Education, but it was a surprise to a lot of the students who were borrowing and dipping into their savings to go to those schools.

Mr. TAKANO. That is amazing. I want to talk about Income Share Agreements, or ISAs, that are contracts between college students and investors, in which an investor agrees to pay a portion of a student's tuition for a portion of the student's future income after graduation. Speaking frankly, I see ISAs as another way to push the private market onto students, which has never resulted in positive outcomes. In an effort to shore up profits, the private market has been inclined to irresponsible and unfair practices when lending to vulnerable students, which is what led us to include consumer protections in the Dodd-Frank Act in 2010. Given the history of the private market and college financing, I am concerned with the potential abuse of students through ISAs. Mr. Kvaal, what are some of the other pitfalls of ISAs?

Mr. KVAAL. Well, I share your concerns, Mr. Takano. I think that private loans, including ISAs, will always have higher costs and weaker consumer safeguards than Federal student loans do. ISAs, in particular, are not transparent, and because students have very different earning trajectories, sometimes because of labor market discrimination, ISAs have the potential to have higher costs for some types of students and even exclude some students from some types of programs or colleges.

Mr. TAKANO. Well, my time has expired. Mr. Chairman, I yield back. Thank you.

Chairman SCOTT. Thank you. Thank you. The gentleman from Kansas, Mr. Watkins?

Mr. WATKINS. Thank you, Mr. Chairman. Thank you all for being here. So, I represent Eastern Kansas. It is agrarian, and then there is lots of poverty issues there, and I know, personally, what it is like to try and, oh, deal with mounting school debt. So, it seems to me, the solution was a pro-economic growth policy, characterized by low taxes and low regulation that allows the economy to thrive, and does it work? Well, our pro-growth economic policy has led to record low unemployment. We are enjoying over 7 million job openings. The Labor Department, when reporting on hiring competition, says that here is an increase in average hourly pay by 3.4 percent from last year, which is the highest in a decade. Given the strong economy, Dr. Akers, are you seeing States beginning to thoughtfully reinvest into their higher education institutions, given the strong economic performance nationally?

Ms. AKERS. Yes. It does seem that there was a decline in State support of higher education following the Great Recession, and we have seen recent indication of an increase in investment.

Mr. WATKINS. Thank you, Doctor. Chancellor Morrison-Shetlar, staying with the excessive red tape subject, would you speak to any burdensome Federal regulations on the higher education community that could be cut, so that you can spend more focus on students and education?

Ms. MORRISON-SHETLAR. One of the main issues that we have is just the cost of compliance, meeting the compliance regulations and needs. It would be great if we could either keep the amount of compliance that we have, that we have to report on, or decrease it. That would certainly help us with the burden of that because we are actually having to hire people to be able to help us with that, rather than using those resources to invest in education.

Mr. WATKINS. Great. Thank you. Thank you, Chancellor, and thank you all for being here. Mr. Chairman, I yield back my time.

Chairman SCOTT. Thank you. The gentlelady from North Carolina, Dr. Adams?

Ms. ADAMS. Thank you, Mr. Chairman. The clock, there was some extra time on there. Let me thank all of you, first of all, for being here and for your testimony.

Ms. Parker, I am very moved by your story. I am a retired professor of 40 years at Bennett College in Greensboro, North Carolina, where I worked with young women just like you. I went to school, like you, and took my children with me, and I know the struggle, but, of course, when I was in school, many, many years ago, the cost was not nearly what it is today.

Dr. Morrison, thank you for what you do for our students in North Carolina.

Mr. Chairman, I would like to submit, for the record, a letter from CLASP, an organization that supports low-income students.

Chairman SCOTT. Without objection.

Ms. ADAMS. Thank you. Let me ask, first of all, Chancellor Morrison-Shetlar, you helped create the North Carolina Promise Program. I was a member of the North Carolina House when that discussion came up. I was a little concerned, as well, about not only the fact, I think, we always need to try to make college affordable. Access and affordability really are key for students. Having worked at a private institution, knowing a lot about our historically black colleges and universities in North Carolina, I had a concern about the cost that the college would incur, and with $500 that the students pay.

Do you have any information about, you know, I know Elizabeth City is one of the schools. They are a fine university. I had an opportunity to talk with the Chancellor fairly—but I am curious about that, and I know how it is a game changer for students, but in terms of the struggle for universities?

Ms. MORRISON-SHETLAR. This is a very ambitious program and the State has stepped forward and, this first year alone, $51 million have been put toward the success of this program. And so the universities are subsidized and given the money by the State to make sure that there is no impact on the quality of the education that the institutions are able to provide.

Ms. ADAMS. Mm-hmm. I also know that, you know, with the universities, and this is supposed to be for, what, 3 years for the students? Is that correct?

Ms. MORRISON-SHETLAR. No. For the students, it is the time—the whole time that they are in the university.

Ms. ADAMS. Oh, Okay. Okay. Okay. I was trying to figure that out. Let me ask what considerations did you give in terms of helping to get this program started?

Ms. MORRISON-SHETLAR. As soon as we heard about it, we wanted to work very closely with our legislators to make sure that it was functional for the universities and, most importantly, that it was something that was transformational for our students to have, particularly Western North Carolina. We have a lot of low-income students. We are a very rural area. The other three—the other two institutions are also in rural areas. We wanted to make sure that the right people were able to access this kind of—

Ms. ADAMS. Right.

Ms. MORRISON-SHETLAR [continuing]. program—

Ms. ADAMS. Okay.

Ms. MORRISON-SHETLAR [continuing]. and so the ability to let people know that this was available to them, that an education was available to them, was important.

Ms. ADAMS. Thank you, ma'am. Dr. Kvaal, this hearing has focused a lot of attention on the hardships of students of color and what they face in terms of the student aid space. Our Nation's minority-serving institutions provide a quality education to a sizable portion of black and brown students, and do so at a fraction of the cost of most flagship public universities. But despite the fact of what I just said, the President's budget level funds Title 3 and 5 and allows important mandatory funds to expire. In your opinion, if we were to increase Federal investment in our Nation's MSIs, is it your thinking that we could close some of the gaps in terms of access, affordability, and completion among students of color compared to their counterparts?

Mr. KVAAL. Yes. We know those funds get—those institutions get much less funding per student, and it is not a surprise that is one reason why their graduation rates are not as high as some other institutions.

Ms. ADAMS. Okay. One quick question, and I think maybe Dr. Akers spoke to this, in terms of the student understanding the financial aid packages. What can we do to help them better understand it? And if we can get Ms. Parker to make a quick response, too, because she commented about that as well.

Ms. PARKER. I think that it is important that, specifically, when students are going from high school to college, to also educate their parents because if you are talking about students from low economic backgrounds, it is a generational effect. That is something that is happening before it even got to that one student.

Ms. ADAMS. Okay.

Ms. AKERS. I think that higher education is an incredibly complex product, and so, while I hate to have a recommendation for heavy-handed approach about how institutions should be delivering their financial aid award letters, I think it is justified that we direct some sort of standardization in the provision of that information to students.

Ms. ADAMS. Great. Thank very much. Mr. Chair, I yield back.

Chairman SCOTT. Thank you. The gentlemen from—excuse me, the gentleman from Texas, Mr. Wright?

Mr. WRIGHT. Thank you, Mr. Chairman, and thank all of you for your testimony today. And Dr. Morrison-Shetlar, what you described as very similar that North Carolina is doing, and I want to compliment your State, is similar to what the university in my district has done, University of Texas at Arlington. It is 55,000 students, including online courses. It is the fastest growing campus in the UT System, which is a very large system in Texas and second only to Austin. But here is the interesting thing: it has the lowest debt, average debt, for a graduating student of any college or university, private or public, in Texas, and one of the lowest in the United States. The average is like $14,700 of debt. And one of things they did is similar to what you talked about in terms of partnerships with community colleges, but they did something really, what I think is special. And I wanted you to comment on this because the president of the university and the president of the community college, the school superintendents in the area came together, and in order to try and lower that cost for the students, the high school students can go to the community college and take courses and get college credit, which, when they get to UT Arlington is then recognized and accepted by the university, and a lot of students are taking advantage of that. Can you speak to that in terms of your experience? Do you all engage the high schools in North Carolina to any degree?

Ms. MORRISON-SHETLAR. I cannot speak directly from what the schools do directly with the community colleges, but the idea is absolutely fabulous, and in any way that we can make sure that students have a seamless transfer from the K through 16 is really, really a great thing to be thinking about. So, I would like to learn more about it.

Mr. WRIGHT. Great, and I yield the rest of my time back to Dr. Foxx.

Mrs. FOXX. Thank you very much. Dr. Webber, you discussed noncompletion in your testimony, and call it the biggest risk associated with going to college. Are you familiar with the revenue theory thesis, where institutions are spending on faculty prestige and influence instead of on support services to help students graduate? I am particularly interested in your opinion on the effects highly priced academic programs have on perceived educational quality and student access.

Mr. WEBBER. Well, thank you for the question. It is very important. First, I would say that there is mixed evidence as to the impact of very highly priced educational programs. Certainly, there are impacts of truly increased college quality. There are large earning impacts from, say, going to a high-quality State flagship university versus a regional comprehensive, for any number of reasons. There are, I think, are—I do not think that there is strong evidence to suggest that these so-called fancy universities, the, you know, very highly priced private institutions, that there is a causal effect of, you know, higher earnings or anything from those.

Mrs. FOXX. I'm interested in the existing research behind the trends in the value proposition of college. We have all heard college graduate earnings outpace peers who attain a high school education. However, according to the Federal Reserve Bank of Saint Louis, the economic return on college is unequal across the population and diminishing across successive generations of college graduates. Dr. Akers, what can we do to restore the return on investment to higher education and make the prospect of college less risky?

Ms. AKERS. So, there is a vast body of evidence estimating very large positive returns. Higher education, of course, there is a dispersion of what those returns are across the different classes of students, particularly with respect to their family's wealth. I think the most important thing to consider in maintaining the value that we have seen historically on higher education is ensuring that prices do not continue to creep up at the rate that they have been growing. I believe that the most important tool we have for doing that is in empowering consumers with information, so that they can make informed choices about where to spend, to the extent that they understand where spending is worth it and where it is not. They can put pressure on the institutions themselves to keep price in line with value.

Mrs. FOXX. Thank you, Mr. Chairman. Thank you, Mr. Wright.

Chairman SCOTT. Gentlewoman's time has expired. The gentlelady form Connecticut, Ms. Hayes.

Ms. HAYES. Good afternoon everyone, and thank you, Chairman Scott, for holding this very critical hearing. Ms. Parker, your story is my story. You are me. So, I, everything that you said resonates with me, and I am so in credibly familiar with the idea of going through community college and working three jobs because this is my experience.

I will disagree with you on one thing. You said the odds are that you will not lift yourself out of poverty. You already are lifting yourself out of poverty, so I hope you know that.

Again, I could take the whole 5 minutes because this is so deeply personal to me, but two things that I want to, first, clarify this idea that graduate debt is a choice. I have to push back on that. All I ever wanted to be was a teacher. I went to community college, went back and got a bachelor's degree. In order to be an entry level teacher and maintain Connecticut certification, you have to obtain a master's degree within your first 5 years, and then professional certification. So, in order for me to get an entry level job, I needed a postgraduate degree. So, it is not a choice.

And then the other thing that, I could feel the energy coming off of you when the comment was made that we could find other jobs, you know, maybe welding or career training. I was told the same thing 15 years ago, and I went and became a certified nurse's aide and I worked my way through school. But my question then and my question now is exactly the same. Do I not get to dream? Do I not get to have aspirations? Do I not get to provide a professional future for my children?

So, I, on purpose, chose professors that would allow me to bring my kids to class. You know, I, on purpose, did those things. And what I will tell you, Ms. Parker, is that in the space of 7 years, I went from being the first person in my family to ever graduate from college to being a second-generation college-educated family because from my daughter, she saw me every day going to school, and it was never an option. And she went to college and she, too, is a teacher now. So, if you ever question what this means and why it is important, your daughter is seeing, through you, what the possibility is, and you do get to dream.

So, my question, I guess, is for Chancellor Morrison-Shetlar. When we are talking about eliminating programs, like the Federal Supplemental Opportunity Grants, or TRIO, or GEAR UP, are those programs directly attacking low-income families, in your opinion? Because one of the things I was told when I could not get a loan or a grant was to have my mother or my family fill out a PLUS Loan or Parent Loan. If I am already working three jobs and helping to take care of my family, my mother did not have the capacity to fill out a loan on my behalf. So, it just perpetuates this idea of generational poverty. It says if you already do not have it, you cannot have access to it. So, is the elimination of these programs, in your opinion, a direct attack on low-income families?

Ms. MORRISON-SHETLAR. I think that the problem is exactly as you mentioned it. Anything that prevents people from being able to apply for any aid or support at all is attack on student learning and the ability to progress in their careers. And that is why I am so proud of what North Carolina's doing in terms of capping things, like a 3 percent cap on fees, making sure that we have got State investment in the cost of attendance for students. So, any program that puts barriers toward people applying for support to be educated I think is attacking student learning.

Ms. HAYES. Thank you. And for the remainder of my time, Ms. Parker, actually, you figured it out a lot sooner than I did. My children were older than Journey when I decide to go to back to community college, but I still would have to create opportunities for childcare and to bring them to class to do different things. What do you think would happen to other students if programs like the Child Care Access and childcare that currently exists were further eliminated?

Ms. PARKER. Thank you. First of all, thank you. I think it would give us, or I am saying a student parent, the opportunity to move forward and progress and, like you said, break through generational barriers that have been placed upon us. I think that if I know that there is a safe place for my child while I am in class, I would have the bandwidth to focus more on what my studies are. Thank you.

Ms. HAYES. Mr. Chairman, I would like to rest my time, or no time.

Chairman SCOTT. Thank you. The gentleman from Wisconsin, Mr. Grothman?

Mr. GROTHMAN. Sure. We have heard that part of the reason for the increase in tuition is there is a lessening of government support for the schools and they have to make it up in tuition, but I think you said that was 30 percent of the upper. Tuition has gone up dramatically, though, even without that. To what do you attribute that, or how are we spending more money today compared to 30 years ago for an equivalent degree? Where is that cash going?

Mr. KVAAL. I will take this. So, the numbers are about 30 percent is due to State divestment since the year 2000, and since the beginning of the Great Recession in 2007, it is about 41 percent State divestment is responsible for. There are, across sectors, many different reasons. I mentioned the competition with the private sector salaries, that in order to hire a highly trained professor, universities—

Mr. GROTHMAN. Okay

Mr. KVAAL [continuing]. have to compare—have to compete with the private sector. One thing that is often mentioned is, you know, so-called wasteful spending at universities. This is really concentrated only among, you know, the universities that—you know, the Harvards, the—you know, this amenity spending is, you know, concentrated among a small set of universities that—

Mr. GROTHMAN. Harvard is more wasteful than the other universities? That is what you are telling us? We should not take that waste program versus being typical?

Mr. KVAAL. I guess what I am saying is that the universities that make the—make the New York Times for the lazy river, so to speak, educate a very, very small percentage of the students in this country and are not all representative of where most people are being educated.

Mr. GROTHMAN. Okay. Kind of give you a followup question there. One of the faculty members of my universities, they felt that over time, not research personnel, but there had been, say, over the last 30, 40 years, a significant increase in nonteaching personnel at the universities, and that is why the students are being pounded for the side tuition. Has there been a significant increase in nonteaching personnel over the last 40 years?

Mr. WEBBER. There has, and I would say that there is—you know, this is in part, but this is some student-centered spending, that, you know, there are services to students that are not being offered, necessary services, that are not—that are being offered now, that were not being offered, you know, decades ago, that helped students, especially middle—first generation of students graduate.

Mr. GROTHMAN. Okay. Question for you. I think there is a feeling over time that sometimes people take out more student loans than are necessary. I do think it is a good idea to rank universities as to how their students are doing on student loans, but do you think, if we are going to begin to do that or the rankings are going to begin to appear, if we should allow the universities themselves some say into how much loans the students are taking out? And I think there is a feeling among some professionals, and this was true when I went to school, like 40 years ago, that sometimes people take out more loans then are necessary to a certain extent to support a lifestyle. Would you be in favor of universities saying, you would have to have the universities sign off before you got a loan?

Mr. WEBBER. I am very in favor of more accountability, and I am also in favor of his proposal.

Mr. GROTHMAN. Good. That is great. One other thing. We talk about, you know, loan—or Pell Grants for, you know, certain demographics. Frequently, people from, say, middle class homes or kids from married families, they may not be getting a lot from their parents, but you could argue, and I have had parents complain about this, that some people who live one lifestyle are more likely to get grants than people who live another lifestyle. Do you think that is perhaps unfair?

Mr. WEBBER. I—sorry. I do think that is unfair. I think that it is easy to focus on anecdotes of, you know, this person is getting something that, you know, maybe they "do not deserve." I do not think that is representative of the, you know, general situations in—

Mr. GROTHMAN. People getting penalized for getting married, for example, that sort of thing, or having married parents? Do you think that is unfair? We will ask Ms. Shetlar. Do you think that is unfair?

Ms. MORRISON-SHETLAR. I think individuals come to university or college with different backgrounds and different support mechanisms. I am first generation and come from a modest background, and was grateful for the grants and loans that were available to me. And so I think it is hard to paint everyone with one brush stroke. I think it is some of an individual choice, in some cases, but sometimes a set of circumstances occurs.

Mr. GROTHMAN. So, you are in favor of discrimination or?

Ms. MORRISON-SHETLAR. I am not in favor of discrimination.

Mr. GROTHMAN. Okay.

Chairman SCOTT. The gentleman's time has expired. Thank you. The gentleman from California, Mr. Harder?

Mr. HARDER. Thank you so much, all, for being here on such an important subject. Dr. Kvaal, I would love to start with you. Can you share with us, once again, what the aggregate amount of student debt is now in the United States?

Mr. KVAAL. $1.5 trillion.

Mr. HARDER. And I know I have not been here that long. It was not that long ago since I was in college myself. When I was in college in 2006, do you recall where the aggregate debt was then?

