

# THE STATE OF HIGHER EDUCATION: HOW STUDENTS ACCESS AND FINANCE A COLLEGE EDUCATION

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## HEARING

BEFORE THE

SUBCOMMITTEE ON HIGHER EDUCATION,  
LIFELONG LEARNING, AND COMPETITIVENESS

COMMITTEE ON

EDUCATION AND LABOR

U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED TENTH CONGRESS

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**THE STATE OF HIGHER EDUCATION:  
HOW STUDENTS ACCESS AND  
FINANCE A COLLEGE EDUCATION**

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**Thursday, March 8, 2007  
U.S. House of Representatives  
Subcommittee on Higher Education,  
Lifelong Learning, and Competitiveness  
Committee on Education and Labor  
Washington, DC**

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The subcommittee met, pursuant to call, at 10:37 a.m., in Room 2175, Rayburn House Office Building, Hon. Rubén Hinojosa [chairman of the subcommittee] presiding.

Present: Representatives Hinojosa, Wu, Bishop, Altmire, Courtney, Scott, Davis of California, Davis of Illinois, Keller, McKeon, Foxx, Castle, Ehlers, and Biggert.

Staff present: Tylease Alli, Hearing Clerk; Denise Forte, Director of Education Policy; Gabriella Gomez, Senior Education Policy Advisor (Higher Education); Lamont Ivey, Staff Assistant, Education; Thomas Kiley, Communications Director; Ann-Frances Lambert, Administrative Assistant to Director of Education Policy; Danielle Lee, Press/Outreach Assistant; Ricardo Martinez, Policy Advisor for Subcommittee on Higher Education, Lifelong Learning and Competitiveness; Stephanie Moore, General Counsel; Lisette Partelow, Staff Assistant, Education; Rachel Racusen, Deputy Communications Director; Julia Radocchia, Education Policy Advisor; Robert Borden, General Counsel; Kathryn Bruns, Legislative Assistant; Steve Forde, Communications Director; Jessica Gross, Deputy Press Secretary; Taylor Hansen, Legislative Assistant; Amy Raaf Jones, Professional Staff Member; Jim Paretto, Workforce Policy Counsel; Linda Stevens, Chief Clerk/Assistant to the General Counsel; and Sally Stroup, Deputy Staff Director.

Chairman HINOJOSA [presiding]. A quorum is present. The hearing of the subcommittee will come to order.

Pursuant to Committee Rule 12, any member may submit an opening statement in writing which will be made part of the permanent record.

[The prepared statement of Mr. Altmire follows:]

**Prepared Statement of Hon. Jason Altmire, a Representative in Congress  
From the State of Pennsylvania**

Thank you, Mr. Chairman, for holding this important hearing today on how students access and finance higher education.

I would like to extend a warm welcome to today's witnesses. I thank all of you for taking the time to be here and I look forward to hearing from you.

College access and affordability are the keys to ensuring America is competitive in the global economy. Unfortunately, in recent years, the United States has lagged, when compared to other industrialized countries, in the percentage of young adults enrolled in college and in the proportion of those students who graduate from college. The National Center for Public Policy and Higher Education's report, "Measuring Up 2006: The National Report Card on Higher Education" found that among 27 industrialized nations, the United States has fallen to fifth in the percentage of young adults enrolled in college and has dropped to sixteenth in the proportion of those students who graduate.

I am concerned that our nation is not doing enough to provide access to higher education to those who can not afford it and is not adequately ensuring that college students graduate with degrees. I am proud to say that this Congress has already taken two important steps towards improving college accessibility. We passed the College Student Relief Act, which will cut interest rates on student loans from 6.8% to 3.4% over the next five years, and we voted to increase the maximum Pell Grant by \$260 to \$4,310.

These were necessary first steps and I look forward to working with the Committee to continue to improve student access and affordability to higher education.

Thank you again, Mr. Chairman. I yield back the balance of my time.

I now recognize myself, followed by my good friend and colleague, Ranking Member Ric Keller, for an opening statement.

Welcome to the first hearing of the Subcommittee on Higher Education, Lifelong Learning and Competitiveness. This is the first of a series of hearings that we will hold on the reauthorization of the Higher Education Act.

I am looking forward to working with the members of the subcommittee and all of the stakeholders to develop legislation that will fulfill the promise of the Higher Education Act for the 21st century.

There is a growing concern that as a nation we are losing our competitive edge. We know from experience that investing in higher ed is one of our primary tools for sharpening that competitive edge.

After World War II we opened the doors of college far and wide to returning soldiers, rich, poor, black, white or Hispanic. Our nation became smarter, stronger and richer as a result of this egalitarian investment in education.

In 1965 president Lyndon Baines Johnson signed into law the Higher Education Act, which expanded our national commitment to broad access to higher education. Again, our economic prosperity and capacity for innovation grew as a result of this investment.

Yesterday, however, the study entitled, "Hitting Home: Quality, Cost and Access Challenges Confronting Higher Education Today," was released by Jobs for the Future. This quantifies the scale of our challenge in higher education.

The report found that by year 2025 just to keep pace with our international competitors, the United States would need to produce an additional 15.6 million college graduates. That translated into another 781,000 degrees per year or a 37 percent increase over current production.

There are no two ways about it. That is a tall order. We have not aligned our support for higher education to reflect this reality. We are shortchanging our next generation of college students. Hispanic and African American students will account for most of the growth in our traditional college-aged population, yet we know that

nationally only half of these students are graduating from high school. Only 1 in 5 is college ready.

Many of our families do not understand financial aid for the college process. A recent survey conducted by the Tomás Rivera Policy Institute in California found that more than half of the Hispanic parents and only 43 percent of young adults could not name a single source of college financial aid. Certainly we can do better.

Overcoming these barriers of preparation and financial aid awareness is simply not enough to ensure college success. We know that cost is a major obstacle. The Advisory Committee on Student Financial Assistance estimates that in 2003 more than 170,000 college-qualified low-income students did not enroll in any college at all because of financial barriers. Moreover, we know that just getting into college is not enough. The benefits of higher education come with degree completion. Too many of our students are not making it through to graduation.

The 110th Congress has already made a down payment on improving access and affordability. We have passed legislation reducing interest rates on subsidized student loans, ensuring all students have equal access to the maximum Pell Grant, regardless of whether they attend low-cost institutions, and providing the first increase in over 4 years to the Pell Grant, boosting the maximum grant to \$4,310, which is a \$260 increase.

This is real progress, but we are just getting started. Clearly, we need to expand access and success in higher education on a much larger scale than ever before. The reauthorization of the Higher Education Act is our opportunity to do that.

Our distinguished panel today will help us think about how to get this job done. Thank you for joining us, and I am looking forward to your testimony.

Before concluding, I want to ask for unanimous consent that a copy of the report that I mentioned in my opening remarks be made a part of this hearing today. Hearing no objection, it shall be done.

[The report follows:]

**Hitting Home: Quality, Cost, and Access Challenges  
Confronting Higher Education Today**

*An initiative of Lumina Foundation for Education*

[March 2007; by TRAVIS REINDL]

The United States needs to increase its production of postsecondary education degrees and reduce gaps in achievement among racial and socioeconomic groups. Otherwise, the country will not be able to meet workforce needs, maintain international economic competitiveness, and improve the quality of life for all Americans.

If current production patterns in postsecondary education persist, the nation will face a significant “degree gap” that puts it at a disadvantage relative to other leading developed nations. In fact, the size of this gap—the difference between degrees produced in the United States and those produced by nations who are among our top competitors—could reach almost 16 million degrees by 2025, according to new data prepared for the Making Opportunity Affordable initiative.

To close the gap, the nation’s colleges and universities will need to increase the annual rate of degree production by more than 37 percent. This estimate—prepared by the National Center for Higher Education Management Systems—focuses on top degree producing nations who are members of the Organisation for Economic Co-operation and Development and does not include India and China, whose degree production is also rising rapidly.

According to the new data, closing the gap will require the nation’s colleges and universities to ensure that minority groups, non-traditional-age college students, and students from low-income backgrounds achieve the same levels of attainment

that we see today among white and Asian Americans, traditional-age college students, and wealthier students. Simply reaching the current attainment levels of white students will depend on about 10.6 million more people of color earning postsecondary degrees by 2025 than do so today. Paying for this level of expansion in postsecondary education will demand implementation of a two-fold agenda:

- Introducing a new public investment strategy that includes growth in funding and a much sharper focus on expanding capacity and bolstering productivity in the delivery of higher education;
- Encouraging higher education systems and institutions to be more cost-effective and collaborative with K-12 education in order to enhance student access and success, further contain costs, and introduce additional productivity improvements.

This will require states and institutions to set goals for quality, cost, and access, and to establish metrics for measuring progress. States and institutions also must institute multi-tiered strategies to address these challenges. These strategies include: strengthening inter-institutional collaboration through comprehensive approaches to articulation and transfer; focusing resources on core academic priorities; streamlining student transitions from K-12 to postsecondary education; promoting timely degree completion; and redesigning academic programs to improve student results while reducing cost. While there have been some examples of state and institutional action in these areas, this action has not been comprehensive, coordinated, or sustained. But those states and institutions that have moved forward to adopt these changes have seen promising results.