Mr. KVAAL. I do not, but it was substantially less than $1 trillion.

Mr. HARDER. I think it was around about $500 billion. Does that sound about right?

Mr. KVAAL. It does.

Mr. HARDER. So, in other words, in the last 10 years, since I got out of school, the aggregated amount of student debt in this country has tripled in the last 10 years? Is that fair?

Mr. KVAAL. Yes.

Mr. HARDER. And while we have done that, I think it is interesting to note that we have also been disinvesting at the same time in some of the Federal support services that are really critical. So, in 1980, my belief is there—my understanding is that the Pell Grant covered—the maximum Pell Grant was about 76 percent of the cost of attendance for a 4-year school, about 76 percent in 1980, is that—

Mr. KVAAL. Yes.

Mr. HARDER [continuing]. around correct? Do you know where it is today?

Mr. KVAAL. It is about a quarter.

Mr. HARDER. Got it. So, in other words, the amount of student debt has tripled over the last 10 years, and over the last 30 years or so, we have gone from, about 40 years, we have gone from about 76 percent of the cost of attendance of a Pell grant, has slipped to about a quarter?

Mr. KVAAL. That is right.

Mr. HARDER. Is that fair?

Mr. KVAAL. That is right.

Mr. HARDER. And I would love to get the student perspective on this as well, Ms. Parker, and thank you so much for being here. It is interesting, day today, because we are about 24 hours after a, you know, real scandal in higher education, where we have seen, I think, a renewed sense of the inequality in our higher education system. To your belief, did your parents bribe any school administrators or coaches to get you in to school?

Ms. PARKER. No.

Mr. HARDER. Are you sure there is no, like, endowed building, a couple million dollars that helped get you into Franklin?

Ms. PARKER. I guarantee there is none.

Mr. HARDER. There is not in my alma meter either. And what did you study when you were in school?

Ms. PARKER. This most recent time?

Mr. HARDER. Yes.

Ms. PARKER. Human resource management.

Mr. HARDER. And before you decided to study that, did you have access to reliable data that told you this is what you are going to make after 4 years of a program of study?

Ms. PARKER. If I had access to the data, it was not something that I had background knowledge of knowing to do.

Mr. HARDER. Got it. Would that have been helpful in making a decision about what to study?

Ms. PARKER. Yes.

Mr. HARDER. And, Mr. Kvaal, would you agree that students today applying to college do not necessarily have the information that they need to enroll in school?

Mr. KVAAL. Yes.

Mr. HARDER. And what is your sense of sort of the fragmentation of our information in the transparency that we give to students and parents in making what is one the most important financial decision of their life? How is that?

Mr. KVAAL. Woefully inadequate.

Mr. HARDER. Why do you think that is?

Mr. KVAAL. Well, one reason is the Department of Education is prohibited from collecting data on students who do not receive student aid, which is about 30 percent of students, and so we only know what we make colleges report to us. We do not know how well students succeed after they transfer or they articulate to a different program. We only have limited insight into how well they do in the work force, and so there are a lot of really critical questions that just cannot be answered by a student deciding where to enroll right now.

Mr. HARDER. And I used to teach community college, I taught Business 101, how to write a business plan, start a company, at Modesto Junior College, in my community. What about community college students? You mentioned 4-year students. What access to information do you have if you are doing a 2-year degree?

Mr. KVAAL. Well, it varies by State, but, again, it is hard to know whether our 2-year college graduate will go on to earn a 4-year college degree, or how likely that is. Again, access to labor market data for those earning occupational degrees is hard to come by, very rare at a program level, which is really what you want, and rare to get disaggregated by student characteristics.

Mr. HARDER. And so, is there any Federal standard that sort of standardizes the amount of information that students have when they are getting a 2-year—when their 2-year degree, or even a set of standards to know, you know, what are the college graduation rates at one university versus—or one 2-year degree or 4-year degree as opposed to another? Is there any sort of standardization in that? So, you sort of—as you are making one of the most important financial and lifelong decisions, you have sort of a good understanding where you get the most bang for your buck?

Mr. KVAAL. There is—the Department of Education operates what is called the College Score Card. Again, though it is limited in the data that it has. So you mentioned graduation rates, and what the department measures is students enrolling for the first time as full-time students, and so the success of many students, like Ms. Parker, would not be in captured in those statistics.

Mr. HARDER. So, in other words, we really have two problems going here. One is we have the cost of education that has been skyrocketing while we have been disinvesting in higher education, and the second is there is no information. This is why I am actually sponsoring a bill that tries to make sure that we are standardizing some of these decisions, and I look forward to working across the aisle with some colleagues to meet that reality.

Thank you so much, and I yield back my time.

Chairman SCOTT. Thank you. The gentleman from Pennsylvania, Mr. Meuser.

Mr. MEUSER. Thank you, Chairman Scott and Dr. Foxx, for holding a hearing on this extremely important issue of college affordability. Thank you to all of our witnesses, very much, for taking the time to share your expertise with this committee.

As we have heard this morning, tuition fees at our institutions of higher education are rising well over the inflation rate, by at least 3 percentage points, and it is almost an automatic increase virtually every year, and most institutions that cost goes up, and this has been happening for 20 years at least, maybe more. Despite the vast number and growing number of job openings in our economy, we have a skills gap that must be addressed, and yet our costs continue to soar.

The average cost of attending a private 4-year institution or 4-year university is $50,000. So, I will start with the $50,000 question, if you will, or in actually in Ms. Parker's case, the $66,000 question. What is being done to rein in these costs? I know some of this has been addressed. What is being done to truly provide a value or a return on the investment, lowering costs, best education, appropriate and effective job placement by these institutions, by these schools?

Dr. Webber, I will ask you.

Mr. WEBBER. Thank you for the question. One of the biggest things that I can say, at Temple University, first, is an initiative called Fly in 4, which is trying to keep students on track to graduate in a reasonable timeframe. And if it—if they take longer than the 4 years, but they have met certain performance goals, then their—they will not have to pay for classes after this point as long as they have been, you know, meeting certain benchmarks.

In terms of the, you know, job placement, I think that the best place for, you know, colleges of all types to invest in is internship programs, that they have returns to a strong career placement and internship program are very, very large. And I can say that, you know, in my college, there has been a strong push toward making partnerships with businesses in the local community and really investing in this.

Mr. MEUSER. Great. I am certainly a fan of Temple University, and I really hear some great things, and I think your applications rate are a reflection of that. So go out—

Mr. WEBBER. I am a big fan as well—

Mr. MEUSER [continuing]. so go Owls. All right, very good. Dr. Akers, another university that does very well is Purdue University. Mitch Daniels has done some remarkable things there and his staff, lowering costs, just making the school more attractive and definitely delivering on job placement. Are other schools following this model, and maybe you could comment on that?

Ms. AKERS. Sure. So, one of the innovations I am particularly interested in, that McShane Analysis brought to Purdue, is the Back a Boiler Program, which is their college-specific income share agreement. What that does, in the case of Purdue, is takes university funds and basically invests in students. So, the institution is putting their own finances at risk and aligning the incentives, so that when their students succeed, they succeed as an institution. We have seen—they were the first to start a program like that.

We have seen other traditional institutions following suit and creating income share agreements as well. The University of Utah was second, the most recent large university to go in that direction.

Purdue is also leader in their recent action of acquiring Kaplan, in that they are of—a dramatic expansion of their online education program. I think this is a space where traditional institutions have underutilized the potential for technology to lower the cost of their provision of education. So, I am hoping that we will see other schools following suit in that area, as well.

Mr. MEUSER. All right, terrific. Thank you. And Dr. Morrison-Shetlar, I just want to focus on vocational skill learning, as well as the filling the jobs gap that exists. Now, you mentioned in your written testimony the importance of vocational and career education. What sort of resources, what percentage of resources go toward your technical end of your school, and do the students receive the same level of student loans for vocational skills?

Ms. MORRISON-SHETLAR. The NC Promise Program makes sure that every degree that a student wants to pursue is affordable, and that means reduction in tuition, particularly, for in-State students to $500. The other things that we have done in terms of making sure that the students leave with less debt, for example, is that with that reduction in tuition, this is about $3,000 savings per year for our in-State students. The other things that we have done, we have had a 3 percent cap on our fees, so per year, so that those fees do not keep increasing, as you mentioned. And I think that is really important to say, and across the system we have an eight-semester fixed tuition program. And so when people are coming in to get a degree, whatever kind of degree they are getting, they are getting the skills that they need.

It was previously mentioned by my colleague here, internship programs, experiential learning opportunities, which allow anyone who are in any field of education to be able to show, while their getting their degree, that they have the skills that they need to be successful. We are also seeing that our students are getting jobs based on the experiences that they are getting. And so with—the cost perspective of the State of North Carolina is decreasing the cost for students, so that they can then get the experiences they need, get the jobs that they need when they graduate, and give back to the economy.

Mr. MEUSER. Thank you. Thank you, Mr. Chairman.

Chairman SCOTT. The gentlemen's time has expired. The gentlelady from Georgia, Ms. McBath?

Mrs. MCBATH. Thank you, Mr. Chairman. And before I begin asking my questions, I would like to echo my colleague, Mr. Harder's, comments, but first by responding to the references made about the need to reduce administrative burden on colleges. It is important to keep in mind that Federal regulation and oversight provides vital protections for our students. This is particularly important for low-income students and students of color, who are more likely to be burdened by unmanageable debt and to be victims of fraud and abuse by unscrupulous institutions.

There are, however, some bipartisan proposals for reducing compliance costs, such as the College Transparency Act. This bill would lift the ban on the collection of student level data and make it easier for colleges to satisfy their reporting requirements. The College Transparency Act would also provide students and families with better information on the educational and work force outcomes, which gets at some of the problems about transparency that were raised earlier today.

It is true that the demographics of postsecondary students are more diverse today than ever before. More women are attending and graduating from college than men. In Georgia, the State which I represent, 59 percent of college students are women. Across the country, we are also seeing increases in the number of students of color and students with a disability attending college. These trends are very, very exciting, but we still have so much more to do to address the systemic inequalities that still exist today. Low-income students and students of color are disproportionately affected by the costs of education and the lack of available funding, resulting in lower rates of matriculation, retention, and graduation.

In Georgia, and across the country, most Americans will need to attain a postsecondary degree to achieve or maintain a middle-class income. In fact, by 2020, 65 percent of the jobs in my State alone will require some level of higher education, specifically 22 percent will require a bachelor's degree. If a college degree continues to be the surest path to economic mobility in our society, we need to make sure that everyone has the resources, especially financial resources that they need. That is why it is critical for us to invest in Pell Grants.

In Georgia's Sixth congressional District, over 6,000 students received Pell Grants for the 2018 and 2019 school year, totaling nearly $30 million. And for the State of Georgia, more than 20—excuse me, more than 230,000 Pell Grants were awarded to students. This brings the total for the State to just over $900 million.

Now, I am proud to say that Georgia State University, an institution with campuses in my district, is one of the many institutions in Georgia to make great strides to narrow the funding gap for low-income and first-generation students. At Georgia State, 51 percent of the students are receiving Pell Grants.

However, for first-generation college students, navigating the financial burdens is not the only obstacle that they face. Students face a culture shift from the comfort of their hometowns and neighborhoods to an environment where many students may not look like them, come from the same background, or belong to the same socioeconomic class. When we talk about higher education, we need to keep those challenges in mind, and I want us also to think beyond tuition costs when talking about completing a college degree. We speak of mental health in K through 12 schooling, but what happens once those students move on to postsecondary education? What happens to those students who receive free or reduced lunch? It is one thing to get a student to college, it is another thing to get them through college. As we begin these conversations, I hope we will consider the funding needed to help those students navigate their college experience.

An accessible, affordable education is crucial to the advancement of our society and to the future and wellbeing of people that we are here to represent. We cannot expect greater returns on our society unless we are willing to invest more in our schools and the future of our country, our students. Today, students are more diverse than ever before, and I am thrilled to see so many first-generation college students, like Ms. Parker, blazing the trail as the first in their families to attend college.

Ms. Parker, as you said, balancing multiple priorities can be exhausting and very stressful. We know that mental health supports are critical for students on our college campuses. Can you please talk a little bit more about anything that has helped you manage your stress level while going to school and, also, what more do you think that we, this body, can do to address mental health on college campuses?

Ms. PARKER. Thank you. Last year, I attended counseling services through Columbus State's campus and, I guess, coming from my community, mental health is not something that is addressed regularly. So, once I realized—like, once I found out about the counseling services, what they offered, I was, like—the first session I did not understand why I was there, but I was, like, I guess that might be good for me. But throughout the time, I realized how much I needed to—how much I needed that counseling. All the things that I had been going through over the years of trying to make my way through college, how that was burdensome to me. I think mental health—it should be a conversation that, on college campuses, that is a normal conversation instead of being stigmatized, and not just meant for career services—I am sorry,—counseling services, not just meant for that area of the institution. I think that is something that should be talked about in advising or in TRIO Services because no matter who the student is talking to, they see them as an advisor. It does not matter if they are a president, if they are in admissions, you know, if there is an instructor. There is still a way to connect with the student, and they look at you as advisor, as someone that they can, you know, lean into. That is—it should be a platform of a regular conversation, what mental health is, and how it is needed to be able to balance all of what you have going on, the student.

Mrs. MCBATH. Thank you.

Chairman SCOTT. Thank you, the gentlelady's time has expired. The gentleman from Idaho, Mr. Fulcher?

Mr. FULCHER. Thank you, Mr. Chairman. I was just going to raise a topic that I have not heard much about, and just going through your testimony I have not seen, and in my home State of Idaho, there has been a couple of things that has worked in a positive way to drive down the overall impact of cost. One is just, is competition. We have got a community college that was put in place in close proximity to our largest university and since it was put in place, the growth, student growth, has exploded there, and the prevailing increase rate of the 4-year university greatly slowed down. So, that was one thing.

The second thing was the implementation of a dual credit system, and I was—selfishly, I was a proponent of that at the State level, and it has really taken off. And so I would like to maybe ask Ms. Parker, just because you have a compelling story and the demographic that you grew up in is just different than the typical demographic in my home State, and so, first of all, just a question for you: if you would have had, or maybe you did have, an opportunity to receive college credit while in high school, would that have been something that you would have pursued in your circumstance?

Ms. PARKER. I believe in my high school, my senior year is when Columbus Day partnered with my high school to offer the college credit. One, so, it was my senior year, and I was already afraid of college. Going back, knowing what I know now, yes, I would have, but I did not take advantage of it at that time. But, mind you, I am a first-generation student, so.

Mr. FULCHER. I understand. That is okay. So, and this really could be for anyone, but perhaps I will just ask Dr. Webber. Have you seen any other States or any other track records where the dual credit system was advantageous or helpful in driving down the overall cost of college?

Mr. WEBBER. Yes, I think so, and my home State of Florida, where I grew up, has a robust dual credit system that I took advantage of. I had, I think, 12 or 15 credits from, you know, my local community college. And the, you know, the general cost of college in Florida is—it is one of the lowest in the country. So, now, that is—there are other reasons for that, as well, but I do think that part of the, you know, the effect is a robust dual credit system.

Mr. FULCHER. Great. Thank you, Mr. Webber.

Mrs. FOXX. Would the gentleman yield?

Mr. FULCHER. Yes, I yield my time, Dr. Foxx.

Mrs. FOXX. No. I am not—I am going to ask you a question—

Mr. FULCHER. Yes.

Mrs. FOXX [continuing]. or give you some information.

Mr. FULCHER. Please.

Mrs. FOXX. You hit on an issue I wanted to bring up, eventually, and I am really pleased, and while you are here, I wanted to say it. There is an article that came out February 10th that says that a student that takes at least one dual credit course in high school is three times as likely to graduate from college as students who do not take college credits courses in high school. The study also had the higher first, second, and third year GPAs. So, I want to compliment the gentleman on bringing up the issue because it is something that is proving to be very, very successful for students. So, thank you for bringing up the issue, and I will yield my time back to you.

Mr. FULCHER. Thank you, Doctor.

Chairman SCOTT. Did the gentlelady want to put that in the record?

Mrs. FOXX. Thank you, Mr. Chairman, I would like to put that in the record.

Chairman SCOTT. Without objection.

Mr. FULCHER. Thank you, Dr. Foxx. I think the data in our home State would validate that, and I yield to Mr. Chairman.

Chairman SCOTT. The gentleman has yielded back his time. The gentleman's time has expired. The gentlelady from Washington, Dr. Schrier.

Dr. SCHRIER. Thank you, Mr. Chairman. First, I would reiterate, I agree with my colleagues that we have a Running Start Program in Washington State that has been incredibly successful. It reduces the cost of college, lets kids get an early start. It is, unfortunately, not available so much to people in rural areas, but it is a great start.

We have heard about college tuition rates. Just for perspective, I do not think I am that old, but, in the eighties, when I went to college, I took a couple classes at a community college for $5 a credit. Yes, and I went to UC Berkeley for $2,000 a year, and I graduated from medical school with about $60,000 of debt, which it pales in comparison to anything that students today are facing. I came out with an M.D., to pay off the same debt that Ms. Parker now is facing without that potential salary earnings.

And so I have often said that the way we spend our money is a reflection of our values, and we have just heard about how college education leads to a million dollars more in lifetime earnings, leads to a much bigger tax base, and will ultimately pay itself off. And I have always felt that an investment in a home and in education are the only two good kinds of debt.

And so I wanted to ask because, Dr. Kvaal, you mentioned, ultimately, over time, doubling the amount that we give in Pell Grants. I would note that at the University of Washington we have about an 80 percent graduation rate for students receiving Pell Grants, which I think is phenomenal compared to a lot of the numbers we have been hearing. Why not just go for it immediately, given what a good investment college education is, and the ultimate payoff in tax revenues for our country?

Mr. KVAAL. Great. I am for it, and, in fact, the studies show that investments in Pell pay for themselves in terms of increased economic growth, and so it is a very worthwhile—it would be a very worthwhile investment for Congress to make.

Ms. SCHRIER. Thank you. And then I would also just note, and then I will yield back my time in a moment, but that the costs of college today are so different for a person like me, who happened to come from a middle class household and did not have huge expenses, and Ms. Parker, who grew up with adversity and just—the system is just so rigged. I mean, as we saw yesterday, with the wealthy parents paying their way and false test scores and everything else to get their kids into college, who will have a cakewalk, and would have had a cakewalk either way, and Ms. Parker, who has to work and raise a child and get through college, that it just is—I do not think I could have made it through Berkeley doing what you are doing, and I just want to recognize that the cost of college is overwhelming and I applaud you for your efforts. I yield back my time to the Chairman.

Chairman SCOTT. Thank you. Let me ask just, you know, one question. Maybe Dr. Kvaal, there has been a reference to the private income-based repayment plan, where you make a deal with a private investor to get a percentage of your income. How do those work, and why would anybody prefer that than the Federal income-based repayment that we already have?

Mr. KVAAL. I think there is—thank you for the question, Mr. Chairman. I think there is very little reason for any student to prefer a private income share agreement to a Federal student loan because of the option of income-driven repayment, which will be a better option for almost every student, if not every student. The Federal Government has lower cost of capital. It has economies, a scale in collecting those loans, and, as a result, they offer better rates to students than private lenders will.

Chairman SCOTT. Is there any—would the private income base—with the public income base repayment, you can just decide if you got a real good job, just to pay off the loan and be finished with it. Do you have that option with the private deals?

Mr. KVAAL. Not necessarily. Oftentimes, you have to pay back several times more than the value that—of your education.

Chairman SCOTT. Thank you. Yields back. The gentlelady yields back the balance of her time.

Ms. SCHRIER. May I take back the balance of my time?

Chairman SCOTT. Yes.

Ms. SCHRIER. I have a letter from the NEA that I would, respectfully, request to submit—

Chairman SCOTT. Okay—

Ms. SCHRIER [continuing]. and thank you, and I will yield back to whoever would like my time.

Chairman SCOTT. Without objection. Gentleman from South Dakota?

Mr. JOHNSON. Thank you, Mr. Chairman. Ms. Parker, in your testimony, because it is just a neat story, I know it has been a hard story for you, but it is a neat story to see your persistence. And at the end of your written testimony, you note that you know the odds are low that Journey and I will ever escape poverty, and I just want to echo Ms. Fudge and Dr. Roe and others who said you are going to make it. You are going to make it. And I know that because I think it is as true now as it was when President Coolidge said it, but this is what President Coolidge said, "Nothing in this world can take the place of persistence. Talent will not. Nothing is more common than unsuccessful men with talent. Genius will not. Unrewarded genius is almost a proverb. Education alone will not. The world is full of educated derelicts. Persistence and determination alone are omnipotent."

Ms. Parker, boy, do you have persistence, and you are going to make it and Journey is going to make it. And I know that you have traveled far, and that there are miles yet to go in your journey, but, boy, are you going to make it. And so, through that journey, I know you have learned a lot. I have got three boys. One of them is 13. You know, he has not really started to think about what is going to happen after high school yet, but I would love to get you guys connected. Now, he is not here today, but if he was, and if he says, Ms. Parker, what advice do you have for me, about how—what I can be doing to have a successful experience, whether that is related to affordability or other measures of student success, what would you tell him, ma'am?

Ms. PARKER. Get connected to as many resources as you can because that is my experience. I do not know how to do it without it. I do not know any other way, and to always be mindful that, just because someone told you that this is the way it is, that does not mean that has to be what it is. Ask questions and continue to stay persistent.

Mr. JOHNSON. Ask questions. Boy, that—I think that is very well said. I mean, you would need to be your own advocate—

Ms. PARKER. Right.

Mr. JOHNSON [continuing]. at times in this system. We have talked about how complicated it is to navigate. The system is too complicated, but there have been times that you had to be your own advocate, I assume?

Ms. PARKER. Yes, for years.

Mr. JOHNSON. Mm-hmm.

Ms. PARKER. Until I have realized now, later in my educational journey, that, okay, there should have been a, you know, a stepping point, all those years, where I could have been caught and helped and guided.

Mr. JOHNSON. So, there is, you know, we have talked a fair amount today, also, about that there is kind of a lack of transparency, and it is hard to understand grants versus loans. Some of the other panelists talked about that. Part of it is also that we are kind of dealing with monopoly money. When you're a young person and you are trying to think about paying something back over 10 or 20 or more years, it is hard to really, really—to really understand the financial impact that it can have. Is there a moment, maybe there wasn't, but was there moment when you really realized, oh, my gosh, this is real money and I owe it?

Ms. PARKER. I understood that when I was 17 going to the University of Toledo. Yet I was only taught to survive. So, it was taking out the loans to make basic needs met in order to still stay in school. I went to school with no money. Like I said, I did not have a comforter for my bed. That was real. When I got there, and I arrived and I see all my peers and everyone setting up their room. They came, I mean, they had—I don't even think they came from money. I knew they had money because they had a comforter on their bed. I did not know what "come from money" meant, until I seen an extensive amount, you know?

Mr. JOHNSON. You talked in your testimony, and I was glad you did, about how hard you have worked and how many part-time jobs, and at times more than a few of them, and we have also heard from other panelists that can sometimes have a negative impact on student success. But I have got to think, right now, it would be hard for you to make it if you did not—if you were not working. Employment is a key part of your success story now, I would assume. Is that right?

Ms. PARKER. Yes. It is an important part of my success story, and it also has given me experience. So, although I was working all these jobs in, you know, in school, I was—I am able to apply the experience that I have worked in all these jobs to—is relevant to me now and in my career.

Mr. JOHNSON. Well, this has been very well said. The panelists have done a great job. Ms. Parker, you have done a great job, and I think, yes, we do need to talk about what is—we do need to have robust conversation about what is the role the government in aiding student success and in increasing affordability, but you are a great example of somebody who is also doing what you can on your end. Hard work, curiosity, being your own advocate, being persistent. I mean, there are a lot of things that students need to own to be successful, and, ma'am, you are owning them.

Mr. Chairman, if I can, I would like to yield back a little time to the ranking member?

Mrs. FOXX. Mr. Chairman, to be fair, there is not enough time to ask a question.

Chairman SCOTT. Thank you. The gentleman's time has expired. Let's see, gentlelady from Florida, Ms. Shalala.

Ms. SHALALA. Thank you very much, Mr. Chairman. First, I would like to introduce into the record a letter from CLASP, the Center for Law and Social Policy. To the panel, and I think you have done an excellent job, but tuition is more complicated than just what the sticker price is because so many of the colleges and universities in this country, with probably the exception of the for-profit institutions, discount tuition in a variety of ways. Sometimes it is a scholarship, sometimes it is just offering a lower price, and so it is hard to analyze whether tuition alone is the factor. And it seems to me that one of the things that we have learned is these wrap around services that Ms. Parker has indicated that made a real difference for her: access to housing, access to other kinds of income and support services, in addition to the fact that she took a job. So, could you talk a little about what the actual tuition is, and how analysts treat that in relationship to student success?

Mr. WEBBER. So, I think that—you bring up a very good point. There is the sticker price of tuition, what it says on the website, and I do want to say, this matters. It does deter people from who just see the prospect of this, these really big numbers with—and they are very reluctant to take out so much debt, and that they are not aware of, you know, the financial aid that they are actually going to receive, but then, what students actually pay. One of the problems is that what they actually pay is going to differ from year to year. It is not clear what they are going to get from 1 year to the next.

The, you know, the financial aid packages that there is so much fine print that, you know, you might—you know, it expires after 4 years or it expires—you lose it if you fall below certain thresholds, and it is incredibly complex, and this is a real burden to students, I think.

Ms. SHALALA. Thank you very much. Mr. Kvaal, according to research examining nationally representative data on student demographics, we found that while academic programs at for-profit colleges are more similar to those at public community colleges, borrowing patterns for students who attend for-profits are more similar to the not-for-profit 4-year colleges. It seems like, to me, to mismatch in the types of programs for-profits offers in the cost. Have you looked at that differential in looking at the cost of college?

Mr. KVAAL. Yes. You are right. Programs at for-profit colleges tend to have much higher tuitions, and they tend to have much, much higher percentages of students who borrow.

Ms. SHALALA. And what about the retention and graduation rates?

Mr. KVAAL. The retention and graduation rates are mixed. The for-profit colleges tend to offer shorter programs, but if you do it on an apples-to-apples basis, they are very similar or, if anything, community colleges have slightly better retention rates.

Ms. SHALALA. Dr. Shetlar, can you talk a little about the wraparound services that you provide to students? I mean, you talked about very low tuition, and you, obviously, have a large number of students that work and go to school at your institution. What kinds of services do you provide to support students?

Ms. MORRISON-SHETLAR. Educational supports, obviously, is things like advising, and to attain the skills that they need to be successful in their degree. Tuition is for—at Western is about $3,000 a year—

Ms. SHALALA. Right—

Ms. MORRISON-SHETLAR [continuing]. Total cost of attendance, with NC Promise is $14,000. So, it is room and board, and the other supports, health services that need to be in place, that are often the cost, additional costs.

Ms. SHALALA. Mm-hmm. Thank you very much. Ms. Parker, I think you are going to do very well in the future. I would like to be helpful. I actually know a lot of H.R. people in Ohio, and so if you connect up with me after this hearing, I would be happy to provide some introductions to you because I am going to make sure you do not end up living in poverty for the rest of your life. Thank you. I yield back my time.

Chairman SCOTT. The lady's time was expired. The gentleman from Virginia, Mr. Cline?

Mr. CLINE. Thank you, Mr. Chairman. The cost of higher education has unjustifiably run rampant in recent years, and the overall cost of college is increasing as a result of many underwritten factors, including administrative costs. While some of my colleagues claim that college can and should be free, the fact is college can never truly be free. Costs are simply masked.

That being said, students should have the option to attend an institution that prepares and enables them to be contributing members of society. The problem with accessibility is two-fold, which includes both the access for students to attend, and their success and completion while at college. You should not reach a point at which the cost of education is entirely prohibitive, but recognizing that as just as accessibility is important, so are graduation rates.

So, Mr. Webber, I would ask you, in your testimony you State that only 60 percent of students at 4-year schools will earn a degree within 6 years of initial enrollment. With more and more resources at schools being devoted to administrative costs, why are we not seeing a higher percentage of graduation? And what benefits are they providing, if not contributing to student success by ensuring their graduation?

Mr. WEBBER. Well, one of the issues is doing an apples-to-apples comparison. So, over time, at the typical public institution, graduation rates have stayed roughly constant, but that is despite public institutions educating a much different type of student today than 30, 40, 50 years ago. And so, from an apples-to-apples comparison, in some sense our graduation rates have increased because we are—because they have stayed the same, if that makes sense.

Mr. CLINE. Thank you. Dr. Morrison-Shetlar, I am reading your testimony; very interested in NC promise; sounds very exciting. How long have you been chancellor, interim chancellor?

Ms. MORRISON-SHETLAR. Just slightly over 1 year.

Mr. CLINE. And are you familiar with your budgets over the last, say, decade? I mean, can you speak to those budgets and the increases in your budgets?

Ms. MORRISON-SHETLAR. To a certain extent, yes.

Mr. CLINE. Okay. Can you approximate for me how much the budget has increased over the past 10 years per year, by average?

Ms. MORRISON-SHETLAR. Let me ask that question. I just wanted to make sure it was somebody who actually has the numbers. So, actually, over the last decade, we have stayed relatively the same. What has happened is that we have had a decrease in sort of capital expenditures or the ability to invest in our current capital, and that is changing. With NC Promise, we are beginning to see folks look at the cost of attendance at the university, and to make sure that we have the budget that we need to be able educate a growing population.

Mr. CLINE. That is not the answer I expected, so I want to commend you for keeping your budgets under control. And given that you have seen such a spike in enrollment, can you speak to other ways in which you, as a higher education institution, have managed to control costs on your own? Because from my perspective, and I have a lot of different colleges and universities in my district, they see continuing pressures on their costs, and because your university is getting so much support from the State to keep your tuition fixed and low, I was curious whether or not you all were making it a goal to actually control costs. And so can you speak to those?

Ms. MORRISON-SHETLAR. Mm-hmm. Most definitely, I have mentioned this previously, but one of the things that the NC Promise is doing is helping us with retention, and so having our students be able to stay on at the university is reducing their cost, total cost of education.

Mr. CLINE. Not their costs, your costs.

Ms. MORRISON-SHETLAR. Right, my cost. So, one of the things that the—again, the system is doing is capped fees, and so that we cannot go above 3 percent in terms of increasing our fees. So, what we have to do—

Mr. CLINE. Right.

Ms. MORRISON-SHETLAR [continuing]. if we are not getting that, those additional funds, then we are looking at reallocating to make sure that we are focusing. Western Carolina University does not do everything. It does specific things really well, and so, in past years, prior to my time coming to Western Carolina, we looked at program prioritization. What are the kinds of programs that we are doing? Is it the right programs for our region? And if it is not, then are we getting—eliminating those programs and focusing our resources in other areas? The other things that we do—a reallocation of resources is always the key to this. If you do not have the money, what are your priorities and the values of your institution? You know, follow the money.

And so, we have a very strong strategic plan that has a focus on success, student success, time to graduation, retention, and we make sure our resources follow those values, those metrics, and the issues we are accountable for, so—

Mr. CLINE. Thank you very much.

Ms. MORRISON-SHETLAR [continuing]. reallocation.

Mr. CLINE. Great. Thank you, Mr. Chairman. I yield back.

Chairman SCOTT. Thank you. The gentleman from Michigan, Mr. Levin?

Mr. LEVIN. Thank you. Mr. Chairman, I would like to submit into the record two letters highlighting the critical importance of the Public Service Loan Forgiveness Program; one, from the American Federation of Teachers, and the other from 127 national and State animal health science professional membership organizations.

Chairman SCOTT. Without objection.

Mr. LEVIN. Thank you. Mr. Chairman, I believe strongly that restoring the middle-class means we must stop shortchanging our students. All students in our country deserve a high-quality education that helps them reach their full potentials, and we must invest in higher educations, so students, like Ms. Parker, are not buried in debt when they graduate.

I also believe strongly in loan forgiveness for those who make the financial sacrifice to use their skills in public service, such as working as teachers, firefighters, public defenders, nurses, or members of the military. The PSLF, or the Public Service Loan Forgiveness Program, created with bipartisan support in 2007, offers loan forgiveness to individuals after they work in public service careers for 10 years. The program was designed to ensure that talented individuals, including teachers, service members, and veterans, can pursue careers in public service, even if they take out loans to obtain a degree.

Dr. Kvaal, I would like to ask you a question. I think we worked together in previous lives. It is good to see you again. What would eliminating the PSLF Program do to diversity of the public sector work force? Would it make it harder for underrepresented groups to pursue careers in teaching, in nursing, and the like?

Mr. KVAAL. It would. We know low-income students and students of color are more likely to borrow, and they borrow more, and so it would make those career choices more challenging for them.

Mr. LEVIN. And how would eliminating this program make it harder for low-income individuals, in particular, to pursue careers in public service?

Mr. KVAAL. Well, we know student debt is an obstacle for our students making their career choices, and students with higher debts are less likely to choose low paid careers, including public service careers.

Mr. LEVIN. Thank you. Today's college students often struggle to find adequate, affordable housing options near their campus. In fact, researchers believe that the population of homeless students in higher education is close to 1.5 million. Furthermore, a recent GAO report examining college student hunger found that low-income students, first-generation students, and single parents are at greater risk of being food insecure.

Ms. Parker, I was so moved by your story of struggling to find housing with—for you and Journey. Thank you for sharing this experience, and I am inspired by how you have overcome that difficult time in your life. Can you tell us a little more about what difference the stable housing that you found has made for you, and can you expand more on how you were able to find stable housing?

Ms. PARKER. Thank you. I was able to find the housing through our advising. We have special circumstances advising at Columbus State, and they directed me in the direction of Scholar House, and—

Mr. LEVIN. And what is Scholar House?

Ms. PARKER. Okay.

Mr. LEVIN. Who stays—who lives there?

Ms. PARKER. Student parents. So, it is a community of student parents, and they provide programming for us. So, we have things for, like, mentoring, coaching, financial literacy, programming offered to us, that is like a requirement. And it is a partnership between CHMA Metro—I am sorry, Columbus Metropolitan Housing Authority and Community Properties of Ohio. It is a Section 8 voucher to allow us to have it at a loan.

Mr. LEVIN. So, it is sort of a cooperative program of different—

Ms. PARKER. Yes.

Mr. LEVIN [continuing]. agencies working together to make sure—

Ms. PARKER. Yes.

Mr. LEVIN [continuing]. people can get housing?

Ms. PARKER. Exactly.

Mr. LEVIN. Thank you very much. I think we need more of that, not less. A part of the President's budget was released this week, where the administration recommends eliminating subsidized undergraduate student loans. Republicans have also proposed eliminating subsidized loans. Currently, undergraduate students can receive subsidized loans allocated based on financial need, which do not accrue interest while they are in school.

Dr. Kvaal, how would eliminating subsidized loans for undergraduates affect students, and does this help make college more accessible and affordable?

Mr. KVAAL. The President's proposal would use those funds to reduce the deficit. It would raise costs by thousands of dollars for many of students over the life of their loans, and it would not make college more affordable.

Mr. LEVIN. Finally, let me ask you a clarifying question, to you, Dr. Webber. There were some proposals offered by the minority about limiting borrowing among certain students to reduce debt loads. Do you believe debt loads, particularly among low-income students, are the result of frivolous or unnecessary spending or are they a reflection of rising prices and insufficient grant aid?

Mr. WEBBER. I absolutely believe they are the latter, the rising prices and insufficient debt aid. I think there are very limited circumstances where, you know, some students, you know, maybe because of lack of financial counseling, do borrow too much, and so I think that schools should, you know, have more flexibility to, you know, to be able to counsel those students.