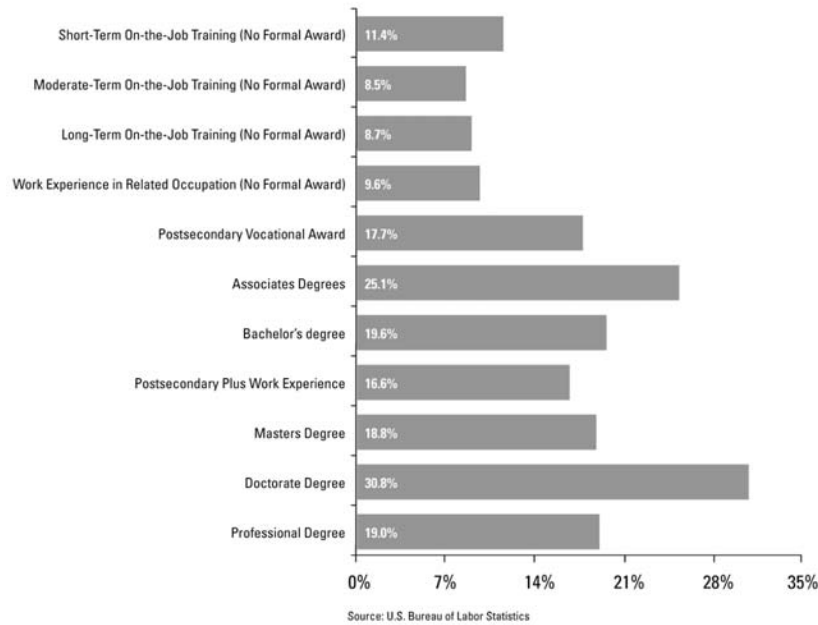
The multi-year Making Opportunity Affordable initiative aims to provide research, tools, and support to help states and institutions transform how they deliver postsecondary education to serve more students without reducing quality. By introducing more cost-effective approaches, states and their higher education systems can reinvest in access and quality improvements. Support for the initiative has been provided by Lumina Foundation for Education.

### *1. Changing workforce demands*

A recent study by the Bureau of Labor Statistics indicates that high-skill jobs that require advanced learning will make up almost half of all job growth in the United States. While low-skill jobs will continue to grow, the rapid expansion of high-skill work is an indication of the nation's shift from manufacturing and farming toward a more service- and information-based economy. In fact, jobs requiring an Associate's degree or beyond will increase at faster rates than jobs requiring less than an Associate's degree between now and 2014 (see Figure 1). The minimum level of education required in high growth fields is also likely to increase in the years ahead, which could widen the gap.



**Figure 1.**  
**Changing Workforce Needs: The Projected Percentage Employment Growth in the U.S. from 2004 to 2014 by Level of Education Required**



High educational attainment correlates with state economic strength and high income. A dozen states (California, Connecticut, Colorado, Delaware, Illinois, Maryland, Minnesota, New Hampshire, New Jersey, New York, Virginia, and Washington) have both high levels of personal income per capita and high percentages of working-age adults with four-year degrees. Only three states have high per-capita income and low educational attainment: Alaska, Michigan, and Nevada, all with economies tilted toward high-wage industries requiring lower levels of education.

## 2. Underlying problems

In many ways the United States is doing better and worse when it comes to higher education. The nation's higher education system has historically been the strongest in the world, and by some measures still is. The number of students pursuing degrees is at an all-time high. Academic preparation for college-level work is improving. College-going rates are holding steady despite double-digit tuition increases.

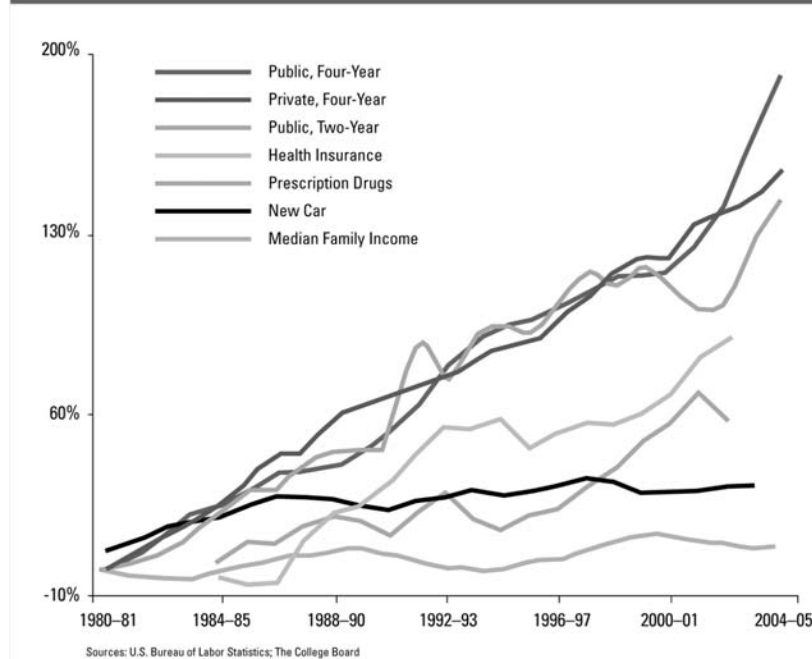
But these signs of success mask deeper problems. The percentage of our population earning college degrees is stagnating, because a larger proportion of young people are not entering or not progressing through postsecondary education. Low-income and minority students—the segments of the population growing most rapidly—are not succeeding at rates equivalent to their growth. Meanwhile, rising expenditures by students and taxpayers are not resulting in better learning, which points to a dangerous “productivity gap.”

*Changing Demographics.* The number of students attending higher education institutions has grown dramatically recently, but the composition of that population is changing along with that of the population as a whole. According to the U.S. Census Bureau, the percentages of African Americans and Latinos from 18 to 44 years old will rise by about 30 percent between 2000 and 2025, an increase of about 10 million people. Meanwhile, as the white population ages, the percentage of white adults from 18 to 44 will decline by 6.1 percent, a drop of 4.4 million. Among 18- to 24-year-old white young adults, the population will drop 9.6 percent. So the

United States must dramatically increase degree production while more effectively serving groups who typically have not succeeded at the same rates as whites.

*Rising Costs and Prices.* The costs of providing higher education and the prices paid by students and their families have increased substantially. Even when adjusted for inflation, tuition and fees have risen 24 percent at four year public universities over the past five years and 32 percent over the past decade, according to Trends in College Pricing 2006, a study conducted by the College Board. The report reveals that tuition and fees at private institutions have risen 11 percent in the past five years and 25 percent in the past decade in inflation-adjusted dollars. Meanwhile, public two-year institutions have done a better job limiting price increases, but even their tuition and fees have risen 22 percent in the past decade when adjusted for inflation (see Figure 2).

**Figure 2.**  
Price of College is Going Up, Percent Change over Time



The result has been that lower- and middle-class families are having a harder time paying for college. More poor students are staying away, and large percentages of students face heavy debt as they enter the workforce. According to the American Association of State Colleges and Universities, today two out of three students who attend public colleges and universities graduate with debt, and the average borrower owes \$17,250 in student loans. Ten years ago, the average student borrower attending a public college or university graduated owing \$8,000 in student loans after adjusting for inflation.

Rising prices are the tip of the iceberg. The amount of money that colleges and universities spend to provide education to their students is rising faster than consumer prices and health care costs. Over the past decade, the Higher Education Price Index has increased significantly faster than the nation's Consumer Price Index, which measures the relative cost of a typical basket of goods and responds to changes in the economy as a whole. According to data from the Commonfund Institute, the past decade has seen the HEPI rise 31 percent, including an 18 percent increase in the last five years alone. Meanwhile, the CPI has risen 22 percent and 12 percent, respectively.

There are disagreements about the causes of these cost increases, and some experts argue that universities cannot control spending growth because funding is always needed to improve quality. The Making Opportunity Affordable initiative is in-

vestigating the real patterns of spending in higher education and has found evidence that cost increases are not inevitable. Institutions can control costs and maintain access and quality if they do a better job of targeting resources to programs that benefit students. A new study to be released by the initiative later this year will provide new information on what is driving up costs.

In the past, colleges have avoided coming to terms with cost management by seeking new revenues—in the form of private fundraising and student tuition increases—rather than changing practices. This promotes what Charles Miller, chairman of the U.S. Secretary of Education’s Commission on the Future of Higher Education, has called “a top-line structure with no real bottom line.” The revenue chase cannot continue. State appropriations for higher education are failing to keep pace with enrollment increases and inflation. Legislatures have increased funding for higher education by an average of 3 percent annually in recent years, but have many competing priorities. States also are facing large structural deficits—service demands in excess of available revenues—that could limit resources available to address these challenges. Private giving is highly variable and cannot be relied on by higher education as a budget balancer.

The public is beginning to push back against constant tuition hikes, raising questions about whether college is worth it and whether colleges are doing the best they can to enable students to attend. More than two-thirds of Americans (68 percent) believe that colleges and universities could reduce their costs without hurting the quality of the institutions, according to a 2004 Chronicle of Higher Education poll.

*Quality.* How well are students doing? Our understanding of student knowledge and skills comes from national studies, which indicate that the mathematical proficiency and document/prose literacy of college graduates have not improved and, in some cases, actually have declined over the past decade. Adults with college degrees dropped 11 points in prose literacy and 14 points in document literacy between 1992 and 2003, according to the National Assessment of Adult Literacy. A 2005 study by American Institutes for Research revealed that 20 percent of U.S. college students completing four-year degrees—and 30 percent of students earning two-year degrees—have only basic quantitative literacy skills. According to the study, more than 75 percent of students at two-year colleges and more than 50 percent of students at four-year colleges score below the literacy proficiency level. They lack the skills to perform complex literacy tasks, such as comparing credit card offers with different interest rates or summarizing the arguments of newspaper editorials.

In addition, structural forces make it difficult for states and institutions to focus on these issues in a sustained way. State funding cycles promote reactivity and crisis management rather than thoughtful planning. Also, many states and institutions do not fully understand why costs are rising, in what areas they are rising, and what tools or knowledge will help them determine what to do.

As a result of changing demographics, rising costs and prices, the erosion of quality, and these structural forces, we are losing ground in helping to ensure that all Americans can attend college at a cost the nation and its families can afford.

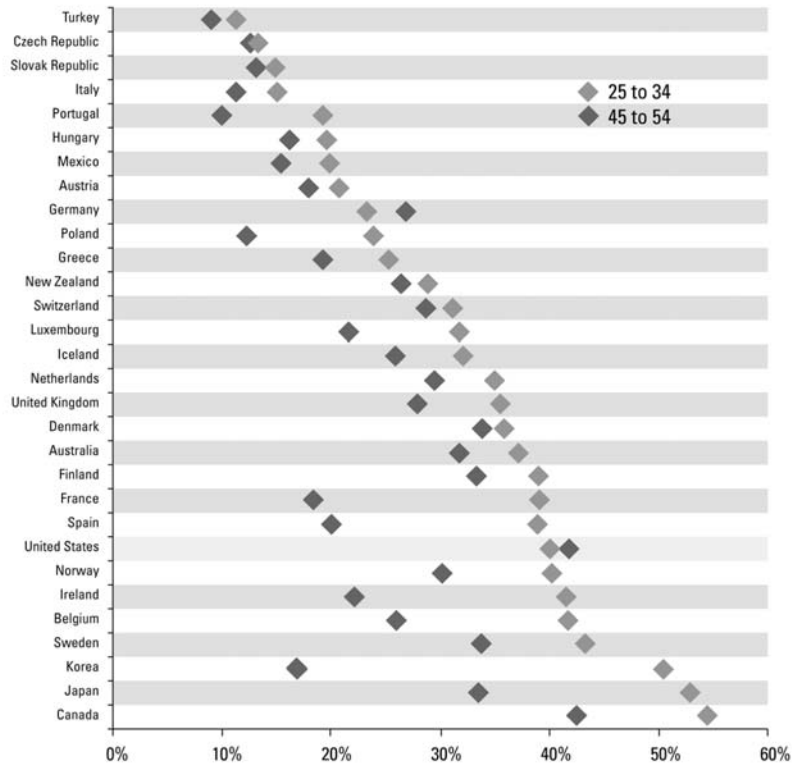
### 3. *The degree gap*

According to the analysis of OECD data, the U.S. deficit in degree attainment poses a serious threat to the nation’s economic well-being. Other highly competitive nations are improving the quality of the education they provide their young people, while also radically increasing the capacity of the systems that serve them. These nations have overtaken the United States’ long-time position as the world leader in degree production relative to population as a whole.

Today seven nations (Belgium, Canada, Ireland, Japan, Norway, South Korea, and Sweden) lead the United States in degree attainment (see Figure 3). More than half of Japanese and Canadian 25- to 34-year-olds, for example, have a Bachelor’s or Associate’s degree, while only 4 in 10 Americans in this age group have earned postsecondary degrees.

**Figure 3.**

**Differences in College Attainment (Associate's Degree and Higher) Between the OECD Countries and the U.S. and Between Young and Older Adults, 2004**



Source: Organisation of Economic Cooperation and Development, *Education at a Glance 2006*

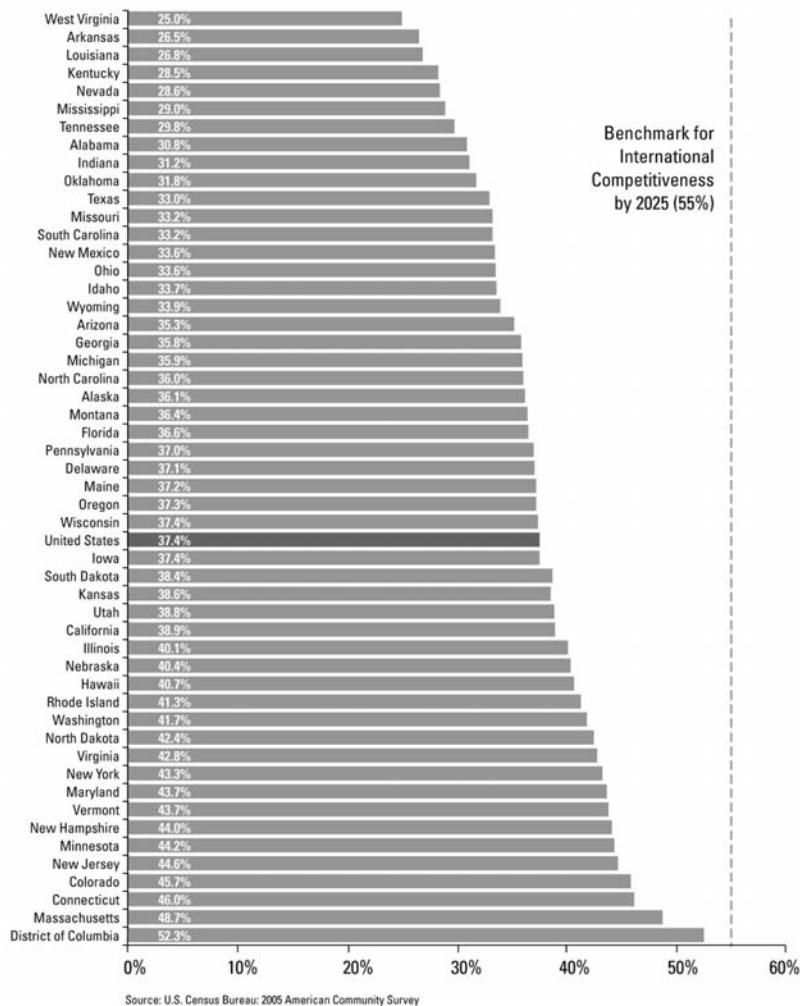
We are losing ground to other nations largely because of relatively low college completion rates. Although the United States still ranks in the top five in the proportion of young people who attend college, it ranks 16th in the proportion who actually finish, according to the National Center on Public Policy and Higher Education's *Measuring Up 2006* report. While estimates vary, American universities award about 18 degrees for every 100 full-time students enrolled. The leading nations (Japan, Portugal, and the United Kingdom) award about 25 degrees. So these nations are experiencing more positive returns on their investments in higher education.

As other countries ratchet up access and attainment, American Baby Boomers, the best-educated workers in history, are retiring and being replaced in the workforce by young people who possess less knowledge and weaker skills than the current generation. In fact, the United States and Germany are alone among OECD nations in this respect: The percentage of their workers ages 25-34 who have a post-secondary degree is actually smaller than the percentage of Baby Boom workers ages 45-54 with such a degree.

For the first time, researchers have examined the extent of the gap in degree attainment between the United States and the rest of the world and its consequences. A new report, based on data analysis conducted for *Making Opportunity Affordable* by NCHEMS, will be released in May. This report, *The Degree Gap*, estimates that the United States will need to produce 15.6 million more Bachelor's and Associate's degrees beyond currently expected levels if the nation is to keep up with its best

performing peers—781,000 additional degrees per year between now and 2025, an increase of 37 percent over the current pace of degree production. According to the report, only eight states and the District of Columbia are on pace to meet this ambitious goal. But even states on course to close the gap will do so only by more effectively serving a growing population of historically underrepresented racial and ethnic groups. Some states will have to more than double the numbers of young people who obtain college degrees by 2025. This could have severe fiscal consequences, but states that take on the challenge could see tremendous economic benefit (see Figure 4).

**Figure 4. The Degree Gap**  
**Percent of Adults with an Associate's Degree or Higher (2005) Compared with Benchmark for International Competitiveness (2025)**

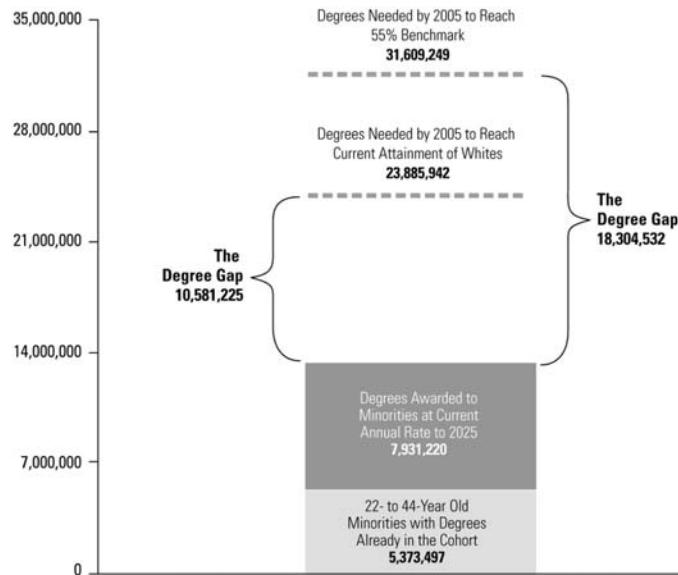


However one looks at the problem, the United States has miles to go to eliminate racial and ethnic disparities in degree production, strengthen the domestic workforce to meet demand for higher skills and knowledge, and remain internationally competitive. Colleges and universities will have to ensure that minority groups achieve at the same levels as white and Asian Americans, and earn about 10.6 mil-

lion more postsecondary degrees by 2025 than would be the case given current circumstances (see Figure 5).

**Figure 5. The Degree Gap**  
Achieving Racial/Ethnic Parity Relative to Current Attainment Rates for Whites and Benchmark for International Competitiveness

Minorities = African Americans, Hispanics/Latinos, and Native Americans



Source: U.S. Census Bureau 2005 ACS, Population Projections, NCES, IPEDS Completions Survey (2004-05)

#### 4. What needs to be done

The magnitude of the challenge indicates that business as usual is unacceptable. The solution combines two approaches: a) sustained investment in higher education; and b) redesigned institutional practice and public policy to promote greater cost-effectiveness, informed by new knowledge and metrics.