Mr. LEVIN. More advising and counseling, rather than limiting the amount they can borrow if they need it?

Mr. KVAAL. Exactly.

Mr. LEVIN. Okay. All right, my time has expired. Thank you all so much. It is really an important subject.

Chairman SCOTT. Thank you. The gentleman from Maryland, Mr. Trone?

Mr. TRONE. I thank you all for being here this long day. It is nearing the end.

Ms. Parker, I commend you for your phenomenal hard work and perseverance and you are, absolutely, going to be successful, and you will knock it out of the park. Just keep at it. My question is, we have been looking at a higher education and a education system that really has not changed much in the last 100 and almost 50 years. We have been a K through 12 system, and then we have a 2-year or a 4-year college. You know, everything else has changed in 150 years. I mean, our students have changed. Their interests have changed. Where they would go to graduate school, that has all changed.

What has changed? The type of jobs they are going to get has changed. The way we communicate, knowledge has changed. I would like to get some people's thoughts about is this system just yesterday's system and something that we just keep going with because it is there, or should we be trying to move to something more like a Pre-K through 14, that is 100 percent free, covers all those wraparounds, we cost—that we talked about a while ago. And who in the—what State has done the best practice in this area that could be something that we could learn from and emulate? Let us start with Dr. Morrison-Shetlar.

Ms. MORRISON-SHETLAR. I think the comment about free is always difficult to determine. One of the things that NC Promise does is a little different from others, is that it is the first dollar, and so the students come and they know what their tuition is going to be. They know what their other costs are going to be, and then they can apply other loans and grants to that. So, I think making this a process that is more transparent, making a process that is more accessible, particularly for low-income or first-generation students, would be really, really important, and making sure that their education is helping our students get the right kind of jobs. At Western Carolina University, we do needs assessment in our community. What is the kind of—what are the skills that are needed?

What are the kinds of things that would help our economy, and are a nimble enough university to be able to say, okay, we need to be focusing and growing those particular things. So, I think really knowing where—what your circumstances are. We are in rural North—Western North Carolina. We know what the needs of our community are, and as an institution, we meet those needs and we exceed those needs, if we possibly can, but we have to be nimble to be able to do that.

Mr. TRONE. Other thoughts on that?

Mr. KVAAL. Mr. Trone, if I might? There is an interesting experiment happening in Detroit with the Kresge Foundation about combining K through 12 schools with 4-year residential college. It would be interesting to explore with you.

Mr. TRONE. How many States actually have a "free" first-dollar or last-dollar community college, 2-year college? Anybody have a number on that?

Mr. KVAAL. I do not think there is any State that is entirely free.

Mr. TRONE. Tennessee? Nope?

Mr. KVAAL. Tennessee is covered, in large part, using Pell grants. They have a last-dollar scholarship.

Mr. TRONE. Mm-hmm. Okay. Let us talk about work force a minute. We support, you know, there is a lot of ideas in innovation, promoting multiple pathways to students to learn, and success in the workplace. At the end of the day, that is what they are looking for, success in the workplace, in the job. And sometimes these programs do not actually prepare people adequately, but what kind of safeguards do we need if we are spending Federal financial aid dollars to folks to help pursue work force focus programs? Are students able to use their Federal financial aid to help in these work force programs?

Mr. KVAAL. In many cases, students are able to choose degrees or certificates offered by community colleges or trade schools that have direct occupational value. In order to get a Pell Grant, you must be attending a program at least the length of a traditional academic semester, which is 15 weeks. There are some proposals to allow shorter term programs to receive Pell Grants. Those programs may not necessarily be offered for academic credit. They may not necessarily be accredited. And so my view is those—there are a lot of those programs that are high in quality and that are worthy of support, but we do need to be careful, not just the types of programs that meet those criteria today, but the types of criteria that—programs that might be created to meet those criteria?

Mr. TRONE. Okay. Thank you.

Chairman SCOTT. Thank you. The gentleman's time has almost expired. Thank you. The gentlelady from North Carolina is Ranking Member Dr. Foxx.

Mrs. FOXX. Thank you, Mr. Chairman. First, Ms. Parker, I want to congratulate you on getting your associate's degree, and on continuing your education. I will tell you that I was very, very poor growing up, but I worked my way through college. It took me 7 years, and I had a family, and so I want to encourage you, as other people have, to continue to do what you do because getting your degree, I hope, will be worthwhile for you. It has certainly been for me, and so I commend you for continuing to do what you are doing.

Dr. Akers, I want to go back to the issue of the Public Service Loan Forgiveness Programs, and in your testimony, you mentioned that it is estimated it cost $24 billion over the next 10 years. Could you give a few examples of how the PSLF is inequitable and poorly designed?

Ms. AKERS. Sure. So, I have no objection to subsidizing employment in careers that serve the public good and that are undersubscribed with the market wages that exist in them, but I firmly believe that the Student Lending Program is the wrong place to provide those subsidies. It is sort of an obvious example of where there is inequity, is you could imagine two nurses working in a nonprofit hospital system. One of them went to college and had the experience that Ms. Parker talked about with pizza and partying in dorms, and then the other, you know, scrimped and saved to have the low-cost experience. The individual who has high amount of debt will have their loans forgiven, essentially receiving a very large subsidy of taxpayer dollars, while the person who was more careful with their spending does not receive the subsidy. I would much prefer if we just choose to support particular professions that those subsides be delivered through something, like a tax credit, that motivates all individuals to enter that profession, rather than just those who have spent large sums on their education.

Mrs. FOXX. Well, thank you for that example. I think, of course, what Ms. Parker said, her idea, before she went to college, was that is was a vacation, and I think many people see that the taxpayers are subsidizing those kinds of students who going to college to be on vacation and not having the kind of seriousness that other students have, and I think your example is an excellent one.

Dr. Morrison-Shetlar, thank you for coming to Washington to testify about the wonderful things that are going on at Western Carolina and other places in North Carolina. I think talking about the Carolina Promise, talking about the programs that you all have, where students can transfer from community college and make sure that their credits transfer into their degree programs, I happen to think North Carolina is doing a lot of good things in that regard. Dual enrollment in high school that costs absolutely nothing, and that is, by the way, all throughout the State. I know you were a little unsure about how to answer that question before, but it has been going on a long time before I was involved, and before Ms. Adams and I were both in the General Assembly, that program started. So, it has been going on a long time, and it has been very successful, but I know improving the economic mobility of your students is an important value to you, and you eluded to that. Could you share with us what you are doing on campus to work with businesses and industry to make the transition from college graduate to employee seamless for your students?

Ms. MORRISON-SHETLAR. We have a very robust career and professional development service for our students that allows us to find businesses and industries in our area that are interested in taking our students before they graduate, so that they are eligible for getting the experiences that Ms. Parker talked about, as she did in her work experience. These are really important connections to be made, and we live in an area where the businesses and the industries are very supportive of our student success. And a high percentage of our students, when they do these internships or practicums, end up being employed by those businesses and industries and, therefore, as I mentioned earlier, stay in the area and contribute back to the economy.

Mrs. FOXX. Thank you very much. And, Dr. Webber, I want to say, again, a special thank you for being here today, and for the written testimony that you provided, which is very, very helpful to us. And, Dr. Kvaal, thank you, and, again, Ms. Parker, thank you so much for coming and sharing your experiences.

Thank you, Mr. Chairman, I yield back.

Chairman SCOTT. Thank you. The gentlelady from Nevada, Ms. Lee.

Ms. LEE. Thank you, Mr. Chairman, and I want to thank all of you for being here today. As one of eight children, I was able to put myself through college with a smorgasbord of help, whether it was the Perkins Loans, the Pell Grants, student work study, and that was significantly important to me. But we are finding more and more that students are not having that same opportunity, and, in fact, research from the Brookings Institute predicts that by 2023, nearly 40 percent of borrowers may default on their loans. So, to me, this indicates that we do have a student loan default crisis, which is a much bigger crisis for minority and low-income students, particularly those who attend for-profit colleges. The study finds that default for student at for-profit schools is almost four times that of those that attend community colleges. We also know that black students are three times more likely to enroll in for-profit colleges than their peers, and students at the bottom quartile are twice as likely to enroll at for-profit colleges than students in the top.

Mr. Kvaal, I wanted to ask you, given these statistics, can you explain why students who attend for-profit institutions are at greater risk of default?

Mr. KVAAL. For-profit colleges tend to be significantly more expensive. They tend to be priced at the level that would require you to borrow Federal student loan at the maximum level, and they often offer mediocre education or worse. And, as a result, we do see a lot of students defaulting or failing to make payments on their student loans.

Ms. LEE. Thank you. You know, you had said earlier that—like you said that students that qualify from these for-profit colleges, actually may do worse in the labor market than they otherwise would do, even if they did not go to school. This happens even though the credentials they offer tend to be 30 to 40 percent more expensive.

ABC interviewed a young veteran, Brian Babcock, a couple years ago, who served our country in Iraq, and his plan was policework when he graduated. He used his GI Bill money to pursue criminal justice degree at ITT Tech, which we all know what happened with that. He heard about the school on a commercial. ITT promised him that all police agencies would take his credential, and they even helped him fill out the student loan application, which lead him to borrow up to $70,000. He went on to apply to 20 to 23 police departments, to only find out that none of them recognized this degree. We just discovered today, and this is a particularly important point in Nevada, we have a lot of for-profit universities that have shut their doors, 30 in the last 10 years, and we just discovered today, that 1,733 GI Bill recipients were affected by the most recent closures of the Dream Education Schools, of which one is in my district alone. Can you explain, more specifically, speak to why minority students and veterans tend to be the target of these predatory recruitment practices by for-profits?

Mr. KVAAL. I think in many cases, students do not have experience with college. They have family members who do not have experience with college. We know that for-profit colleges engage in very high pressure or sometimes deceptive recruiting tactics. In 2010, the GAO sent undercover investigators to for-profit colleges. All 15 found misleading statements. Four of them found fraudulent statements. The veterans are particularly attractive to for-profit colleges because they generate revenue outside of what is called the

90–10 Rule, which limits revenue to 90 percent of student aid. And so, for all of those reasons, you see the practices of for-profit colleges falling disproportionately heavily on the communities you mentioned.

Ms. LEE. Thank you. Real quickly, we are running out of time. Any quick suggestions for what the Federal Government can do to protect these students?

Mr. KVAAL. I think it is really important to have standards, to make sure that students graduate, can find jobs, and can repay their loans. I think it is important to crack down on the use of commissioned salespeople, which leads a lot of this deceptive information. I would certainly include GI benefits and DOD spending in the limitation on the amount of Federal funds that these for-profit colleges conclude. And I think that students who are defrauded should have a right to get their loans forgiven, which is true in theory, but not in practice today.

Ms. LEE. Right. Thank you very much. Thank you all.

Chairman SCOTT. Thank you. The gentlelady from Massachusetts, Ms. Trahan?

Ms. TRAHAN. Thank you, Mr. Chairman, and thank you for having this hearing. It is so important to all of us. You know, I was born and raised in a working-class family, in Lowell. I was one of four girls and attended public schools my entire life. You know, if not for a volleyball scholarship, I would not have gone to the college that I had gone to, and so I am so uniquely aware of the anxiety that goes around education and funding your own education. You know the school—school tuition had a high sticker price then, but I think what is more alarming to me is that in the last 25 years, I have seen that sticker price increase 3X, 3X in 25 years.

So, Mr. Kvaal, you know, I looked at your—the student debt report that TCEA put out last September, and more than 200,000 colleges granting bachelor's degrees carried an average debt of more than $35,000. I mean, today, we heard Ms. Parker's testimony and your $66,000 debt. I just want to ask a couple of basic, you know, questions on this because it would be—and I think it is helpful for us to know what the major drivers are for these tuition increases.

Mr. KVAAL. Well, for most students, three-quarters of students go to public institutions, and for those students the single biggest driver has been declining State support over the last few decades.

Ms. TRAHAN. Yep, but—so that is fair. I have got three stepsons. I have toured lots of college campuses in the last 10 years, and I have also seen a bit of an amenities arms race, whether it is the dorms, the cafeterias, the gyms. And I am wondering if you could speak to the—has the quality of education or the job readiness, not just the student experience, has it risen as a result of these tuition hikes?

Mr. KVAAL. Well, I think, in part, colleges do have a challenge because they employ highly educated work force. It is highly paid. It is difficult to become more productive, like other parts of the economy because you cannot have more than 20 students in a seminar without the seminar getting worse. I also think many of our colleges are chasing prestige in a way that is measured by the U.S. News and World Report, for example, which measures academic quality by the amounts institutions spend, not the amount students learn, and we do not value community colleges and regional universities that are inclusive and affordable and higher in quality.

Ms. TRAHAN. Great. That is helpful. And you mentioned, I think you are the only one in your testimony who sort of used the word "accountability." What accountability measures should we employ to make sure that our young people, frankly, get the return on their huge investment?

Mr. KVAAL. Well, the most basic question, I think, for Federal policymakers is, can students repay their loans? We have had the cohort default rate and statue for 30 years. It has long been bipartisan, widely accepted. It is no longer very effective at driving down student loan defaults. So, there is series of reforms you could make to revitalize the student loan default rate. I think there are other things that are worthy in other areas. For example, the Gainful Employment Rules apply to occupational programs, often at for-profit colleges, and look at typical debts relative to expected earnings.

Ms. TRAHAN. Great. Thank you. I am going to switch gears because I still have a little bit of time left. So, we heard from Ms. Parker's testimony that far too many students and their children, like Journey, are going hungry while you are nobly trying to learn and get ahead. The help they need is not reaching them. The GAO recently found that of the 3.3 million students, and I think this was referenced earlier, who are potently eligible for SNAP Benefits in 2016, less than half said they participated.

So, Chancellor Morrison-Shetlar, I am wondering if you could help with your experience? Is student hunger an issue you see at Western Carolina, and if so, what are your recommendations for helping students?

Ms. MORRISON-SHETLAR. Student hunger is definitely something that we are seeing in, I think, all of our institutions. It is a big issue, and it is something that we at Western, and across the system, are really, really conscious of, making sure that students get to the resources that they need to be able to be successful. Western Carolina University, we have collaborated with the Baptist Children's Home to create a food bank and resources for our students who are homeless, who have issues, and they are referred through sometimes by faculty, by staff. That we have really got to get the information out to people about the resources that they have available to them, as Ms. Parker has mentioned, and I think communication is the big issue. We have got to get that information out, and it has to be done in a way that is compassionate and respectful for the person who is being affected because that is one area where if people don't feel like they are being valued or respected, they will just leave, and so retention will become an issue.

Ms. TRAHAN. Right. Thank you. I have run out of time, so I yield back, but thank you all so much for being here today.

Chairman SCOTT. The lady's time has expired. The gentlelady from Washington, Ms. Jayapal?

Ms. JAYAPAL. Thank you, Mr. Chairman, and thank you for holding these important hearings. Thank you to the panel for being here. This has been an issue that has been important to me for some years. And I think that, if I am not mistaken, Dr. Kvaal, when you were with the Obama Administration and I was writing my bill in the State Senate for the Washington Promise Act, I believe we worked with you, so thank you for your help back then. And we did just in—we have one of the best community college systems in the country. We did just in Seattle add a 13th year to sort of the K–12 continuum, and so we are excited to see how that goes. In Washington State, just to echo some of the comments of my colleague that has just spoke, we went from the State covering 66 percent of the cost of college, public universities in 2008, to now covering only 35 percent, and we are in a very high, very unaffordable, let's put it that way, area in terms of our living costs. So, the challenges for students are tremendous. And I want congratulate you, Ms. Parker, and all of the students across our country, who go to through such challenges.

Let me start with you, Chancellor, and thank you so much for your work on the North Carolina Promise Program. I wanted to ask if you could zero in a little bit on what you have found around college accessibility and income diversity of your students, in particular? Any specific reflections on that connection?

Ms. MORRISON-SHETLAR. The metrics of the UNC System have put forward to us as a result of—just affordability and access across the system, but then also including NC Promise, is really to focus on making sure that low-income students, first-generation students have access to a high-quality. affordable degree. And, as a result, the NC Promise System chose three institutions that allow students less than 150 miles' travel to get to college, where they can get a 4-year degree, which means that you are basically supporting your community, and that is really, really important. And so people coming to Western and to Pembroke and to Elizabeth City are people who want to have a high-quality education, would not normally have been able to afford it, but with NC Promise, that has allowed them to do that. So, we are seeing increases in retention and time to graduation, even in the fact that we have just been at this for a short period of time, but we are seeing, particularly, student retention because they are having—they are not having the financial impact that they would have had otherwise.

Ms. JAYAPAL. That is perfect cause my next question was going to be around sometimes we separate cost and affordability from completion, and in my experience and the students I have spoken to, and it has—talked to tens of thousands now across Washington State. There is a very direct connection because if you do not have the aid, if you have to go out and have a second job or a third job, if you cannot afford your textbooks or your—a computer now, because everything is—it really affects your ability to complete. And so can you speak to that? I know it is early, but can you speak to that and perhaps any of the other panelists that might want to comment on that relationship because they are so often separated? What comments do you have around that completion and—?

Ms. MORRISON-SHETLAR. Well, NC Promise is a first-dollar program, and so students know exactly how much it is going to cost, with their tuition and their fees, room and board, et cetera, and so that knowledge allows planning. That knowledge allows seeking other resources to complete that cost of attendance, and that is something that I would love to see as having a simpler process, a more transparent process, something that first-generation students or low-income students can have access to and be successful at. That would be a huge game changer for the people and the students that you are talking about.

Ms. JAYAPAL. Well, and actually I just want to say before asking, if any of you have comments on that, that I actually have championed a proposal to invest in a Federal-State partnership to make public college, both 4-year and 2-year tuition fee free for everybody. And under the plan, the government, the Federal Government, would cover two-thirds of the cost of eliminating tuitions and fees, and the States would cover a third, and I believe that—actually, that is a really important cornerstone of higher education authorization, reauthorization. But you look like you were going to say something, Dr. Webber?