A national agenda for redesigning the higher education system should include several crucial elements. Consumers and the federal government must continue to advocate broader access, improved productivity, and better quality in postsecondary education. Much of the heavy lifting, however, needs to come from state policy-makers and higher education decision-makers to:

Set goals for quality, cost, and access, and establish metrics for measuring progress. Development of strategic plans and public agendas at the campus, system, and state levels demands goals and metrics that address resource use in relation to student results. Because much of the data and information essential to this work are not currently available or widely used, the Making Opportunity Affordable initiative will make significant investments in creating and testing these tools.

Pursue multiple strategies for meeting these goals, including: Strengthening inter-institutional collaboration through comprehensive approaches to articulation and transfer to reduce repeat course-taking and student attrition. Florida has taken the lead in addressing these concerns by ensuring that most community college graduates will be deemed to have met all general education requirements and will be guaranteed admission into the upper division (junior status) of a state university. State institutions also abide by a uniform system of course numbering, and the state offers a Web site that provides unbiased advising about postsecondary opportunities. Some states have initiated joint degree programs to fully utilize existing investments. North Dakota offers a joint program in nursing in which course delivery

moves from campus to campus, with many institutions participating, allowing a needed program to be offered on a periodic basis in sparsely populated areas without the typical inefficiencies associated with providing expensive programs in rural communities.

*Focusing resources on core academic priorities*

A few states, such as Ohio and Virginia, have instituted productivity reviews that identify undersubscribed majors at all public institutions and reallocate public funds away from those majors if they fall below a designated threshold. The Illinois Priorities Quality and Productivity initiative in the mid-1990s pursued this goal by providing a common set of data about individual program performance to institutions. After providing the data, the Illinois Board of Higher Education left the decision about which programs to eliminate up to the institutions so long as they improved institutional performance within established guidelines.

*Streamlining student transitions to reduce rework and attrition*

This includes offering accelerated learning options (e.g., Advanced Placement/International Baccalaureate, dual/concurrent enrollment, Early College High Schools) and early intervention programs to boost student preparation. In California, the 11th grade standards test serves as a barometer of readiness for courses in the California State University system, giving students early warning about their college preparation. Washington's Running Start program reaches about 10 percent of high school juniors and seniors in the state. Running Start students who transfer their credits to four-year institutions complete Bachelor's degrees with an average of 33 fewer state-supported credits than other students, resulting in lower net costs for both the student and the state. Once in college, Running Start students also appear to perform as well as, and in some cases better than, their peers.

*Promoting timely degree completion to create increased capacity for new enrollment*

New York's Bundy Aid program, for example, rewards private institutions for graduating New York State residents, providing strong incentives for ensuring degree completion. Western Governors University uses test-out provisions and other institutions use College Level Examination Program scores to allow qualified students to advance faster.

*Redesigning academic programs to improve student results while reducing cost*

Institutions don't need to tie up several faculty members to teach introductory courses in high-demand subject areas. A recent pilot study by the National Center for Academic Transformation found that 25 of 30 institutions that redesigned a popular course by making smart use of technology and engaging professors as tutors, rather than lecturers, improved learning outcomes, while reducing cost by an average of 37 percent. Later in 2007, the National Center for Public Policy and Higher Education will release a detailed report for the initiative on effective practices to promote lower cost, equitable access, and higher quality and productivity among states and institutions.

We are at a crucial turning point. The U.S. economy is still strong, and has the potential to remain strong into the future. The nation's workforce is one of the most highly skilled and productive in the world, and can stay that way. But this will happen only if the country makes strategic choices about how we prepare today's workforce—and the workforce of 20 years from today.

The structural changes necessary to put the system on track to meet the attainment benchmark will require breaking with tradition, on many levels, and recentering institutions on their core missions.

Higher education in the United States successfully addressed the economic, demographic, and technological challenges of the 19th and 20th centuries, educating new Americans in the Industrial Age, educating the "greatest generation" in the post-WWII era, and opening doors to women and minorities in more recent times. The development of land grant colleges, the expansion of higher education made possible by the GI Bill, and the establishment of community colleges reduced disparities in opportunity created a workforce able to satisfy the demands of the state and local economies, and they drove innovation that resulted in continuous economic growth and improvements in the quality of life and standard of living for almost all Americans. States, institutions, and the nation must make no less a commitment to confront the new global challenges of the 21st century, acting boldly to expand opportunity and produce the talent the nation needs at a cost taxpayers and students can afford.

Chairman HINOJOSA. With that, I yield to my good friend and ranking member Ric Keller of the great state of Florida for his statement.

[The statement of Mr. Hinojosa follows:]

**Prepared Statement of Hon. Rubén Hinojosa, Chairman, Subcommittee on Higher Education, Lifelong Learning, and Competitiveness**

Good Morning. Welcome to the first hearing of the Subcommittee on Higher Education, Lifelong Learning and Competitiveness.

This is the first of a series of hearings that we will hold on the reauthorization of the Higher Education Act. I am looking forward to working with the Members of the subcommittee and all of the stakeholders to develop legislation that will fulfill the promise of the Higher Education Act for the 21st century.

There is a growing concern that, as a nation, we are losing our competitive edge. We know from experience that investing in higher education is one of our primary tools for sharpening that competitive edge.

After World War II, we opened the doors of college far and wide to returning soldiers—rich, poor, black, white or Hispanic. Our nation became smarter, stronger and richer as a result of this egalitarian investment in education.

In 1965, President Johnson signed into law the Higher Education Act, which expanded our national commitment to broad access to higher education. Again, our economic prosperity and capacity for innovation grew as result of this investment.

Yesterday, the study “Hitting Home: Quality, Cost, and Access Challenges Confronting Higher Education Today” was released by Jobs for the Future. This quantifies the scale of our challenge in higher education. The report found that by the year 2025, just to keep pace with our international competitors, the United States would need to produce an additional 15.6 million college graduates. That translates to another 781,000 degrees per year or a 37 percent increase over current production. There are no two ways about it—that is a tall order. We have not aligned our support for higher education to reflect this reality.

We are shortchanging our next generation of college students. Hispanic and African American students will account for most of the growth in our traditional college aged population. Yet, we know that nationally, only half of these students are graduating from high school on time. Only one in five is college-ready.

Many of our families do not understand financial aid or the college process.

A recent survey conducted by the Tomas Rivera Policy Institute found that more than half of Hispanic parents and 43 percent of young adults could not name a single source of college financial aid. Certainly, we can do better.

Overcoming these barriers of preparation and financial aid awareness is simply not enough to ensure college success. We know that cost is a major obstacle.

The Advisory Committee on Student Financial Assistance estimates that in 2003, more than 170,000 college-qualified low-income students did not enroll in any college at all because of financial barriers.

Moreover, we know that just getting into college is not enough. The benefits of higher education come with degree completion. Too many of our students are not making it through to graduation.

The 110th Congress has already made a down payment on improving access and affordability. We have passed legislation reducing interest rates on subsidized students loans, ensuring all students have equal access to the maximum Pell grant—regardless of whether they attend low-cost institutions, and providing the first increase in over 4 years to the Pell grant, boosting the maxim grant to \$4310—a \$260 increase!

This is real progress, but we are just getting started. Clearly, we need to expand access and success in higher education on a larger scale than ever before. The reauthorization of the Higher Education Act us our opportunity to do that.

Our distinguished panel today will help us think about how to get this job done. Thank you for joining us. I am looking forward to your testimony.

With that, I yield to my good friend and ranking member, Ric Keller of the great state of Florida.

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Mr. KELLER. Well, thank you, Chairman.

And, Chairman Hinojosa, as this is our first subcommittee hearing in the new Congress, let me personally congratulate you on your chairmanship. I look forward very much to working closely



with you over the next 2 years on the very important issues this panel addresses, from college access to job training and everything else in between.

I would also like to welcome all of our witnesses and thank all of you for taking the time to come and testify before the subcommittee today.

The issue of student access to college and ways in which students are financing their college education are important ones to me. Pell Grants and student loans helped me to go to college.

We have seen substantial increases in federal financial aid since 2000. For example, Pell Grant funding is up 80 percent from \$7.6 billion in 2000 to \$13.7 billion today. The maximum award since 2000 has increased from \$3,300 to \$4,310 today. And these increases have made it possible for an additional million and a half students to receive Pell Grants since 2000.

On top of this dramatic influx in new aid, my colleagues on the Education and Labor Committee have tried to move the national dialogue about higher education beyond just federal spending to get to the heart of what I believe is the real problem, why costs are rising so dramatically and what we can do to stabilize this trend.

With that goal in mind, we held over 30 hearings, considered several bills and passed a reauthorization of the Higher Education Act in the House in the form of H.R. 609, the College Access and Opportunity Act.

The last point I believe is the crux of this decision, what is causing the cost of higher education to sky rocket and what can be done to slow down or reverse this dangerous trend. According to the most recent College Board report, over the last 5 years there was a 35 percent increase in tuition and fees at 4-year public colleges. This increase is higher than any other 5-year increase since the 1976-1977 year. For private 4-year institutions, that number was 11 percent

Unfortunately, the sky rocketing cost of tuition minimizes the positive impact of our increases in important financial aid programs, such as Pell Grants, so earlier this year the full committee's ranking member, Congressman McKeon, and I, introduced H.R. 472, the College Affordability and Transparency Act, which was adopted from the affordability provisions in H.R. 609.

Our bill aims to provide more information to students, not just about college tuition prices but about net price, which we define as the amount the student must pay after the grant aid is subtracted from tuition. This is a measure and a concept I am hopeful we will have the opportunity to discuss more as the reauthorization process moves forward.

I will also be introducing the One Stop Student Financial Aid Information Act of 2007 in the coming days, which will make it easier for students and parents to learn more about their financial aid options for college by providing all this information on one easy to access Web site.

What I am most interested in learning here today is what the other partners in higher education are doing. I am interested in learning more about how states are treating higher education and whether states are doing their part to ensure that their citizens are able to achieve the dream of a college education.

I am also interested in hearing more about what is being done in the elementary schools and high schools to make sure students are academically prepared to attend college. And, finally, I am interested in hearing what institutions are doing to make sure that their costs do not continue to spiral out of control.

Before I conclude, I would like to thank our witnesses once again for agreeing to testify before the subcommittee today, and I look forward to the beneficial dialogue that I am sure will take place here today.

With that, I yield back, Mr. Chairman.

[The statement of Mr. Keller follows:]

**Prepared Statement of Hon. Ric Keller, Senior Republican Member, Subcommittee on Higher Education, Lifelong Learning and Competitiveness**

Chairman Hinojosa, as this is our first subcommittee hearing in the new Congress, let me congratulate you on your chairmanship. I look forward to working closely with you over the next two years on the very important issues this panel addresses, from college access to job training and everything in between. I'd also like to welcome all of our witnesses and thank all of you for taking the time to come and testify before the Subcommittee today.

The issue of student access to college and ways in which students are financing their college education are important ones to me. Pell Grants and student loans helped me go to college.

We've seen substantial increases in federal financial aid since 2000. For example, Pell Grant funding is up 79%, from 7.6 billion in 2000 to 13.6 billion today. The maximum award since 2000 has increased from \$3,300 to \$4,310 today. And these increases have made it possible for an additional million and a half students to receive Pell Grants since 2000.

On top of this dramatic influx in new aid, my colleagues on the Education and Labor Committee have tried to move the national dialogue about higher education beyond just federal spending, to get to the heart of what I believe is the real problem: why costs are rising so dramatically and what we can do to stabilize this trend. With that goal in mind, we held over 30 hearings, considered several bills, and passed a reauthorization of the Higher Education Act in the House in the form of H.R. 609, the College Access and Opportunity Act.

That last point, I believe, is at the crux of this discussion. What is causing the cost of higher education to skyrocket, and what can be done to slow down or reverse this dangerous trend? According to the most recent College Board report, over the last five years, there was a 35 percent inflation-adjusted increase in tuition and fees at four year public colleges. This increase is higher than any other five year increase since 1976-77. For private four year institutions, that number was 11 percent.

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Before I conclude, I'd like to thank our witnesses once again for agreeing to testify before the Subcommittee today. I look forward to the beneficial dialogue that I am sure will take place here today.

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Chairman HINOJOSA. Thank you.

I also want to welcome ranking member of the whole Committee of Education and Labor, Congressman Buck McKeon from California, and would invite him to give some opening remarks.

You want to pass on that?

Without objection, all members will have 14 days to submit additional materials or questions for the hearing record.

At this time, I would like to introduce our very distinguished panel of witnesses here with us this afternoon.

The first one will be Dr. David Breneman, who received his doctorate from the University of California at Berkeley. He is a nationally acclaimed economist and author and has taught at various universities, including Harvard. For the past 10 years, he has served as dean of their Curry School of Education at the University of Virginia. Recently, he chaired the National Advisory Group that reviewed the report we will discuss today, entitled "Measuring Up 2006."

Next we are going to hear from Ross Wiener, who is vice president for programs and policy at the Education Trust, a national nonprofit organization focused on closing the achievement gaps in public education. He is a graduate with high honors from the George Washington University Law School and has clerked for the U.S. Court of Appeals for the First District. Prior to coming to Education Trust, he served as a trial attorney in the civil rights division of the U.S. Department of Justice.

Later we will hear from Jamie Merisotis. Jamie is the founding president of the Institute for Higher Education Policy, a highly respected organization established in Washington, D.C. He is a leading authority and has published extensively in the higher education field. Prior to founding the institute, Mr. Merisotis was the executive director of the National Commission on Responsibilities for Financing Postsecondary Education, a bipartisan commission appointed by the president and congressional leadership.

We will also hear from Don Soifer, who is executive vice president for the Lexington Institute in Arlington, Virginia. He has published extensively on various aspects of education policy, accountability and assessment, higher education finance and closing the achievement gaps. Mr. Soifer has testified twice before the U.S. Congress as well as various state legislatures. In addition, he has served as a consultant to the Virginia Department of Education. He is a 1990 graduate of Colgate University and is a resident of the District of Columbia.

I want to welcome each and every one of you, and we will start with the first—I forgot to give you some of the rules that we are going to go by. Allow me to say that for those of you who have not testified before this subcommittee, let me explain our lighting system and the 5-minute rule.

Everyone, including members, is limited to 5 minutes of presentation or questioning. The green light is illuminated when you begin to speak. When you see the yellow light, it means you have

1 minute remaining. When you see the red light, it means your time has expired and you need to conclude your testimony.

Please be certain, as you testify, to turn on and speak into the microphone in front of you.

The rules of the committee, adopted January 24, give the chair the discretion on how to recognize members for questioning. It is my intention as chairman of this subcommittee to recognize those member present and seated at the beginning of the hearing in the order of their seniority on this subcommittee. Members arriving after the hearing has begun will be recognized in order of appearance.

With that, we are going to ask the first presenter to start with his presentation.

Welcome.

**STATEMENT OF DAVID BRENEMAN, DEAN AND PROFESSOR,  
CURRY SCHOOL OF EDUCATION**

Mr. BRENEMAN. Mr. Chairman and members of the committee, I am very pleased to be here. I am testifying on my own behalf as an economist who has written about higher education for over 35 years and who has served as an administrator in both private and public institutions.

My remarks will focus primarily on "Measuring Up 2006," a report which I believe has been supplied to all members of the committee.

The series of "Measuring Up" reports are best understood as a benchmarking exercise, evaluating empirically the performance of the 50-state systems of higher education using 35 data indicators organized into six categories. States are ranked from best to worst performance and grades are assigned accordingly.

The purpose of these reports is to provide each state with an empirical measure of how it stacks up against the other states and to encourage them toward better performance. In the 2006 report, a new international dimension was added as we were able to include comparable data from 26 member OECD countries. The results from that information were stunning.

The first finding was that for older citizens, those aged 35 to 64, the U.S. lags only Canada in the percentage of adults with college degrees. When one looks at the younger generation, however, age 25 to 34, the United States drops to eighth place.

Clearly, the early advantage this country had, which you eluded to in your remarks, in ensuring mass higher education for the baby boom generation, has eroded as other countries have overtaken us in producing educated talent.

When one turns to college participation rates for students age 18 to 24, Korea leads the list at 48 percent while the U.S. is fifth at 35 percent. Finally, the U.S. ranks in the bottom half, 16th among 27 countries, in the proportion of students who complete college degrees or certificate programs.

The other key findings in the 2006 report are that while middle and secondary school preparation for college has shown some improvement from the early 1990s, participation and completion rates in college have been flat for really about 15 years.

Finally, by our measures, virtually every state received a failing grade on affordability.

Members of this committee are well aware of the serious efforts being made at the federal, state and local level to improve K-12 performance, student performance, but it must seem obvious that the country is sending decidedly mixed messages to young people, encouraging them on the one hand to prepare for college and then pricing many of them out of the market or forcing them to work long hours while enrolled or to incur substantial debt.

I will conclude my remarks with some thoughts on affordability.

Starting at the state level, competing priorities in state government budgets have meant that the days of low or no tuition are behind us never to return. One result has been rising public tuitions, putting an end to one of the oldest state policies to ensure affordability. The Pell Grant program, enacted in 1972, was built on the assumption that states would maintain low tuition policies and the federal government could help to cover the other costs of attendance. That implicit understanding has long since broken down with the result that the maximum Pell Grant has not kept up to the rising cost of college.

Further muddying the water were the tuition tax credits passed in the late 1990s that broke with the longstanding pattern of concentrating federal funds on those with lowest income.

States have responded in part with their own student aid programs, but in several states these are reward and merit and are not targeted to the low-income student. Institutions have vastly expanded their own aid programs, but again with much of the money allocated competitively to attract students to a particular campus through merit aid.

The resulting "system," and I put that in quotations, of financial aid lacks coherence and presents a barrier to students who lack the sophistication and guidance about how to navigate the multiple and overlapping federal, state and institutional programs. The fact that no obvious forum exists where federal, state and institutional policies can be worked on simultaneously renders the problem of coherence elusive.

Let me close by noting one further anomaly in the market for higher education. In normal markets, competition among suppliers tends to keep prices down. Higher education operates in an intensely competitive market, but the effect of competition in this case leads to higher rather than lower prices. Why is that so?

No traditional college or university seeks to increase its market share of total enrollment. There are no potential Walmarts in the nonprofit sector of higher education. Rather, the competition is for quality, prestige and selectivity and the resulting status competition conveys a clear advantage for those institutions at the top of the pecking order. Colleges and universities further down the pack strikes to enhance their own standing in this ranking by spending more on their programs.

Increased competition, therefore, is not the solution to rising prices in this market and workable regulatory mechanisms have eluded state and federal officials as well. Ensuring affordability should be the highest priority of this committee for if we fail to enhance educational opportunity, we will all be the losers.