Mr. WEBBER. Yes. I was just going to say that I think you hit the nail right on the head with respect to affordability and completion. That, on average, a college degree pays off in spades, and this is true for the vast majority of people, but risk is really the important thing here, that downside risk. You know, the people who are in the single worst position are those who are—do not complete, and for them—

Ms. JAYAPAL. Right.

Mr. WEBBER [continuing]. college is not affordable.

Ms. JAYAPAL. Exactly. Dr. Kvaal? I just have a couple seconds here.

Mr. KVAAL. Just to add, we have this idea of college students as being upper middle class, temporarily eating Taco Bell, and the reality of their lives today are really very different, and we need to think about cost of supporting children, other family members, emergency expenses. There is a whole range of costs that get in the way of completion that we do not deal with.

Ms. JAYAPAL. Thank you so much. I yield back.

Chairman SCOTT. Thank you. I would recognize myself for a couple of questions. I see the votes have been called.

Mr. Kvaal, you mentioned the problems with the Public Service Loan Forgiveness, that it is good in theory, but is problematic in reality. Is the problem legislative or administrative?

Mr. KVAAL. Both. I think it would help to simplify the types of repayment plans that are eligible for Public Service Loan Forgiveness. The types of employment is unclear. It could be clarified by the department. It could also be clarified by Congress.

Chairman SCOTT. Are you saying that somebody can be working, year after year, thinking they are on a plan, and not knowing and you get—after the 10 years, all of a sudden you do not get any credit?

Mr. KVAAL. That is not only hypothetical, that has happened.

Chairman SCOTT. And is that legislative or administrative?

Mr. KVAAL. There is a mess. In many cases, the department has given inaccurate, or its contractors have inaccurate information to students, but I think there is an opportunity for Congress to fix it.

Chairman SCOTT. Are you talking about a problem with servicers?

Mr. KVAAL. Yes.

Chairman SCOTT. Okay, and you mentioned the cost of the for-profit colleges is higher than community college for the same program. How much higher, is it close?

Mr. KVAAL. It is many times higher.

Chairman SCOTT. Many times, like three, four, five times?

Mr. KVAAL. Three, four, or five times is a fair estimate.

Chairman SCOTT. Ms. Morrison, you talked about the North Carolina Promise, and you also mentioned a significant improvement in graduation rates in several colleges. How much did the financial assistance contribute to the increased graduation rate?

Ms. MORRISON-SHETLAR. We are early on in the NC Promise, and so our 6-year graduation rate at Western, over the last 6 years, have gone 50 percent to 60 percent. I anticipate that with NC Promise we will see an increase in graduation rate. It is too early, at this point in time, to say.

Chairman SCOTT. Is there a limit on how many students can participate?

Ms. MORRISON-SHETLAR. No. Any of the students who are enrolled at the three institutions have NC Promise.

Chairman SCOTT. So, if you can get into the institution, you get the rate?

Ms. MORRISON-SHETLAR. Correct.

Chairman SCOTT. You do not have to have a minimum grade point average to get in?

Ms. MORRISON-SHETLAR. We have the standards, set by the institutions, for entry, and if the student obtains those or exceeds those, then they have the possibility of coming to those three institutions.

Chairman SCOTT. Now, has this benefit at these three colleges had an adverse effect on enrollment at other colleges?

Ms. MORRISON-SHETLAR. Not that we have data to show. In fact, those institutions who have said that they have had a—seen a decrease as a result of NC Promise, the numbers just don't jive. We are seeing a 6.6 percent increase. Other institutions, 14 and 19 percent increase. So, it is—what we are seeing, particularly, was transfer students, as the transfer students are coming from the same places that were transferring from before. There is just more of them because it is a more affordable option.

Chairman SCOTT. Okay, thank you. And, Ms. Parker, you mentioned assistance you got from counselors. How important was their advice in making it possible for you to stay and complete your degree, and stay in school where you are now?

Ms. PARKER. Extremely important, sir. Their advice that they gave me are coping skills on how to deal with anxiety when dealing with things, like finances or worrying about child care, or just coping mechanisms, so that I can still stay focused, and it was extremely helpful.

Chairman SCOTT. Do you know how these counselors were paid for? Were any of them in a TRIO program, like Student Support Services?

Ms. PARKER. I also have an advisor for the TRIO, in Student Services.

Chairman SCOTT. Has that been helpful?

Ms. PARKER. Yes, very helpful, connecting me to scholarships and resources, guiding me.

Chairman SCOTT. Thank you. In light of the time, Ranking Member, I will complete my questions now and submit others for the record. Does the ranking member have closing comments?

Mrs. FOXX. I do, Mr. Chairman, and, again, in light of the time, I will abbreviate my comments. I do want to say that I will submit to Dr. Webber a question about a comment he made about Temple that I would like to have some clarification on, but I will do that.

Mr. Chairman, I want to, again, commend you for having this hearing, and appreciate the opportunity to collaborate with you on it, but there is a void in our focus, I think, today, and that is the issue of the responsibility of the institutions and the States because we see over and over that the issues is completion. I am looking forward to some of the other hearings in this series that will help us focus more on why so few students are completing, and why so many students are not seeking the educational program that best suits their interests, and what is the responsibility of the institution, the student, and the State?

I am, frankly, flabbergasted by what we heard from Ms. Parker about the lack of concern by the University of Toledo for her. I think that points out, again, lots of problems at the State level, and I want to believe that no student going to an institution in North Carolina would have faced that total lack of concern. We have had a lot of hearings on postsecondary education over the years and, as time goes on, statistics add up. It is becoming clear that none of the issues stand alone.

Mr. Chairman, you and I share a love for methodical processes, and a topical approach makes sense to many, but as our witnesses have shown us today, each topic leads directly to another. That is why this committee must focus on the following touchstones for reform: strengthening innovation and completion, modernizing Federal student aid, and promoting student opportunities.

We have not even touched on some of the newer elements that are finally being considered within the contents of postsecondary education. Just the other day, I read about how population challenges are beginning to impact small liberal arts colleges. According to a new study by economist Nathan Grawe, there will be 450,000 fewer students entering the postsecondary system in the 2020's because there are fewer people being born in this country. Without the tuition revenue supported by the students, colleges are going to need to figure out a way to adapt, and it is imperative for our country's work force that the system supports students in completing an affordable postsecondary education of some kind.

Mr. Chairman, you and I share a passion for seeing skills education play a bigger role, but we cannot forget about small institutions and the role of the liberal arts. Students must have options. I look forward to continuing these conversations with you in our next hearing, and I yield back.

Chairman SCOTT. Thank you, Dr. Foxx. And one of the things that we want to make sure we do not leave out is access to liberal arts education. Many people want to have a formula, where you can monetize your education the day after you get your degree. That is not often possible with the liberal arts degree, but the long-term benefits in terms of transformation of the student, I think, is extremely important. And for—

Mrs. FOXX. And as an English major, you know I agree.

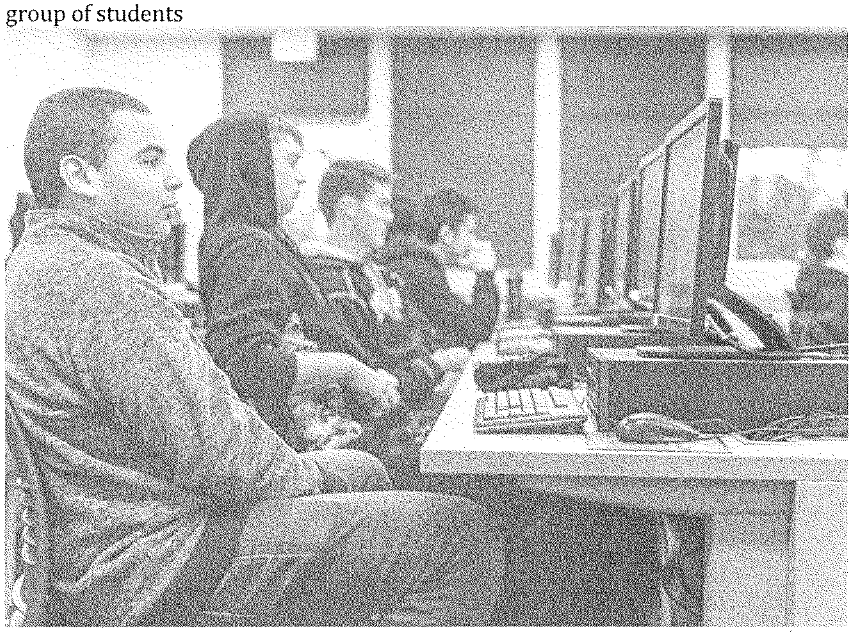
Chairman SCOTT. And for those who are academically qualified to make that choice, we do not want to limit that choice just to those who can write the big tuition checks, but we have heard today that a quality education is out of reach for too many of our students. We have heard how Federal and State disinvestment from public higher education has hindered and under-resourced the school's ability to reach all of our students. You have heard how the weakening Federal grant programs and supportive services have made it difficult for students to access higher education, and I think we have an obligation, particularly with the State disinvestment. We heard that going from the Pell Grant covering 75—to about 75 percent going to 25 percent. Well, that triples the cost to the student right there. Just in the Pell Grants, inflation has made the portion they pay even more expensive. So, it is obvious that we have do something, and today's hearing was extremely important and informative for us to get our job done, and I want to thank our witnesses for being with us today.

Thank you, and without objection, the committee hearing is adjourned.

[Additional submissions by Mrs. Foxx follow:]

The Benefits of Starting College Early—in High School

Dual-enrollment programs are expanding to a younger and more diverse group of students



High-school students in a computer-programming and software-development class at the Kirkwood Regional Center at the University of IowaPHOTO: SCOTT KINTZEL

By
Lisa Ward
Feb. 10, 2019 10:04 p.m. ET

Here's one way to help students complete college on time, and with less debt: start earlier. As a result, some educators and policy makers are making college-level courses available to more high-school students.

Traditionally, only the most academically gifted high-school students have taken college-level classes. But growing use of dual-credit courses—college-level classes taken in high school that offer both high-school and college credit—is making that opportunity more widely available. Even high-school students who might need extra help with difficult subjects like math can now take dual-credit classes in some states. Other courses are teaching job skills that give high-school students a better idea of the career path they may ultimately choose.

"Exposure to even one dual-credit course has a positive impact on student success," says David Troutman, an associate vice chancellor at the University of Texas System. University of Texas students who took dual-credit courses in high school were three times as likely to graduate as students who didn't take college-credit courses in high school, according to a study by Dr. Troutman published in August. Dual-credit students in the study also had higher first-, second- and third-year GPAs.

The state of Texas has seen an increase of around 1,100% in numbers of students taking dual-credit classes. From 2000 to 2017, the number of high-school students enrolled in dual-credit courses grew to 225,929 from 18,524, according to a report from the American Institutes for Research.
In Montana, some dual-credit classes are also seen as a way to eliminate the need for—and cost of—remedial classes in college. Since the launch of a pilot program in 2017, some high-school seniors in Helena with low ACT scores in math can now take an introductory college-level math class that reviews high-school concepts and incorporates essentials skills.

Greg Upham, a former assistant superintendent of public schools in Helena, implemented the pilot program and now hopes to introduce it in Billings, where he is superintendent of public schools. The free, full-year class includes tutorial support and meets the math requirement for non-STEM bachelors in humanities for the Montana University System.

Since 2012, high-school students in Tennessee with subpar results on their math ACT can take a college remediation math class during their senior year for free.

While the course does not count for college credit, students who pass can take college-level algebra or an equivalent math course, like statistics, as early as second semester for dual credit. The number of students taking remedial math classes in community college in Tennessee fell to 11,658 in 2017 from 13,658 in 2011, says Victoria Harpool, assistant executive director for academic affairs, Tennessee Higher Education Commission.

In Iowa, meanwhile, where there are shortages of workers with technical skills, a statewide program is using dual-credit courses to attract more high-school students to technical careers. Kirkwood Regional Centers sponsors high-school classes in such fields as advanced manufacturing and engineering technology; architecture, construction and engineering; computer programming and web development and emergency management technology.

Degree Status

Nearly two-thirds of dual-enrollment students who first matriculated at a four-year college earned a post-secondary award within five years after high school.

Note: Outcomes for students who participated in dual enrollment at age 17 and first matriculated between ages 18 and 20

Source: "What Happens to Students Who Take Community College "Dual Enrollment" Courses in High School?" by Community College Research Center and National Student Clearinghouse Research Center, September 2017

The program is free and the credits transfer to colleges and universities in the University of Iowa system. It also offers the students hands-on experience in projects ranging from building construction to high-tech laboratories where they can do automotive and manufacturing work.

"It's a chance to get their hands dirty and get a jump start on a degree," says Jon Weih, director of the Kirkwood Regional Center at the University of Iowa. During the 2017-2018 school year, 6,336 students from 40 high schools participated.

Some of the students forego college and get higher-paying jobs out of high school than they would have qualified for otherwise. For others, the courses help them get good jobs while they're in college that help pay tuition bills.

Grace Gilbaugh, a 17-year-old from Coralville, Iowa, qualified as a certified nursing assistant during her junior year of high school. She worked in a nursing home last summer, earning more money for college than she might have as a waitress or in retail, she says. Now she is a high-school senior, taking an EMT-certification class and hopes to work as an EMT this summer before going to college.

Some educators are now trying to encourage even younger students to take classes that offer college credits. This model, called Early College High School, has been used for students from underprivileged backgrounds.

Two years ago, Tulsa Community College and Union Public Schools in Tulsa, Okla., started recruiting eighth-graders for a curriculum that would allow them to earn both a high-school diploma and an associate degree in four years. Some college-level English, math, science and government classes are taught, typically by college professors. Tests and quizzes are given less frequently than in high school, and students are encouraged to study and manage their time on their own, though additional help is available if needed.

Students who enroll in the free program graduate with the study habits and organizational skills they need to help them continue higher education and complete college, says Kirt Hartzler, superintendent of Union Public Schools.

"It's not a problem getting students to enroll in college," Dr. Hartzler says. "It's a problem getting them to complete college."

Ms. Ward is a writer in Mendham, N.J. She can be reached at reports@wsj.com.

Appeared in the February 11, 2019, print edition as 'Start College Early—in High School.'

[Additional submissions by Ms. Fudge follow:]

Questions for the Record
House Committee on Education and Labor
2175 Rayburn House Office Building
March 13, 2019
10:15 A.M.

Full Committee Hearing:
"The Cost of College: Student Centered Reforms to Bring Higher Education Within Reach"

Representative Marcia Fudge (OH 11)

Eliminating the Grad PLUS program would limit low-income students from accessing graduate and professional schools at a time when these students are already severely underrepresented in postbaccalaureate programs and related professions. I would like to submit the following letter for the record on the need to protect Grad PLUS loans and strengthening student financial aid from the Council of Graduate Schools.

COUNCIL OF GRADUATE SCHOOLS

March 25, 2019

The Honorable Robert Scott
Chairman
U.S. House of Representatives
Committee on Education & Labor
2176 Rayburn House Office Building
Washington, DC 20515

The Honorable Virginia Foxx
Ranking Member
U.S. House of Representatives
Committee on Education & Labor
2101 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Scott and Ranking Member Foxx,

On behalf of the Council of Graduate Schools, I want to thank the Committee for holding the first of five hearings on March 13, 2019 that examine pressing issues in higher education. Titled, "The Cost of College: Student Centered Reforms to Bring Higher Education Within Reach," the hearing provided both committee members and witnesses an opportunity to assess the current financial environment within higher education as well as discuss possible solutions to promote access and affordability.

For more than five decades, CGS has served as the national organization dedicated solely to advancing graduate education and research—our membership includes over 500 institutions of higher education in the United States, Canada, and abroad. Collectively, our members confer 87 percent of all U.S. doctorates and the majority of U.S. master's degrees. CGS respectfully submits this statement for the record outlining student centered reforms to support individuals pursuing graduate education.

Upholding the Borrowing Power of Grad PLUS

During the hearing, Congresswoman Marcia Fudge inquired of the witness panel as to how the Grad PLUS program assists students in underrepresented communities attain access to graduate school. Dr. James Kvaal, President of The Institute for College Access and Success, noted Grad PLUS as a critical borrowing option that offers students, including low-income students and students of color, an alternative to the private market, where loan options may be less attainable and costlier.

Over the past decade, certain changes to federal student loan programs have made graduate education less affordable. Graduate students currently pay multiple origination fees, are no longer eligible for federally subsidized loans, and have higher interest rates. Moreover, they often have other financial considerations compounding their educational ones. Graduate students are typically older than their undergraduate counterparts, and a significant portion are married (38 percent of master's students and 45 percent of doctoral students) and/or have dependent children (collectively, 34 percent of master's and doctoral students).[1] In 2014, 48 percent of master's students, 45 percent of doctoral students, and 79 percent of professional students had a family income less than $32,000.[1] Grad PLUS is a lifeline for many so that they can graduate on-time and serve in their respective fields. This is timely given that careers requiring a master's or doctoral degree at entry-level are projected to be among the fastest-growing in the U.S. workforce through 2026.[2]

[1] U.S. Department of Education, National Center for Education Statistics. (2019). *Table 1.1-B Percentage distribution of graduate students, by graduate degree program and selected student characteristics: 2015-16*. Retrieved from: https://nces.ed.gov/pubs2019/2019469.pdf.
[2] U.S. Bureau of Labor Statistics. (2017). Occupational outlook handbook. Retrieved from: https://www.bls.gov/ooh/.

Therefore, any proposal to lower borrowing limits for Grad PLUS or the aggregate borrowing limit for graduate students is a disservice not just to students, but to employers and the public. Grad PLUS borrowing is already capped at the cost of attendance, which includes tuition and other educational expenses, such as textbooks and lab fees. Lowering the borrowing limits–or worse–eliminating the program, runs the risk of further disenfranchising potential students, particularly low-income and underrepresented minorities (URM), from entering into the graduate student pipeline, which inherently runs counter to the committee's objectives.