Thank you.  
[The statement of Mr. Breneman follows:]

**Prepared Statement of David W. Breneman, Dean and Professor, Curry  
School of Education**

Mr. Chairman, members of the committee, I am pleased to have the opportunity to present my views on the topic of this hearing. I am testifying on my own behalf as an economist who has written about higher education for over 35 years, and who has served as an administrator in both private and public institutions. My remarks, as requested, will focus on my work over the past decade as chair of an advisory committee to the National Center on Public Policy and Higher Education, a non-partisan, foundation-sponsored independent entity. The National Center has produced four national report cards on higher education performance, the most recent being *Measuring Up 2006*, copies of which I believe you have. I will note the highlights of this most recent report, and add some comments of my own on the issue of college affordability.

The series of *Measuring Up* reports are best understood as a benchmarking exercise evaluating empirically the performance of our 50 state systems of higher education. The unit of evaluation is the state, not the institutions individually, and all components of the postsecondary sector in each state are included. The report evaluates each state in six categories: preparation, participation, affordability, completion, benefits, and learning. A number of data indicators, 35 in total, make up these categories, and the grades assigned in each category are determined through a weighted average of the individual indicators. The states are ranked from best to worst performance, and grades are assigned accordingly.

The purpose of these reports is to provide each state with an empirical measure of how it stacks up against the other states, as a way to encourage better performance. In the 2006 report, a new, international dimension was added, as we were able to include similar data from 26 OECD member countries. It was our view that the global economy requires each state to consider not just how its performance compares with the other states but with other developed nations as well. The results from that additional information were stunning.

The first finding was that for older citizens (ages 35 to 64), the U.S. lags only Canada in the percentage of adults with college degrees, Canada having 41% compared to the U.S. 39%. When one looks at younger adults, however, (ages 25 to 34), the U.S. drops to 8th place, behind Canada, Japan, Korea, Finland, Norway, Sweden, and Belgium. Clearly, the early advantage this country had in assuring mass higher education for the “baby boom” generation has eroded, as other countries have overtaken us in the production of educated talent.

When one turns to college participation rates of students aged 18 to 24, Korea leads the list at 48%, with the U.S. fifth at 35%. Finally, the U.S. ranks in the bottom half—16th among the 27 countries—in the proportion of students who complete college degree or certificate programs. These data alone should shock us out of the complacent view, long held, that U.S. higher education is the envy of the world.

The other key findings in the 2006 report are that while middle and secondary school preparation for college has shown some improvement from the early 1990s, participation and completion rates in college have been flat for 15 years. Nor have the large gaps in college attendance that correlate with either income or race and ethnicity been narrowed. Finally, the report’s measure of college affordability gives precision to the widely-recognized fact that the cost of college is rapidly outstripping the ability of many families to pay. Indeed, by our measures, virtually every state received a failing grade on affordability.

Members of this committee are well aware of the serious efforts being made at the federal, state, and local levels to improve student performance in K-12 education. No Child Left Behind is the signature program for this effort. Yet it must seem obvious that the country is sending decidedly mixed messages to young people, encouraging them on the one hand to prepare for college, and then pricing many out of the market, or forcing them to work long hours while enrolled, or to incur substantial debt. Let me conclude with a few remarks on affordability.

The reasons for rising tuitions are complicated and would require a separate hearing to explore. Competing priorities in state government budgets have meant that the days of low or no tuition are behind us, never to return. One result has been rising public tuitions, putting an end to one of the oldest state policies to assure affordability. The Pell Grant program was enacted in 1972, when public tuition levels were still very low, and a few among us may be old enough to remember that the original Basic Educational Opportunity Grant (as Pell was initially called), was designed to cover non-tuition costs. In short, that program was built on the assump-

tion that states would maintain low tuition policies, and the federal government could help to cover other costs of attendance. That implicit understanding has long since broken down, with the result that the maximum Pell Grant has not kept up with the rising cost of college, as these costs have been shifted from the general tax-paying public to the student. Further muddying the water were the tuition tax credits passed in the late 1990s that broke with the long-standing pattern of concentrating federal funds on those of lowest income. Various forms of tax-favored savings and tuition futures plans from the 1990s further extended aid up the income scale.

The states have responded in part with their own student aid programs, but in several states these have taken the form of merit-based programs, modeled on the Georgia HOPE program, and are not targeted at the low income student. Institutions have vastly expanded their own aid programs, but again with much of the money allocated competitively to attract students to a particular campus through merit aid. Loan programs have proliferated, often part of an aid offer by the institution that is “preferentially packaged” to deliver more loan than grant aid to the less-competitive applicants, regardless of family income.

The resulting “system” of financial aid lacks coherence, and presents a barrier to students who lack the sophistication and guidance about how to navigate the multiple and overlapping federal, state, and institutional programs. I commend Secretary Spellings and Deputy Secretary Martinez-Tucker in working toward simplification of the federal programs, and I hope this committee encourages and supports such efforts. (I also hope that the core federal commitment to need-based aid is sustained.) No panacea is obvious, however, because the system has evolved as it has in response to various political pressures that are unlikely to go away. The fact that no obvious forum exists where federal, state, and institutional policies can be worked on simultaneously renders the problem of coherence elusive. But understanding how the “system” works (or fails to work) is the first step toward meaningful reform.

Let me close by noting one further anomaly in the market for higher education. In normal markets, competition among suppliers tends to keep prices down. Higher education operates in an intensely competitive market, but the effect of competition in this case leads to higher, rather than lower, prices. Why is that so? No traditional college or university seeks to increase its market-share of total enrollments—there are no potential Wal-Marts in the non-profit sector of higher education. Indeed, few traditional institutions today seek to expand. Rather, the competition is for quality, prestige, and selectivity, and the resulting status competition conveys a clear advantage to those institutions at the top of the pecking order. Wealthy parents then seek to enroll their offspring in the most prestigious institutions, and those colleges and universities further down in the pack strive to enhance their own standing in this ranking (dutifully reported in U.S. News & World Report) by spending more on their own programs. Increased competition, therefore, is not the solution to rising prices in this market, and workable regulatory mechanisms have eluded state and federal officials as well.

Ensuring affordability should be the highest priority of this committee, for if we fail to enhance educational opportunity we will all be the losers.

[The Internet link to “Measuring Up 2006” follows:]

<http://measuringup.highereducation.org/docs/2006/NationalReport-2006.pdf>

Chairman HINOJOSA. We will now hear from Mr. Wiener.

**STATEMENT OF ROSS WIENER, VICE PRESIDENT FOR  
PROGRAM AND POLICY, EDUCATION TRUST**

Mr. WIENER. Thank you, and good morning, Mr. Chairman and members of the subcommittee. Thanks very much for this opportunity to testify this morning.

I just want to briefly reinforce the context that has been established and then talk about a few suggestions as to how Congress could help to turn around some of these patterns.

For much of our history, as has been stated previously this morning, the United States has led the world in expanding access to higher education and the Congress has shown great leadership on

this through the early establishment of land grant institutions, the GI Bill, the Higher Education Act and Pell Grants in 1972, and the return on our investment in expanding this access has been incalculable, contributing not only to our domestic prosperity but also to our global leadership.

But as much as we can take pride in this tradition, I think we have to acknowledge that we have broken faith with it and we today have a serious problem in access and success in higher education that has serious implications for our identity as a nation and our leadership around the world.

Today there is less social mobility in America than there was 20 years ago and less than in almost any other industrialized country. One important reason is that over the last 15 years there has been a massive shift in financial aid policy away from helping low-income students. This has two large effects.

One is that many college-qualified low-income students never become college students and so can't be college graduates. The situation right now is that our highest achieving low-income students only go to college at the same rate as our lowest achieving high-income students. But the effect on college going is not the only impact. Those students that do go to college go to college in ways that are much less likely to allow them to be successful. They have to go part time or they have to select to go to lower-cost institutions that themselves have less resources to support these students.

And while we should celebrate these students' resolve and we should be glad that these opportunities are available for them, we should not be forcing low-income students and disproportionate numbers of students of color to have to go in these routes where they are likely to be less successful.

The end result of this diminishing opportunity is unsustainable inequality along economic and racial lines. Just two points of context before moving on. One is that children from families in the top income quartile in this country have a 75 percent chance of having a baccalaureate degree by the time they are 24. Children from the bottom economic quartile, the bottom 25 percent, have only a 9 percent chance of graduating from college by the time they are 24. And these issues play out along racial and ethnic lines as well with white students getting degrees at about twice the rate of African American students and at about three-times the rate of Hispanic students.

Hispanic Americans are the largest minority group in this country, the fastest growing, and yet they have barely a one in 10 chance of having a baccalaureate degree by the time they are 29 years old. This has serious implications for the country and we need to address this problem. And this shouldn't be seen as charity for these groups or something we do out of compassion for them.

The fact is, America needs more college-educated workers. When you look at data generated by the Bureau of Labor and Statistics and the Census Bureau and you project this out, we are at risk of being short 3 million baccalaureate degrees in the workforce, not in 20 years or in 30 years but in 5 years, by 2012.

So let me talk about several ways that Congress could address these issues in the Higher Education Act. One is to restore the buying power of Pell Grants. Those used to cover  $\frac{3}{4}$  of the cost of at-



tending college. They now cover less than  $\frac{1}{3}$ . And this should be the first priority, as has been mentioned earlier.

Another is to eliminate the FAFSA. The way that low-income students have to apply for financial aid right now is notoriously burdensome and confusing. The federal government already has all the information it needs. Just like the federal government produces estimates of benefits that citizens are likely to get under the Social Security program, they should do the same for low-income families and proactively inform them of the aid they are likely to get.

Congress should consolidate multiple programs that are intended to benefit low-income students. For example, the SEOG program is located right now in proportionately wealthier institutions that serve fewer low-income students, and that money could be better put into Pell Grants.

Congress should make loan repayment schedules contingent on family income so that college graduates who are in fields where the income is less, there is a reasonable amount that they can pay. If this were done, it would also make more loan students more comfortable taking on the debt that is reasonable for them to take on to go to college.

And, finally, Congress should continue to pursue reform in the subsidized student loan market and use competition to keep the subsidies down and, again, repurpose some of those resources to help low-income students afford college.

Thank you.

[The statement of Mr. Wiener follows:]

**Prepared Statement of Ross Wiener, Vice President for Program and Policy, Education Trust**

Mr. Chairman and Members of the Subcommittee, thank you for this opportunity to provide testimony on this important issue. The Education Trust is a national, non-partisan, non-profit organization dedicated to improving the education of low-income students and students of color, pre-kindergarten through college.

This morning, I want to describe the profound—and profoundly disturbing—shift in financial aid policy that has put college out of reach for far too many Americans. I also want to point to some concrete actions that Congress should take to address problems related to both access and success in higher education.

*Background*

For much of our history, the United States led the world in expanding access to higher education. From the establishment of land grants institutions, to the G.I. Bill, through the Higher Education Act of 1965, and the creation of Pell Grants in 1972, the United States Congress has shown true leadership on this issue. The return on our investment in expanding access to higher education has been incalculable, contributing both to domestic prosperity and international leadership.

As much we can take pride in this tradition, we also must recognize that we have broken faith with it. Our recent history is one of shrinking opportunity and growing income gaps. One important reason is that, over the last fifteen years, there has been a massive shift in financial aid policy away from helping low-income students. Today, there is less social mobility in America than there was twenty years ago, and less than in almost any other industrialized country.

While the focus of this hearing is on the financial barriers to getting a college education, I do not intend to minimize the other issues that need to be addressed to improve the education of low-income students and students of color. In particular, we at the Education Trust are acutely aware that inadequate preparation in K-12 means that far too many low-income students and students of color struggle in college and the workplace. Moreover, the higher education community has not stepped up appropriately to address low and stagnant graduation rates of the students who do make it to college.

The large, unmet need faced by prospective students from low-income families, and the fact that the amount of financial aid a student will receive remains uncer-

tain until so late in the process, have implications across all these problems. For instance, many potential college graduates never even become college students. Indeed, only 50% percent of all “college-qualified” students from low-income families enter a four-year college, compared to over 80% percent of similarly qualified students from high-income families. The sad reality is that America’s highest achieving low-income high school graduates go to college at the same rate as our lowest achieving high-income high school graduates.

But that’s not the only effect. Other low-income students do attend college, but do so in ways that are far less likely to lead to a degree. Many are intimidated by the financial aid and application process but are enticed to enroll in fly-by-night proprietary schools where they take on debt but do not acquire skills that will help them pay off that debt. Others are forced to go to college part time, and/or to start in a community college with the aspiration to transfer and earn a B.A., but never gather the momentum to reach the baccalaureate level. The tragic irony is that many of these students do not end up with a degree, but do end up with debilitating debt burdens that leave them worse off than before. So while we should ensure that all kinds of options are available to students, we should not pretend that they are all equally likely to ensure students’ success, and we should not force low-income and minority students down paths where success is rare.

The result is inequality that is bad not just for low-income students and students of color, but bad for America. Children from families in the top quartile for family income have a 75% chance of getting a 4-year college degree by age 24; among children of families in the bottom income quartile, just 9% have graduated from college by 24.

The gaps by race are also stark, with African-Americans earning bachelor’s degrees by age 29 at nearly one half—and Latinos at just one-third—the rate of Whites. Moreover, instead of gradually getting better, most of these gaps are getting worse. For while college-going and degree rates have gone up for all groups, they have gone up faster for white students than for students of color, who were already under-represented. Since 1974, White students are up 19 points in college-going and up 10 in college completion. African American students are up 20 points in college-going but only 5.5 in college completion. And Hispanic students are up only 11 points in college-going, and just 3 points in college completion.

This inequality has grave implications for individuals and the country.

In today’s economy, education—and especially higher education—provides the only certain route into the middle class and beyond. Unlike a generation ago, there are very few jobs where good health and a strong work ethic can ensure economic security. And the trend toward work that requires some college education is accelerating. Projections based on data from the Bureau of Labor Statistics indicate that, if current trends are not changed, then the U.S. will face a shortage of more than 3 million workers with bachelors degrees not in 20 or 30 years, but in five years—by 2012.

Moreover, we need to recognize that the rest of the world is not standing still. Having learned from our example, other countries have rapidly expanded participation and success in higher education. While we once led the world in college graduates in the adult workforce, we have slipped to fourth. Most disconcerting, the United States is one of only two industrialized nations where older workers are more likely to have a college degree than younger workers.

These trends hold serious social and economic threats. We are in danger of creating a permanent underclass. And we are in danger of losing our leadership in the global economy, which would have other negative implications.

The reality is that America needs more college graduates. To accomplish this, we must do a better job of educating low-income students and students of color, who have been disproportionately left out in the past. Given the especially dramatic growth in the number of Hispanic Americans, and the distressingly low numbers of young people from this community who are earning college degrees, their plight merits particular attention. When the largest minority group in the country has barely one in ten students getting through college with a degree, the nation must act. We cannot continue our economic growth, we cannot maintain our high standards of living, and we cannot create the nation we all want to live in, without getting more students of color and low-income students in and through college with a degree.

Congress can show important leadership by aligning federal policy with the imperative to improve college outcomes, especially among low-income and minority students. In addition to substantively improving federal policy, the actions described below would allow Congress to enlist states, colleges and universities, as well as the American people, in a broader conversation about how to improve higher education.

*Financial aid: A promise abandoned*

The federal government has always taken a central role in ensuring equality of opportunity, and federal leadership is needed again if we are to return this country to a path of truly expanding college access. For one, the federal government is the biggest player in student financial assistance. In 2004-5, the federal budget for student aid was \$90 billion, accounting for approximately three-quarters of all expenditures on student aid. Approximately \$18.6 billion of this was allocated for grant aid, \$68.6 billion for underwriting student loans, and \$6 billion in tax credits and deductions. How this financial aid money currently is allocated is confusing and inadequate.

Below are some concrete actions Congress could take to improve the chance of success for low-income and minority students in higher education:

*Restore the buying power of Pell Grants*

Historically, the federal government's principle vehicle for providing access to low-income students has been the Pell Grant. Created in 1972, the Pell Grant program has enabled millions of students from low-income families to attend two- and four-year colleges. But investments in this program, while up, have not kept pace with rising demand for college, or with the rising price of higher education. In 1975, the maximum Pell Grant covered approximately 84 percent of the cost of attending a public four-year college. Today, it covers only 36 percent, effectively blocking access for thousands of aspiring college students from low-income families.<sup>1</sup> In 1974, the majority of Pell recipients (62%) attended four-year colleges and universities, but that is no longer true—as of 2004, the majority of Pell recipients (54%) attend two-year colleges. Similar enrollment trends exist among African-American and Latino students who disproportionately attend two-year and proprietary colleges from which they have significantly lower chances of earning a degree.

The diminution of Pell's buying power might, of course, be understandable given other pressures on the federal budget. But, in fact, federal expenditures on non need-based student aid have grown exponentially faster over the past decade than expenditures on need-based aid. Indeed, of current federal expenditures on student aid, 52 percent—or more than \$45 billion—is not based on need. Much of the growth has been in tax deductions and credits, which disproportionately go to upper-income families and do nothing at all to assist the lowest income students and families. Before other worthy goals are pursued, federal financial aid policy should ensure that low-income students are able to attend college by increasing Pell Grants.

*Eliminate the FAFSA*

In addition to the re-allocation of aid away from low-income students, the process for applying for federal financial aid also is fraught with problems. The complexity, intrusiveness, and sheer burden of the FAFSA (Free Application for Federal Student Aid) manifests patent indifference as to whether low-income students get the aid to which they are entitled. The FAFSA is notoriously confusing and has been characterized by scholars as more complicated than filing an income tax return. Indeed, taking out a mortgage to buy a house is significantly simpler and demands less financial acumen than completing the FAFSA.

If we are serious about ensuring that low-income students know about and receive their financial aid, this process can and should be streamlined. The government should proactively calculate estimated grant awards based on income tax returns and other publicly held records that already are in the government's possession. To help these students get an image of themselves as college students, the federal government should send an estimate of expected federal tuition grant aid to each low-income family with school-age children. The Social Security Administration routinely provides workers with estimated benefits and there is no good reason not to do this with federal grant aid.

That the FAFSA persists in its current form makes a mockery of our commitment to helping low-income students go to college. It is not an exaggeration to say that the FAFSA evidences contempt for low-income students' college-going aspirations. If this Congress does nothing else to align federal policy with the goal of increasing low-income participation in higher education, it should replace the arduous FAFSA with a proactive notification of projected grant aid to prospective college students from low-income families.

*Consolidate programs intended to benefit low-income students*

The overriding focus of federal financial aid policy should be to make college accessible to those who otherwise could not afford it, and to make the financial aid process as simple and straightforward as possible. The myriad programs that ostensibly exist to help low-income students should be combined, so that the money goes

to the right students—and students can know up-front the amount of aid to which they are entitled. Some of the many programs that exist now benefit institutions more than low-income students, and dilute the federal government’s ability to target money to truly needy students.

The SEOG program is a perfect example: SEOG allocations go disproportionately to wealthier institutions which serve disproportionately fewer financially needy students. This money would be better spent on increasing Pell Grants.

*Make loan repayment schedules contingent on family income*

As students are expected to assume more and more debt to finance their college education, it is incumbent upon the federal government to provide some insurance against individual financial ruin. Borrowing to help for college is a good investment. Most students will go on to earn more as a result, and it is fair and reasonable to expect them to pay off their loan obligations. But for those borrowers who confront prolonged debt-to-income disparities—and this includes not just drop-outs, but also those who choose socially important, but lower-paying professions such as teaching—the federal government should index loan repayments on a sliding scale related to ability to pay. If low-income students were made aware of this support early in the process, they would be more likely to take on reasonable debt and enroll in college in the first place. The Project on Student Debt has proposed a reasonable plan to make repayment limits contingent on family income. This plan is modest, fair, and urgently needed.