Enhancing Pell Grants to Promote Completion of Undergraduate and Graduate Education
For the past 50 years, the Pell Grant program has been largely successful at providing access to undergraduate education for low-income and underrepresented students.[3] More than ever, former Pell recipients are pursuing graduate education, signaling that a greater number of students who fall on the lower rungs of the socioeconomic ladder view a graduate degree as a worthy investment.[4] CGS has a strong commitment to promoting diversity, equity, and inclusion within our programs. According to recent CGS data, in Fall 2017, nearly 24 percent of all first-time U.S. citizens and permanent resident enrollees in graduate programs were underrepresented minorities.[5]

We believe the program can be modernized to further encourage completion at both the undergraduate and graduate levels, and in turn, help propel more highly-educated and skilled individuals into the workforce in a timely manner. To this end, CGS proposes extending Pell-eligibility to graduate students who remain income-eligible and did not exhaust the full 12 semesters of support during their undergraduate education. This would allow the nearly 35 percent of graduate students who were Pell eligible and did not use all 12 semesters to apply the remaining support toward their graduate education.[6] This proposal was included as a provision in the *Aim Higher Act* (H.R. 6543).[7]

This proposal may help incentivize undergraduate students to complete a bachelor's degree in a timely fashion if they are aware that the remaining balance of their Pell support can rollover to their graduate degree. Moreover, CGS has found that for URMs in the STEM fields, earning a master's degree increases the likelihood of completing their doctoral education.[8] Thus, allowing graduate students to fully exhaust their Pell support could also serve as vehicle to diversify both bench scientists as well faculty in academic settings across the spectrum of higher education, from community colleges to four-year institutions.

Enhancing Other Federal Student Aid and Loan Programs
CGS also supports enhancing current federal student aid and loan programs that provide access to graduate school:

- CGS supports strengthening investments in financial aid programs for undergraduates—including Supplemental Educational Opportunity Grants (SEOG), Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP), Federal TRIO Programs, and the

[3] U.S. Department of Education (September 2015). *Trends in Pell Grant Receipt and the Characteristics of Pell Grant Recipients: Selected Years, 1999–2000 to 2011–12*. Retrieved from: https://nces.ed.gov/pubs2015/2015601.pdf.
[4] Okahana, H. (2018). Data sources: increasing number of graduate and professional students are former pell recipients. Retrieved from: https://cgsnet.org/data-sources-increasing-number-graduate-and-professional-students-are-former-pell-recipients-0.
[5] Okahana, H., & Zhou, E. (2018) Graduate enrollment and degrees: 2007-2017. Washington, DC: Council of Graduate Schools.
[6] Data from U.S. Department of Education, National Center for Education Statistics, National Postsecondary Student Aid Study, 2007-08; 20011-12; and 2015-16.
[7] Retrieved from: https://edlabor.house.gov/imo/media/doc/Aim%20Higher%20Act%20--%20Bill%20Summary.pdf; Page 7.
[8] Sowell, R., Allum, J., & Okahana, H. (2015). *Doctoral initiative on minority attrition and completion*. Washington, DC: Council of Graduate Schools.

Ronald E. McNair Postbaccalaureate Achievement Program. These programs provide access to many low-income, first-generation URM college students, and as a result, support the future pipeline of graduate students.

- CGS also supports maintaining the ability of graduate students to participate in Federal Work-Study, which helps students in financial need pay for their studies while gaining necessary work experience, particularly in fields that service the community, and providing robust funding for the Graduate Assistance in Areas of National Need (GAANN) Program, which offers assistance for graduate students from disadvantaged backgrounds and/or who exhibit a financial need.
- The Public Service Loan Forgiveness (PSLF) Program provides an incentive for talented individuals to pursue careers in the public sector. Many of these occupations are in healthcare or social service fields requiring at least a master's degree to be licensed at entry-level, but where financial compensation is not necessarily high. Historically underserved communities frequently have a significant need for the services that these professions provide. Thus, PSLF should be preserved, if not strengthened, in order to continue offering the ability of individuals from these communities to enter into these fields.

Improving Transparency and Information about Financial Aid and Borrowing Options
CGS has found that both graduate and undergraduate students are looking for more transparent and better information regarding their federal student aid options,[9] particularly as the types of aid available differ upon entering graduate school. Recent data show that as far back as high school, students lack the financial education to make informed decisions regarding how to pay for their education, and this is more prevalent among students of color and first-generation students.[10] Providing students at all levels financial education could lead to a reduction in unnecessary over-borrowing.

Again, I thank you for prioritizing these critical issues as the committee looks to reauthorize the Higher Education Act. If we can be a resource to you or your staff, please contact CGS's Vice President of Public Policy and Government Affairs, Lauren Inouye, at Linouye@cgs.nche.edu or (202)-461-3864.

Sincerely,

Suzanne T. Ortega

Suzanne T. Ortega
President

Cc:

Susan A. Davis, CA
Raúl M. Grijalva, AZ
Joe Courtney, CT
Marcia L. Fudge, OH

[9] Denecke, D., Feaster, K., Okahana, H., Allum, J., & Stone, K. (2016). *Financial education: Developing high impact programs for graduate and undergraduate students*. Washington, DC: Council of Graduate Schools.
[10] U.S. Department of Education (October 2018). *What High Schoolers and Their Parents Know About Public 4-Year Tuition and Fees in Their State*. Retrieved from: https://nces.ed.gov/pubs2019/2019404.pdf.

Gregorio Kilili Camacho Sablan, MP
Frederica S. Wilson, FL
Suzanne Bonamici, OR
Mark Takano, CA
Alma S. Adams, NC
Mark DeSaulnier, CA
Donald Norcross, NJ
Pramila Jayapal, WA
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Susan Wild, PA
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Ben Cline, VA
Russ Fulcher, ID
Van Taylor, TX
Steve Watkins, KS
Ron Wright, TX
Daniel Meuser, PA
William R. Timmons, IV, SC
Dusty Johnson, SD

[Additional submissions by Mr. Levin follow:]

PRESERVE THE PUBLIC SERVICE LOAN FORGIVENESS PROGRAM

March 8, 2019

The Honorable Lamar Alexander
Chairman
Committee on Health, Education, Labor & Pensions
U.S. Senate
Washington, DC 20510

The Honorable Patty Murray
Ranking Member
Committee on Health, Education, Labor &Pensions
U.S. Senate
Washington, DC 20510

The Honorable Bobby Scott
Chairman
Committee on Education and Labor
U.S. House of Representatives
Washington, DC 20515

The Honorable Virginia Foxx
Ranking Member
Committee on Education and Labor
U.S. House of Representatives
Washington, DC 20515

Dear Chairmen Alexander and Scott, Ranking Members Murray and Foxx:

What do healthy animals, safe and nutritious food grown in the United States and global trade have in common? What do sheep and goats, salmon and seals, cows and catfish, horses and pigs, giraffes and lions, chickens and turkeys, elk and bald eagles, tigers and bears have in common? The answer is highly educated and well-trained workforce of scientists, including veterinarians, animal scientists, dairy scientists, equine scientists, poultry scientists, marine biologists, zoologists, animal nutritionists, epidemiologists, pathologists, ecologists, veterinary technicians and many others.

What these scientific professionals have in common, aside from a love of animals and a commitment to their vocations, is educational debt. The reality is that many public-sector positions require advanced levels of training to fill demanding and specialized roles that are critical to ensuring community and societal needs are met. These individuals must devote years of their lives to rigorous educational programs in order to gain requisite knowledge, skills and experience needed to begin their careers, and many graduate with significant educational debt.

For far too many graduates, student loan debt is a crippling barrier to pursuing fulfilling careers in public service and they may be drawn to higher-paying, private sector roles in order to manage their student loan repayments on top of other life demands. **The Public Service Loan Forgiveness (PSLF) Program is a critical recruitment and retention tool to ensure an adequate pipeline to critical public-sector roles. The PSLF Program is critical now more than ever, particularly as federal, state, and local government employees prepare for looming workforce retirements.** According to data published by Government Accountability Office, nearly 35% of federal employees will be eligible for retirement by fiscal year 2020.

Public-sector roles related to animal health and welfare include:

- Key positions at state departments of agriculture, fish and game departments and many other state and federal government agencies across the United States;
- Academic roles, including research and training to support the betterment of both animal and human health
- Providing important extension services to ranchers and farmers

- Research to develop and perfect new treatment methods, tests and vaccines; to surveil, combat, treat and ameliorate crippling and economically devastating animal diseases; and to conduct diagnostic tests on pathogens
- Ensuring food safety through inspection services
- Preserving habitat and wildlife conservation
- Care for animals in zoos and aquariums
- Treating animals in shelters

These professionals are counting on the U.S. Congress to keep their promise to them when it established the Public Service Loan Forgiveness Program. While in the program, they are working full-time in public sector positions for a minimum of ten years while repaying their student loans, after which time the remaining qualified educational debt is forgiven. Commitment to the program's pathway is essential as many of the participating individuals have made financial and lifestyle changes to participate.

Absent PSLF, a career in the public sector would be infeasible for many professionals. Put bluntly, the program strengthens America's workforce and is an essential tool in attracting veterinarians and other scientists to careers in the public sector. The continuation of the Public Service Loan Forgiveness Program will benefit our nation's public institutions, advance animal health and welfare, foster scientific developments, help protect a healthy food supply, and ensure seamless continuation of critical activities at the state and federal levels.

We respectfully urge you to preserve the Public Service Loan Forgiveness Program.

On behalf of 127 undersigned national and state organizations:

Alabama Veterinary Medical Association
Alaska State Veterinary Medical Association
American Animal Hospital Association
American Association of Avian Pathologists
American Association of Bovine Practitioners
American Association of Equine Practitioners
American Association of Feline Practitioners
American Association of Food Safety and Public Health Veterinarians
American Association of Industry Veterinarians
American Association of Mycobacterial Diseases
American Association of Small Ruminant Practitioners
American Association of Swine Veterinarians
American Association of Veterinary Clinicians
American Association of Veterinary Laboratory Diagnosticians
American Association of Wildlife Veterinarians
American Association of Zoo Veterinarians
American Board of Veterinary Practitioners
American College of Laboratory Animal Medicine
American College of Veterinary Anesthesia and Analgesia
American College of Veterinary Behaviorists
American College of Veterinary Microbiologists
American College of Veterinary Surgeons
American Dairy Science Association

American Holistic Veterinary Medical Association
American Society for Microbiology
American Society of Animal Science
American Society of Laboratory Animal Practitioners
American Veterinary Epidemiology Society
American Veterinary Medical Association
Arizona Veterinary Medical Association
Arkansas Veterinary Medical Association
Association of American Veterinary Medical Colleges
Association of Avian Veterinarians
Auburn University College of Veterinary Medicine
California Veterinary Medical Association
Center for Animal Health in Appalachia
Colorado State University College of Veterinary Medicine and Biomedical Sciences
Connecticut Veterinary Medical Association
Cornell University College of Veterinary Medicine
Delaware Veterinary Medical Association
District of Columbia Veterinary Medical Association
FASS
Florida Veterinary Medical Association
Georgia Veterinary Medical Association
Hawaii Veterinary Medical Association
Illinois State Veterinary Medical Association
Indiana Veterinary Medical Association
Iowa State University College of Veterinary Medicine
Iowa Veterinary Medical Association
Kansas State University College of Veterinary Medicine
Kansas Veterinary Medical Association
Kentucky Veterinary Medical Association
Lincoln Memorial University College of Veterinary Medicine
Louisiana Veterinary Medical Association
Maine Veterinary Medical Association
Maryland Veterinary Medical Association
Maryland Veterinary Medical Foundation
Massachusetts Veterinary Medical Association
Michigan State University College of Veterinary Medicine
Michigan Veterinary Medical Association
Midwestern University College of Veterinary Medicine
Minnesota Veterinary Medical Association
Mississippi State University College of Veterinary Medicine
Mississippi Veterinary Medical Association
Missouri Veterinary Medical Association
Montana Veterinary Medical Association
Mycobacterial Diseases of Animals Multistate Initiative
Mycobacterial Diseases of Animals Multi-state Initiative
National Assembly of State Animal Health Officials
National Association for Biomedical Research
National Association for the Advancement of Animal Science

National Association of Federal Veterinarians
National Association of State Public Health Veterinarians
National Institute for Animal Agriculture
Nebraska Veterinary Medical Association
Nevada Veterinary Medical Association
New Hampshire Veterinary Medical Association
New Jersey Veterinary Medical Association
New Mexico Veterinary Medical Association
New York State Veterinary Medical Society
North Carolina State University College of Veterinary Medicine
North Carolina Veterinary Medical Association
Ohio State University College of Veterinary Medicine
Ohio Veterinary Medical Association
Oklahoma Veterinary Medical Association
Oregon State University College of Veterinary Medicine
Oregon Veterinary Medical Association
Pennsylvania Veterinary Foundation
Pennsylvania Veterinary Medical Association
Purdue University College of Veterinary Medicine
Rhode Island Veterinary Medical Association
Ross University School of Veterinary Medicine
Society for Theriogenology
South Carolina Association of Veterinarians
South Dakota Animal Industry Board
South Dakota Veterinary Medical Association
Student American Veterinary Medical Association
Tennessee Veterinary Medical Association
Texas A&M College of Veterinary Medicine & Biomedical Sciences
Texas Veterinary Medical Association
Texas Veterinary Medical Foundation
Tufts University Cummings School of Veterinary Medicine
Tuskegee University College of Veterinary Medicine
U.S. Animal Health Association
U.S. Dairy Forage Research Center Stakeholder Committee
University of California-Davis School of Veterinary Medicine
University of Florida College of Veterinary Medicine
University of Georgia College of Veterinary Medicine
University of Illinois at Urbana-Champaign College of Veterinary Medicine
University of Kentucky Department of Veterinary Science
University of Minnesota College of Veterinary Medicine
University of Missouri College of Veterinary Medicine
University of Pennsylvania School of Veterinary Medicine
University of Tennessee College of Veterinary Medicine
University of Wisconsin-Madison School of Veterinary Medicine
University of Wisconsin-Madison School of Veterinary Medicine
Utah Veterinary Medical Association
Vermont Veterinary Medical Association
Veterinary Business Management Association

Virginia Veterinary Medical Association
Virginia-Maryland College of Veterinary Medicine
Washington State University
Washington State Veterinary Medical Association
West Virginia Veterinary Medical Association
Wisconsin Veterinary Medical Association
Wyoming Veterinary Medical Association

cc: Members of the Senate Committee on Health, Education, Labor and Pensions
Members of the House Committee on Education and Labor

A Union of Professionals

March 13, 2019

U.S. House of Representatives
Committee on Education and Labor
Washington, D.C. 20515

Dear Chairman Scott and Ranking Member Foxx:

As you address "The Cost of College: Student Centered Reforms to Bring Higher Education Within Reach," I urge you to consider the importance of the Public Service Loan Forgiveness program and the need to not only preserve but also improve and strengthen the program.

On behalf of the 1.7 million members of the American Federation of Teachers, I write to highlight the vital role that PSLF plays in allowing our members—including teachers, paraprofessionals, higher education faculty and staff, nurses, and other public employees—to be able to afford to remain in public service and contributing to local communities across the country.

The Public Service Loan Forgiveness program—in which almost a million Americans already are enrolled and tens of millions of PSLF-eligible Americans are not yet enrolled—was created by a bipartisan effort in Congress in 2007. PSLF recognizes the financial sacrifice that individuals make to use their skills in public services, such as by working as a teacher, firefighter, public defender, nurse or member of the military. Someone with a graduate degree who works in the private sector will earn $1.5 million more than someone with a graduate degree who works in the public sector, over the course of an average full-time career. PSLF is one tool to ensure that dedicated public servants are not forced to leave their profession because they cannot afford to stay. This program is an equalizer in an era of skyrocketing college costs and a tool to improve public services. It helps to correct for budget cuts, lagging salaries and underinvestment in the public employee workforce; increases teacher diversity; and helps ensure well-qualified nurses stay in rural hospitals.

As your committee begins the work of reauthorizing the Higher Education Act, we support your efforts to address the cost of college that is passed along to students and families. And we believe these costs can best be addressed by aligning incentives so that states reverse their decades long disinvestment in higher education; providing additional federal resources via student financial aid and through a new grant program for public institutions that serve large percentages and numbers of low-income

American Federation
of Teachers, AFL-CIO

AFT Teachers
AFT PSRP
AFT Higher Education
AFT Public Employees
AFT Nurses and Health Professionals

555 New Jersey Ave. N.W.
Washington, DC 20001
202-879-4400
www.aft.org

The **American Federation of Teachers** is a union of professionals that champions fairness; democracy; economic opportunity; and high-quality public education, healthcare and public services for our students, their families and our communities. We are committed to advancing these principles through community engagement, organizing, collective bargaining and political activism, and especially through the work our members do.

students; and ensuring that institutions are spending the majority of their tuition revenue on instruction, not stadiums, real estate investments and the like.

However, any efforts to eliminate or curtail PSLF would only serve to harm public servants and the communities they serve. This holds true for both undergraduate and graduate debt, since many K-12 teachers, nurses and other workers are required to obtain a graduate degree to fulfill state and local requirements, and such continuing education helps professionals in various fields improve their skills and the services they provide to their communities. Any efforts to use cutting PSLF as a backdoor attempt to apply pressure to colleges and universities to lower the cost of college are misguided, callous and wrong, and we strongly oppose them.

Instead, Congress should be looking for ways to strengthen the program. We urge you to stand up for public service and public employees in every community across this country, and to support efforts that will maintain and improve the Public Service Loan Forgiveness program.

Sincerely,

Randi Weingarten
President

RW : emc opeiu#2 afl-cio

[Additional submissions by Ms. Shalala follow:]

50 YEARS CLASP

CLASP
Policy solutions that work for low-income people

March 13, 2019

Statement for the Record
Full Committee Hearing:
"The Cost of College: Student Centered Reforms to Bring Higher Education Within Reach"
Committee on Education and Labor
Wednesday, March 13, 2019
2175 Rayburn House Office Building, Washington, DC 20515

Dear Chairman Scott, Ranking Member Foxx and distinguished members of the House Committee on Education and Labor:

Thank you for holding a committee hearing on college costs and student-centered reforms. We greatly appreciate the opportunity to provide our views on these issues, particularly as Congress considers the reauthorization of the Higher Education Act (HEA). As a national, nonprofit, anti-poverty organization, the Center for Law and Social Policy (CLASP) promotes federal and state policies that improve low-income people's economic security.

More than 50 years ago, President Lyndon Baines Johnson signed the HEA, expanding access and affordability to millions of college students. As Congress considers HEA's reauthorization, it has an opportunity to make college affordable and accessible to greater numbers of low-income students. That means ensuring our postsecondary education system supports students who have the most to gain from acquiring a postsecondary credential: low-income students of color, adult learners, student parents, opportunity youth, immigrant youth and adults, homeless and foster youth, and people who are currently or formerly incarcerated. For these reasons, we are providing the committee with recommendations to promote student-centered reforms to ensure that low-income students can access an affordable, high-quality postsecondary education without incurring student loan debt.

Postsecondary education has long been a vehicle for economic and social mobility because of its potential to improve lifetime earnings,[1] health and wellbeing, and civic participation. In today's globally competitive economy, low-income students need postsecondary credentials,[2] career pathways, and work-based learning opportunities in order to secure good jobs and careers.

However, college costs have skyrocketed due largely to state disinvestment following the Great Recession, placing college out of reach for millions of students. Although most states have begun reinvesting in postsecondary education,[3] millions of low-income students, particularly students of color, continue to struggle to afford a postsecondary education.[4]

Increasing college costs, such as tuition, fees, and basic living expenses are forcing college students to pay and borrow more money or forgo college altogether. On community college campuses, a large percentage of low-income students cannot afford food, housing, and textbooks—basic needs that make it possible to succeed in school. The average community college student has an unmet need of $4,920.[5] Given these alarming national trends, CLASP recommends that Congress:

Prioritize Low-Income Students in Debt-Free College Initiatives. As an anti-poverty organization, CLASP strongly supports federal-state partnerships that prioritize low-income students of color, adults, and undocumented immigrant students, as well as other students who face enormous barriers in accessing postsecondary education.[6] Federal investments in debt-free college can ensure that low-income college students access a postsecondary education without incurring student loan debt. In addition, CLASP recommends incentivizing Adult Promise initiatives leading to associate and bachelor's degrees to meet students' unique needs.

Strengthen Federal Grant Aid for Low-Income Students. To help low-income students and their families cover the full cost of attending a two-year or four-year public institution, CLASP recommends strengthening federal grant aid. The following student-centered reforms will help to make college affordable and accessible and support low-income students move along pathways out of poverty:

- Double the maximum Pell grant award.
- Automatically adjust the Pell grant award for inflation every year.
- Target Pell grant aid by creating a "negative expected family contribution (EFC)" calculation in the need analysis and allow the neediest students to access additional Pell grant aid to meet their cost of attendance.
- Redesign the Federal Supplemental Educational Opportunity Grant (SEOG) allocation formula to better support students with the greatest financial need by distributing funds based on the proportion of Pell-eligible students at institutions.
- Strengthen institutions' ability and capacity to connect low-income students to public benefits programs.

Strengthen and Expand Pell Grant Eligibility. Many students work part-time and full-time jobs while they pursue a postsecondary education or credential. Others are student-parents who juggle work and family responsibilities while attending college. Unfortunately, the HEA does not allow incarcerated individuals and undocumented immigrant youth to access Pell Grants and federal student aid. CLASP recommends reforms to strengthen and expand eligibility to Pell Grants and federal student aid to better respond to the growing needs of today's students:

- Expand Pell eligibility to greater numbers of low-income students who currently do not qualify for federal student aid.
- Maintain the full-time enrollment standard of 12 credits per term.
- Preserve aid eligibility for half-time and less-than-half-time students.
- Align Pell grant requirements with satisfactory academic progress (SAP) requirements to ensure students enrolled full time in 12 credits per semester are allowed to complete their degree in 7.5 years.
- Restore Pell eligibility for incarcerated individuals.
- Allow undocumented immigrant youth to access Pell Grants and other forms of federal student aid.

- Allow low-income students to access Pell grants for high-quality short-term training programs, under defined circumstances and as part of a career pathway leading to a certificate or postsecondary credential.

FAFSA Simplification & Federal Work-Study. FAFSA simplification alone cannot solve the issue of college access and affordability, but it can streamline the financial aid process and expand access to more low-income students. CLASP supports HEA legislation that would:

- Increase the automatic zero EFC income eligibility threshold to allow greater numbers of low-income students to be eligible for a maximum Federal Pell Grant to help cover their college costs and basic needs.
- Remove the income verification requirement for applicants who have received benefits from a means-tested federal program over the prior two years.
- Reduce the work penalty for working students by increasing the Income Protection Allowance by 35 percent, enabling working students to keep a greater share of their income.
- Remove questions about prior drug convictions from the FAFSA.
- Provide the FAFSA in both paper and electronic formats in at least 11 foreign languages.
- Revise the Federal Work-Study formula to better serve low-income students and align work placements with fields of study and in their communities.
- Streamline the verification and determination process for homeless and foster youth to make it easier for them to access federal student aid.

In closing, we commend the committee for working in a bipartisan manner and taking a comprehensive approach to reauthorizing HEA. As the process moves forward, we look forward to collaborating with your staff to strengthen this critical legislation. If you have additional questions, please feel free to contact Rosa M. García at rgarcia@clasp.org.

Sincerely,

Rosa M. García
Senior Policy Analyst

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[1] Anthony Carnevale, *Reauthorizing the Higher Education Act: Accountability and Risk to Taxpayers,* Testimony before the Senate HELP Committee, U.S. Senate, January 30, 2018. https://www.help.senate.gov/imo/media/doc/Carnevale2.pdf.
[2]Anthony Carnevale, Tamara Jayasundera, and Artem Gullish, *America's Divided Recovery: College Haves and Have-nots,* Georgetown University Center on Education and the Workforce, 2016. https//cew.georgetown.edu/wp-content/uploads/Americas-Divided-Recovery-web.pdf

[3] Center for the Study of Education Policy and State Higher Education Executive Officers (SHEEO), Illinois State University, *Grapevine Survey: FY 2018-19*, January, 2019. *https://education.illinoisstate.edu/grapevine/.*
[4] Lauren Walizer, *When Financial Aid Falls Short: New Data Reveal Students Face Thousands in Unmet Need*, December 10, 2018. Center for Law and Social Policy. https://www.clasp.org/publications/report/brief/when-financial-aid-falls-short-new-data-reveal-students-face-thousands.
[5] Rosa M. García, *Making College Affordable and Accessible*, February 2019, Center for Law and Social Policy. https://www.clasp.org/sites/default/files/publications/2019/02/2019HEAPrioritiesAffordablity.pdf
[6] Ibid.

[Additional submissions by Ms. Schrier follow:]

NATIONAL EDUCATION ASSOCIATION
nea.org
Great Public Schools for Every Student

1201 16th St., N.W. | Washington, DC 20036 | Phone: (202) 833-4000

Lily Eskelsen García
President

Rebecca S. Pringle
Vice President

Princess R. Moss
Secretary-Treasurer

John C. Stocks
Executive Director

March 12, 2019

Education and Labor Committee
United States House of Representatives
Washington, DC 20515

Dear Representative:

On behalf of the three million members of the National Education Association and the 50 million students they serve, we would like to submit for the record the following comments in connection with tomorrow's hearing, "The Cost of College: Student Centered Reforms to Bring Higher Education Within Reach." As Congress begins holding hearings and gathering information in preparation for reauthorization of the Higher Education Act, our top priorities are:

Making college more affordable
In studies published in January 2019, the Federal Reserve blamed rising student debt for two troubling shifts in the U.S. economy: declining homeownership among young Americans and college graduates leaving rural areas in droves. To address these issues, we support:

- Preserving Public Service Loan Forgiveness to encourage college graduates to pursue careers in education, firefighting, law enforcement, and other forms of public service
- Creating a pathway to a postsecondary degree by eliminating community college tuition
- Allowing federal student loans to be refinanced when interest rates decline
- Streamlining repayment plans to create a single, affordable income-based option
- Restoring federally subsidized loans for graduate students
- Permitting private student loans to be discharged in bankruptcy

Broadening access to higher education
The independent Center on Budget and Policy Priorities reports that in the 2017-18 school year, states invested $7 billion less in public colleges and universities than they did in 2008 (after adjusting for inflation). To address this issue, we support:

- Encouraging states to invest in higher education instead of shifting costs to students and families
- Increasing opportunities for students to earn college credits while still in high school
- Increasing support for Historically Black Colleges and Universities, Tribal Colleges and Universities, Hispanic-Serving Institutions, and Asian American and Native American Pacific Islander-Serving Institutions

Ensuring teachers are profession-ready the first day they enter the classroom
To address this issue, we support:

- Encouraging comprehensive residencies that go beyond traditional student teaching
- Requiring teacher candidates to demonstrate that they have the skills and knowledge necessary for effective practice — for example, by completing a classroom-based performance assessment
- Making a significant effort to recruit and retain educators, especially educators of color

Improving faculty working conditions
More than 75 percent of the instructional workforce in U.S. colleges and universities are adjunct or "contingent" faculty. Generally, they earn about $25,000 a year and are not eligible for unemployment compensation, Public Service Loan Forgiveness, health benefits or retirement benefits — near-impossible working conditions that hurt students as well. Many adjuncts don't have offices on their campuses, office hours for students, or time to write recommendations because they spend so much time traveling from job to job. To address these issues, we support:

- Restoring the focus on the core mission of higher education: teaching students
- Providing incentives to reinvest in a predominantly full-time, tenure-track faculty
- Making adjuncts eligible for Public Service Loan Forgiveness and unemployment compensation between academic terms

We thank you for the opportunity to submit these comments and stand ready to work with you to help attain these goals.

Sincerely,

Marc Egan

Marc Egan
Director of Government Relations
National Education Association

[Additional submissions by Mr. Takano follow:]

California Community Colleges

ELOY ORTIZ OAKLEY
Chancellor

March 11, 2019

Chairman Robert C. "Bobby" Scott
House Committee on Education & Labor
2176 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Scott:

On behalf of the California Community Colleges, I write to provide comments regarding the House Committee on Education & Labor review of the Higher Education Act as it relates to accountability and oversight of the for-profit higher education sector.

The California Community Colleges are the largest and most diverse system of higher education in the nation. Our 115 colleges, located in nearly every community of the state, provide access to affordable and high quality postsecondary credentials and degrees for nearly 2.2 million students annually. As a system, California's higher education segments work collaboratively to provide access to all students in our state; most students seeking a bachelor's degree begin in the California Community Colleges and many students attending our university partners will take one or more courses at the California Community Colleges. Because of this dependence and interconnectedness in California's higher education system, when one sector of higher education is consistently failing to fulfil its mission, it affects our entire ecosystem of providing access and success for our students.

In recent years, California has been particularly hard hit by the abrupt closures of a number of for-profit educational providers, including Corinthian Colleges, Inc., ITT Technical Institute, Marinello Schools of Beauty, Westech College, and most recently Argosy. It is, and has been, within the mission of the California Community Colleges to serve the students affected by the closings of these colleges in California. We find, however, that our ability to effectively serve these students is hampered by the poor-quality educational programming and the expiration of financial aid awards and incurred debt loads they carry with them from their for-profit institution.

When Corinthian Colleges Inc. closed, the Chancellor's Office performed direct outreach and worked with our colleges to serve the approximately 16,000 former Corinthian students living in California. We offered trainings and resources for students. Along with our partner organizations, we participated in webinars and outreach events to discuss resources available to students. A significant part of this outreach focused on helping students determine if they were eligible for expedited discharge of their federal student loans and how to obtain assistance in submitting a borrower-defense claim to the Department of Education. Other topics included options for transfer of credit and information related to California's Student Tuition Recovery Fund.

Chancellor's Office
1102 Q Street, Sacramento, CA 95811 | 916.445.8752 | www.cccco.edu

In response to the closure of Corinthian, the Chancellor's Office alone has spent approximately $20,000 in personnel time and resource expenditures reaching out to former Corinthian students. In addition, several of our colleges held outreach events and activities throughout the state, in communities near the locations of bankrupt Corinthian campuses. These activities and events resulted in at least 600 former Corinthian students expressing interest in the California Community Colleges. While we firmly believe this work is within our mission, the Chancellor's Office and our colleges were not provided additional financial resources to perform these duties.

On March 4, 2019, the California Bureau for Private Postsecondary Education issued an Emergency Decision to prohibit Argosy University from enrolling new students and collecting tuition or fees for all programs. This ruling applies to 10 Argosy locations throughout California. Upon learning of the expected closure, we identified 46 California Community Colleges within 20 miles of each Argosy institution in our state. Our "I Can Afford College" campaign, working closely with the Office of Student Assistance and Relief, has contacted those colleges in an effort to secure outreach support for these students. Similar to our experience following the closure of Corinthian, students' questions focus on their ability to transfer units and to continue their education uninterrupted, as well as how they can manage their debt loads.

Unequivocally, the ongoing abuses occurring in the for-profit higher education sector harm California students. The failure of the U.S. Department of Education to provide adequate oversight of these institutions and to provide full relief to eligible students affected by closure also directly affects the California Community Colleges. Our colleges experience harm to our educational mission through the loss of current and prospective students who cannot afford tuition and other educational-related expenses without additional financial aid.

We believe that Congress must take action to ensure appropriate oversight of for-profit colleges and ensure students have prompt access to relief upon institutional closure.

Sincerely,

Eloy Ortiz Oakley
Chancellor

Enclosures: Comments NPRM on Borrower Defense, Docket ID ED-2018-OPE-0027
Comments on NPRM on Gainful Employment Docket ID ED-2018-OPE-0042

[Additional submissions by Mr. Taylor follow:]

Van Taylor Submission for the record:

https://www.utsystem.edu/sites/default/files/documents/ut-system-reports/2018/dual-credit-and-success-college/utsystem-dualcreditstudy.pdf

[Questions submitted for the record and their responses follow:]

COMMITTEE ON EDUCATION AND LABOR
U.S. HOUSE OF REPRESENTATIVES
2176 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-6100

March 29, 2019

Mr. James Kvaal, J.D.
President
The Institute for College Access and Success
110 Maryland Avenue, N.E., Suite 201
Washington, D.C. 20002

Dear Mr. Kvaal:

I would like to thank you for testifying at the March 13, 2019, Subcommittee on Civil Rights and Human Services hearing on "*The Cost of College: Student Centered Reforms to Bring Higher Education Within Reach.*"

Please find enclosed additional questions submitted by Committee members following the hearing. Please provide a written response no later Wednesday, April 10, 2019, for inclusion in the official hearing record. Your responses should be sent to Kathy Valle and Katie Berger of the Committee staff. They can be contacted at the main number 202-225-3725 should you have any questions.

We appreciate your time and continued contribution to the work of the Committee.

Sincerely,

ROBERT C. "BOBBY" SCOTT
Chairman

Enclosure

Committee on Education and Labor
"The Cost of College: Student Centered Reforms to Bring Higher Education Within Reach"
Wednesday, March 13, 2019
10:15 a.m.

Rep. Gregorio Kilili Camacho Sablan (MP)

1. Mr. Kvaal, how can we update and improve federal financial aid and other programs authorized through the Higher Education Act to better serve the needs of students with unique college costs such as those from the Northern Mariana Islands and American Samoa?

2. Why do states need to pass "borrower's bill of rights" laws? Why do states have the legal authority to pass this type of legislation? Are there any principles we can learn from the state bill of rights that we can apply at the federal level?

Rep. Joseph D. Morelle (NY)

1. Do you believe debt levels, particularly among low-income students, reflect rising prices and insufficient grant aid?

2. What would happen to low-income students if colleges denied them ability to borrow federal loans?

Rep. Ilhan Omar (MN)

1. Mr. Kvaal, why is it critical for Congress to restore Pell Grant eligibility to incarcerated individuals?

2. Mr. Kvaal, why is it important to ensure that undocumented individuals have access to federal financial aid?

Rep. Haley M. Stevens (MI)

1. State disinvestment has clearly had a profound impact on college campuses and tuition rates. What can we as the federal government do to alleviate some of the burden placed on students by rising tuition costs?

2. What are your recommendations to strengthen the Pell Grant, so it can better serve students?

3. In your testimony, you mentioned a federal-state partnership. As we consider the creation of a federal-state partnership, what are some of the key principles that must be embedded?

COMMITTEE ON EDUCATION
AND LABOR
U.S. HOUSE OF REPRESENTATIVES
2176 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-6100

March 29, 2019

Ms. Alison Morrison-Shetlar, Ph.D.
Interim Chancellor
Western Carolina University
501 H. F. Robinson Administration Building
Cullowhee, NC 28723

Dear Dr. Morrison-Shetlar:

I would like to thank you for testifying at the March 13, 2019, Subcommittee on Civil Rights and Human Services hearing on "*The Cost of College: Student Centered Reforms to Bring Higher Education Within Reach.*"

Please find enclosed additional questions submitted by Committee members following the hearing. Please provide a written response no later Wednesday, April 10, 2019, for inclusion in the official hearing record. Your responses should be sent to Kathy Valle and Katie Berger of the Committee staff. They can be contacted at the main number 202-225-3725 should you have any questions.

We appreciate your time and continued contribution to the work of the Committee.

Sincerely,

ROBERT C. "BOBBY" SCOTT
Chairman

Enclosure

Committee on Education and Labor
"The Cost of College: Student Centered Reforms to Bring Higher Education Within Reach"
Wednesday, March 13, 2019
10:15 a.m.

Rep. Van Taylor (TX-R)

1. Dr. Morrison-Shetlar – In Texas, I have seen and heard from students who get discouraged with the higher institution system due to college credits not transferring. For example, students who need to move back closer to home due to personal family issues, but only to find out credits even within a same university system are not transferrable. Not only does this lead to delayed graduation but also more costs and in some instances even drop-outs.
   a. From your experience with the RIBN program, have you seen this problem get resolved in your state? How do you think institutions can work together to help work with students in such instances?

COMMITTEE ON EDUCATION
AND LABOR
U.S. HOUSE OF REPRESENTATIVES
2176 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-6100

March 29, 2019

Mr. Douglas Webber, Ph.D.
Associate Professor and Director of Graduate
Studies, Economics Department
Temple University
Ritter Annex 883, 1301 Cecil B. Moore Avenue
Philadelphia, PA 19122

Dear Professor Webber:

I would like to thank you for testifying at the March 13, 2019, Subcommittee on Civil Rights and Human Services hearing on "*The Cost of College: Student Centered Reforms to Bring Higher Education Within Reach.*"

Please find enclosed additional questions submitted by Committee members following the hearing. Please provide a written response no later Wednesday, April 10, 2019, for inclusion in the official hearing record. Your responses should be sent to Kathy Valle and Katie Berger of the Committee staff. They can be contacted at the main number 202-225-3725 should you have any questions.

We appreciate your time and continued contribution to the work of the Committee.

Sincerely,

ROBERT C. "BOBBY" SCOTT
Chairman

Enclosure

Committee on Education and Labor
"The Cost of College: Student Centered Reforms to Bring Higher Education Within Reach"
Wednesday, March 13, 2019
10:15 a.m.

Rep. Van Taylor (TX)

1. Dr. Webber- In Texas, many students have the opportunity to participate in dual credit courses in High school. From our experience, students in these programs are more likely to be retained and graduate college in a timely fashion and save money through the process as it allows them to enter college with some credits already completed.
    a. From your research have you seen the benefits of these opportunities/programs in cutting costs and improving graduation rates? Does it give students a greater sense of confidence heading into college and do they end up being better equipped for success?

Questions for the Record
House Committee on Education and Labor
2175 Rayburn House Office Building
March 13, 2019
10:15 A.M.

Full Committee Hearing:
"The Cost of College: Student Centered Reforms to Bring Higher Education Within Reach"

Questions for Mr. Kvaal from Rep. Morelle

1. Do you believe debt levels, particularly among low-income students, reflect rising prices and insufficient grant aid?

   Answer:

   Yes, increasing debt levels reflect rising prices, with a disproportionate impact on low-income borrowers. A key driver of rising college costs is the decline in state investment. Between 2000 and 2016, per-student state and local funding to colleges fell by 16 percent, after inflation.[1] During the same period, while the maximum Pell Grant increased, its purchasing power declined from covering 39 percent of the costs of a four-year public university to just 30 percent.[2] Similarly, Pell Grant recipients attending community colleges saw a $2,200 cost increase adjusting for inflation, while available grant aid only increased by $1,000. Together, growing costs and stalled grant aid means more students borrowing and more student debt.

2. What would happen to low-income students if colleges denied them ability to borrow federal loans?

   Answer:

   Quite simply, fewer low-income students would enroll and fewer would complete college if they were denied the ability to borrow federal loans. In fact, nearly one million community college students do not have access to federal loans because their school has decided to not participate in the federal student loan system, leaving many of them unable to cover the full cost of attendance even after receiving Pell Grants.[3] Students who lack sufficient access to aid are left with few choices. Some may engage in higher risk borrowing with credit cards or private student loans. Alternatively, they might work longer hours to pay the bills or cut back on the number of classes they take each term –

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[1] The College Board. *Trends in College Pricing*. Figure 15B: Total and Per-Student State and Local Funding for Higher Education in 2016 Dollars and Public FTE Enrollment, 1986-87 to 2016-17. 2018. https://trends.collegeboard.org/college-pricing/figures-tables/total-and-student-state-and-local-funding-and-public-enrollment-over-time

[2] Parrott, Sharon and Protapsaltis, Spiros "Pell Grants --a Key Tool for Expanding College Access and Economic Opportunity — Need Strengthening, Not Cuts." Center on Budget and Policy Priorities, July 27, 2017. https://www.cbpp.org/research/federal-budget/pell-grants-a-key-tool-for-expanding-college-access-and-economic-opportunity

[3] TICAS. *States of Denial*. June 2016. https://ticas.org/sites/default/files/pub_files/states_of_denial.pdf

Questions for the Record
House Committee on Education and Labor
2175 Rayburn House Office Building
March 13, 2019
10:15 A.M.

Full Committee Hearing:
"The Cost of College: Student Centered Reforms to Bring Higher Education Within Reach"

choices that research has consistently found to reduce students' chances of completing a degree or certificate.

Questions for Mr. Kvaal from Rep. Omar

1. Mr. Kvaal, why is it critical for Congress to restore Pell Grant eligibility to incarcerated individuals?

   Answer:

   Almost half of ex-prisoners have no reported earnings in the first several years after leaving prison, and among those who do find work, only 20 percent earned more than $15,000.[4] Research shows that those who receive any postsecondary education or training in prison are less likely to return to prison, and may have higher rates of employment.[5] If the current ban were lifted, about 463,000 incarcerated people would be eligible for Pell Grants.[6] If the effort to lift the ban is successful, it will be important to ensure that there are sufficient safeguards to ensure that incarcerated individuals are offered quality programs.

2. Mr. Kvaal, why is it important to ensure that undocumented individuals have access to federal financial aid?

   Answer:

   One-quarter of the undocumented population lives in poverty, and more than half lack health insurance. Obtaining a college education offers a path out of poverty, and young

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[4] Looney, Adam, "*5 facts about prisoners and work,*" The Brookings Institute, March 14, 2018. https://www.brookings.edu/blog/up-front/2018/03/14/5-facts-about-prisoners-and-work-before-and-after-incarceration/

[5] Davis et. al. *Evaluating the Effectiveness of Correctional Education: A Meta-Analysis of Programs That Provide Education to Incarcerated Adults. The RAND Corporation.* 2013. https://www.rand.org/content/dam/rand/pubs/research_reports/RR200/RR266/RAND_RR266.sum.pdf Also see: Vera Institute of Justice. *Investing in Futures: Economic and Fiscal Benefits of Postsecondary Education in Prison.* January 2019. https://storage.googleapis.com/vera-web-assets/downloads/Publications/investing-in-futures-education-in-prison/legacy_downloads/investing-in-futures.pdf

[6] Vera Institute of Justice. *Investing in Futures: Economic and Fiscal Benefits of Postsecondary Education in Prison.* January 2019. https://storage.googleapis.com/vera-web-assets/downloads/Publications/investing-in-futures-education-in-prison/legacy_downloads/investing-in-futures.pdf

Questions for the Record
House Committee on Education and Labor
2175 Rayburn House Office Building
March 13, 2019
10:15 A.M.

Full Committee Hearing:
"The Cost of College: Student Centered Reforms to Bring Higher Education Within Reach"

people brought to this country need and deserve that path. Without access to the federal financial aid system, too often they simply cannot afford the cost of college. By excluding these students from federal aid, we miss a valuable opportunity to invest in hardworking students who are seeking the skills to further their contributions to our economy and country.

Questions for Mr. Kvaal from Rep. Sablan

1. Mr. Kvaal, how can we update and improve federal financial aid and other programs authorized through the Higher Education Act to better serve the needs of students with unique college costs such as those from the Northern Mariana Islands and American Samoa?

Answer:

Many students in the Northern Mariana Islands and American Samoa face particular challenges that are not fully addressed by the financial aid system. They are not alone: while the share of students attending college near home has increased significantly since 1990, many high school seniors live in "education deserts" that lack access to a nearby public college.[7] Additional supports for students that try to overcome the barriers of distance and other individualized expenses can include childcare and emergency grants that cover unexpected expenses. A recent GAO study also found that more can be done to ensure students access benefit programs like SNAP.[8]

2. Why do states need to pass "borrower's bill of rights" laws? Why do states have the legal authority to pass this type of legislation? Are there any principles we can learn from the state bill of rights that we can apply at the federal level?

Answer:

Justice Brandeis viewed states as the "laboratories of democracy," and state laws protecting students are welcome. The U.S. Department of Education oversees the contractors collecting student loans, but many students receive inaccurate information or have their payments misapplied. A number of states including Washington D.C.,

[7] The Chronicle of Education "Who Lives in Education Deseerts" July 17, 2918. https://www.chronicle.com/interactives/education-deserts
[8] GAO. *Food Insecurity: Better Information Could Help Eligible College Students Access Federal Food Assistance Benefits*. December 2018. https://www.gao.gov/assets/700/696254.pdf

Questions for the Record
House Committee on Education and Labor
2175 Rayburn House Office Building
March 13, 2019
10:15 A.M.

Full Committee Hearing:
"The Cost of College: Student Centered Reforms to Bring Higher Education Within Reach"

California, and Connecticut have enacted borrower bills of rights.[9] If strong federal oversight remains in limbo, as we have seen over the past few years, well-designed state laws can play an important role.

Questions for Mr. Kvaal from Rep. Stevens

1. State disinvestment has clearly had a profound impact on college campuses and tuition rates. What can we as the federal government do to alleviate some of the burden placed on students by rising tuition costs?

Answer:

State disinvestment has had a profound effect on the cost of college. Ten years after the recession of 2008, state spending on higher education remains $9 billion less than 2008 levels, adjusted for inflation.[10] Even with investments made in recent years, 44 states still spend less on higher education than they did ten years ago.[11]

Students cope with the affordability gap in different ways. Many do not enroll at all. One study shows that each $1,000 in cost reduces enrollment by three to five percentage points.[12] Recent evidence from Texas suggests that scholarships substantially increase low-income students' attainment and earnings, and scholarships pay for themselves through financial gains for the public.[13]

Other students cope with high costs by working long hours, reducing the time available for their studies. Research shows that working more than 20 hours per week comes at the expense of academic success.[14] Many low-income students also enroll part-time to reduce

[9] Higher Ed, Not Debt. *Update: Putting Student Debt Reform on the Map*. March 2019. https://higherednotdebt.org/blog/putting-student-debt-reform-map-2

[10] Mitchell, David et al. *A Lost Decade in Higher Education Funding: State Cuts Have Driven Up Tuition and Reduced Quality*. The Center on Budget and Policy Priorities. August 2017. https://www.cbpp.org/research/state-budget-and-tax/a-lost-decade-in-higher-education-funding

[11] Ibid.

[12] TICAS. "Aligning the Means and the Ends: How to Improve Federal Student Aid and Increase College Access and Success." February 2013. https://bit.ly/2UxnFZK. David S. Mundel. "What Do We Know About the Impact of Grants to College Students?" The Effectiveness of Student Aid Policies: What the Research Tells Us. Sandy Baum and Michael McPherson, editors. The College Board. 2008. https://bit.ly/2J4zzJq. Susan Dynarski and Judith Scott-Clayton. "Financial Aid Policy: Lessons from Research." NBER Working Paper No. 18710. January 2013. https://bit.ly/2Tu1mYB.

[13] Jeffrey T. Denning, Benjamin M. Marx, and Lesley J. Turner. "ProPelled: The Effects of Grants on Graduation, Earnings, and Welfare." September 2017. https://bit.ly/2HbGazS.

[14] For more on how working long hours can impede academic success, see: King, Jacqueline E. 2002. Crucial Choices: How Students' Financial Decisions Affect Their Academic Success. American Council on Education. http://bit.ly/1RVX00b. Perna, Laura. 2010. Understanding the Working College Student. American Association of

Questions for the Record
House Committee on Education and Labor
2175 Rayburn House Office Building
March 13, 2019
10:15 A.M.

Full Committee Hearing:
"The Cost of College: Student Centered Reforms to Bring Higher Education Within Reach"

tuition costs and make more time for paid work. But this strategy substantially extends their time-to-degree and reduces their chances of graduating.

As I said in my written testimony, in the next reauthorization of the Higher Education Act, Congress should take three steps: make the investments needed to reinvigorate the Pell Grant, create a new partnership with states dedicated to college affordability, and make it simpler and easier for students to repay their loans as a share of their incomes.

2. What are your recommendations to strengthen the Pell Grant, so it can better serve students?

<u>**Answer**</u>:

Congress should set a long-term goal of doubling the maximum Pell Grant award. To reach that goal, Congress will need to increase the maximum Pell Grant faster than inflation every year, starting by restoring the automatic adjustment that existed between 2013 and 2018.

Second, Congress should protect Pell Grants by making them an entitlement. In some ways they already are an entitlement: every qualified student receives a Pell Grant. During economic downturns, more students enroll in college and they have greater financial need, making the program particularly vulnerable to unforeseen changes in the economy. However, the grants are funded primarily through the annual appropriations process, which rely on long-term estimates of program use and cost that will never perfectly align. This makes the boom-and-bust cycle of Pell surpluses and deficits all but inevitable unless the program is supported fully through mandatory funding.

In addition, Congress can make better use of tax data to calculate students' Pell eligibility. This would both simplify Free Application for Federal Student Aid (FAFSA) form itself and reduce the burdensome verification process that often denies aid to eligible students. However, simplification alone—without a larger Pell Grant—will not solve the affordability problem.

University Professors. http://bit.ly/1UO6zEa. Torres, Vasti, Jacob P. K. Gross, and Afet Dadashova. 2010. Traditional-Age Students Becoming At-Risk: Does Working Threaten College Students' Academic Success? http://bit.ly/1qyI6Gd.

Questions for the Record
House Committee on Education and Labor
2175 Rayburn House Office Building
March 13, 2019
10:15 A.M.

Full Committee Hearing:
"The Cost of College: Student Centered Reforms to Bring Higher Education Within Reach"

3. In your testimony, you mentioned a federal-state partnership. As we consider the creation of a federal-state partnership, what are some of the key principles that must be embedded?

<u>**Answer**</u>:

For decades, states have made deep cuts in higher education during downturns, without replacing the funds when times are good. The result has been a ratchet effect, with lower state support each economic cycle. But state spending is also distributed inequitably. Selective public colleges spend almost three times as much per student than other public colleges and black and Latino students disproportionately attend open-access colleges where their graduation rate is only 46 percent.[15] A new partnership where the federal government and states invest together in higher education should:

- Provide a substantial increase in federal funds that reward states for making college affordable, including addressing the full cost of attending college and starting with low-income students;
- Promote equity for low-income students and students of color by identifying and working to remedy disparities in resources and educational outcomes; and
- Cushion the impact of state budget crises on students and colleges.

[15] Carnevale, Anthony P., Martin Van Der Werf, Michael C. Quinn, Jeff Strohl and Dmitri Repnikov. 2018. "Our Separate & Unequal Public Colleges: How Public Colleges Reinforce White Racial Privilege and Marginalize Black and Latino Student." https://bit.ly/2C7UKnZ.

[Dr. Morrison-Shetlar response to questions submitted for the record follow:]

With our RIBN program, students are provided with a four-year associate to baccalaureate nursing education. Typically, the first three years is completed on the community college's campus and they take online courses through WCU during that time as well. After completion of the first three years, students finish their fourth year online through WCU and our Biltmore Park site. This is a partnership with Blue Ridge Community College, Isothermal Community College, Ab Tech and Southwestern Community College for which we have Articulation Agreements with. For BRCC, Isothermal CC and SCC, RIBN students transfer in 43 hours of block credit and Ab Tech transfers in 45 hours of block credit. Since we do have these Articulation Agreements in place, I believe the transferability of coursework is fairly seamless with the RIBN program and I have not had nor have I heard of any experiences with coursework not transferring for this program.

Questions for the Record
House Committee on Education and Labor
2175 Rayburn House Office Building
March 13, 2019
10:15 A.M.

Full Committee Hearing:
"The Cost of College: Student Centered Reforms to Bring Higher Education Within Reach"

Questions for Dr. Webber from Rep. Morelle

1. To follow up on a question you were asked during the hearing, do you believe debt levels, particularly among low-income students are a reflection of rising prices and insufficient grant aid? Please expand.

2. What would happen to low-income students if colleges denied them ability to borrow federal loans?

Response from Dr. Webber:

1. Yes, the existing body of research supports your claim that rising prices, and especially insufficient grant aid, are responsible for high debt levels among low income students. The purchasing power of the Pell Grant is now only 30-40% (the precise value varies by school) of what it was in the 1970's. Although the price of college certainly matters here, colleges have kept tuition increases for low income students lower than those experienced by students from higher income families.[1] However, the many other costs of attendance, (room/board, books, other supplies) have risen substantially over time, and grant aid has not kept pace.
2. If low income students were denied (or limited) the ability to borrow federal loans, there would be significant negative consequences. Rigorous research studies have found positive impacts of loan availability for students along a number of dimensions (completion, GPA, etc.).[2] Moreover, I am not aware of any credible evidence that students are over-borrowing. I would thus expect limits/denial of federal loans to have a uniformly negative impact on college access, completion, and future labor market outcomes for low income students.

Question for Dr. Webber from Rep. Takano

1. In recent years we have seen states begin to reinvest in public intuitions of higher education. However, approximately 46 states are still way below pre-recession levels and only four states, including California, are above their 2008 levels. How long would it take for states to reinvest in their institutions of higher education to get back to pre-recession levels? Has there been robust investment?

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[1] https://trends.collegeboard.org/college-pricing/figures-tables/net-price-income-over-time-public-sector

[2] https://www.nber.org/papers/w24060

Questions for the Record
House Committee on Education and Labor
2175 Rayburn House Office Building
March 13, 2019
10:15 A.M.

Full Committee Hearing:
"The Cost of College: Student Centered Reforms to Bring Higher Education Within Reach"

Response from Dr. Webber:

1. As you note, states have begun reinvesting in higher education, but at current trends it may take 5-10 years to get back to the pre-recession levels of funding. Without a drastic change to the higher education landscape, I do not expect this to happen for two reasons. First, states often decrease funding for public universities during recessions, and given historical trends in the business cycle the country is likely to enter a recession before funding could be restored to pre-Great Recession levels. Second, state budgets are more constrained by other types of spending today relative to the past several decades, so further funding increases at the state level would require tough decisions.

[Whereupon, at 1:47 p.m., the committee was adjourned.]

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