*Ensure that tax-exempt institutions educate low- and middle-income students*

Institutions of higher education are huge non-profit corporations with tax-exempt status. It is not unreasonable to expect them to participate in the country’s commitment to expanding higher education among those in the bottom half of the income distribution. No institution should be forced to educate more low- and middle-income students. But if they do not include a reasonable share of these students in their programs, then their generous government subsidy should be repurposed to ensure these students have access to postsecondary options somewhere else. At a minimum, each institution that wants to maintain its tax-exempt status should make a commitment to educating low-income students. It is a vital public interest and not unreasonable to expect non-profit colleges to draw  $\frac{1}{4}$  of their students from the bottom  $\frac{1}{2}$  of the income distribution.

*Engage states and institutions in improving access and success*

Beyond its proportional role, it also is clear that federal policy sets the context for what happens with state and institutional aid dollars; as the federal government has abandoned low-income college aspirants, so, too, have the other players in financial aid. Ten years ago, grants to students without demonstrated financial need represented 14 percent of state grant expenditures. Today that fraction has nearly doubled to 27 percent.<sup>2</sup> I want to be clear that it is not a bad thing for government to help middle and upper-middle income families pay for college. But the first priority of financial aid policy should return to its historic purpose of helping students who cannot afford to attend college without financial assistance.

Institutions of higher education have also abandoned low-income access. In the absence of any accountability or recognition for expanding access, these institutions have increasingly pursued higher status in the private college ranking guides by using their discretionary financial aid dollars to “buy” students who will improve their rankings. A recent report from the Education Trust, *Promised Abandoned*, documents how campus-based aid has also skewed away from low-income students in recent years.

Congress cannot solve these problems alone, but Congress is uniquely positioned to stimulate an important new dialogue on how quality in higher education is defined. Current metrics for quality and recognition bestow status on colleges that only admit students who will succeed no matter where they go. Instead, we need to honor and support institutions that are helping increasing numbers of students who face far more difficult challenges to obtain the degrees that will help them advance personally and contribute to the social, civic and economic well-being of the nation. This larger issue deserves to be the focus of more Congressional deliberation. I will mention just two discreet ways in which Congress could spur progress:

- Improve data collection systems so that both policymakers and the public have easy access to honest and accurate information about student outcomes. Congress should immediately add critical information to the IPEDS data collection process, including the addition of “Pell Grant” status to the Graduation Rate Survey, so that the success of low-income students can be measured and reported; tracking and reporting year-to-year retention rates disaggregated by Pell status and race/ethnicity; and mandating and verifying the reporting (now voluntary) of cohort transfer rates.

At the same time, Congress should facilitate development of unit-record systems that will provide more accurate accounting of what happens to students in higher education, while protecting privacy and confidentiality.

- Partner with states to encourage more need-based aid and better cost containment. Congress should explore ways to partner with states that are willing to commit to improving access and graduation rates for low-income students and students of color.

#### *Conclusion*

Thirty years ago, President Lyndon Baines Johnson and the 89th Congress acted to make the American Dream a reality when they passed the Higher Education Act of 1965. When he signed this historic legislation, President Johnson recalled the experiences in his own life—first as a needy college student himself, and subsequently as a teacher in a school serving Mexican-American students—that prompted him to work so hard to win the enactment of this ground-breaking law:

I shall never forget the faces of the boys and the girls in that little Welhausen Mexican School, and I remember even yet the pain of realizing and knowing then that college was closed to practically every one of those children because they were too poor.

And I think it was then that I made up my mind that this Nation could never rest while the door to knowledge remained closed to any American.

Later in his remarks, he called on all of us—“the teachers and the citizens and the educational leaders of tomorrow:”

[W]hen you look into the faces of your students and your children and your grandchildren, tell them that you were there when it began. Tell them that a promise has been made to them. Tell them that the leadership of your country believes it is the obligation of your Nation to provide and permit and assist every child born in these borders to receive all the education that he can take.

“The rest,” he said, “is up to you.”

Clearly, in a whole host of ways, we’ve strayed from that central commitment and broken that all-important promise. And the consequences have been grave. Many young people no longer believe that if they work hard, college is a real possibility for them. We can take issue with their logic. We can argue that college costs less than they think, that there is more aid money than they realize or that even large loan debts make long-term sense. But we cannot contest the facts: pathetically few low-income students, including the highest achieving, are entering and completing college.

Though it may be too late for some students, it is not too late for others. And it is not yet too late for our country. We can change these patterns if we so choose.

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Chairman HINOJOSA. We will now hear from Mr. Merisotis.

#### **STATEMENT OF JAMES MERISOTIS, PRESIDENT, INSTITUTE FOR HIGHER EDUCATION POLICY**

Mr. MERISOTIS. Chairman Hinojosa, Ranking Member Keller, thank you very much for this opportunity.

Improving access to higher education continues to be one of the most important contributions that the federal government can make to our national well being. Increasing educational opportunities for all Americans results in tremendous public, private social and economic benefits.

Unfortunately, low-income, minority and other groups face unacceptably large gaps in their ability to get into and succeed in college due to a variety of financial, informational and academic factors. Supporting programs that have a track record of success is the best way to achieve an accessible and accountable system of higher education.

At the same time, such an investment must be done with a clear focus on accountability to the students who benefit from the programs. With these dual goals of investing in those who might not otherwise go to college and ensuring accountability to the students

we serve, I would like to offer the following options for your consideration.

First, I urge you to invest in need-based grant aid as the best way to promote college access. The declining purchasing power of federal aid indeed continues to be a critical barrier to access to higher education. I urge Congress to consider an increase in the maximum Pell Grant to at least \$6,000. This would pay for slightly less than ½ of the price of attendance at a typical public 4-year college.

At the same time, while I don't support efforts to pay for Pell Grant increases through cuts in other programs, in effect taking money away from one group of needy students to give it to another, I do believe that greater efficiency can be achieved. For example, an increase in the minimum Pell Grant would net at least some cost savings.

Second, encourage a broad partnership in college financing through private sector aid to students. The private sector is a largely unrecognized partner in college financing. While private scholarship aid never can nor should be seen as an alternative to federal aid, the more than \$3 billion annually awarded through private scholarships must be recognized and expanded. I encourage you to explore ways that the Title 4 programs can be used to stimulate an even greater response from local communities, corporations and other private sector donors.

Private loans present a very different set of opportunities and challenges. Given the predicted growth in private loan borrowing, it is important to charter reasoned debate about their potential benefits and risks. I support the overall goals of transparency and consumer protection contained in the Student Loan Sunshine Act.

Given the increasing borrowing demands of students, I don't believe private borrowing should be discouraged, but I do believe that students should be informed of their federal loan eligibility prior to taking out a private loan.

Third, I encourage you to strongly support locally-managed programs, such as TRIO and GEAR UP, as essential components of our national access strategies. For many of the nation's most underserved populations, financial aid is necessary but not sufficient to encourage college access and success. TRIO and other programs provide tutoring, mentoring and counseling and promote the successful transition of students into and through college.

Fourth, strengthen the capacities of minority-serving institutions to educate the nation's emerging majority population. Tribal colleges and universities, Hispanic-serving institutions and predominantly black colleges and universities and other minority-serving institutions represent some of the nation's most important but underserved education resources. These institutions provide opportunities to more than 2.3 million students, the majority of whom are low-income and educationally disadvantaged.

In the 110th Congress, I urge you to create a well-trained, flexible workforce that will meet our economic and social challenges head on through investment in minority-serving institutions.

Fifth, embrace investment in immigrants as a key component of higher education access and success. Many immigrants face significant barriers to higher education. Developing a broader and more

efficient path to citizenship and offering affordable and accessible programs to help immigrants learn English would open the doors to college for many immigrants. Policies that explicitly impede the college opportunities of legal immigrants, such as in the academic competitiveness grant and smart grant programs, which exclude legal permanent residents, must be reversed.

Finally, I urge you to support a system of accountability that focuses on the complex life circumstances of today's college student. Higher education institutions must demonstrate that they are effective stewards of the funds that have been invested in them by the federal government. Accountability begins with an efficient system of information that can be readily collected, easily understood and meaningfully applied. I therefore support the pilot development of a national system of student level data, ideally one that harmonizes the more than 40 state systems already in place.

Investing in those who might not otherwise go to college and assuring accountability to the students who are served are not just nice goals to pursue as part of a federal education policy agenda. They are necessary components of a national workforce investment strategy that can lead to greater prosperity, security and harmony for all Americans.

Thank you.

[The statement of Mr. Merisotis follows:]

**Prepared Statement of James Merisotis, President, Institute for Higher Education Policy**

Mr. Chairman and Members of the Subcommittee: Thank you for this opportunity to appear before the Subcommittee regarding how students access and finance a college education.

In the 110th Congress, you face the ongoing challenge of promoting access to higher education for all Americans who have the interest and ability to attend college. Improving access to higher education continues to be one of the most important contributions that the Federal government can make to our national well-being. The simple fact remains that increasing educational opportunities for all Americans results in tremendous public, private, social, and economic benefits. We know, for example, that workers who have attended college tend to have low rates of unemployment, and analyses of job growth and employer demands overwhelmingly suggest that future job growth will be concentrated in fields that require a college education. We also know that the higher earnings for college graduates results in more revenue for government coffers through increased tax collections. Social benefits of postsecondary education also accrue to individuals and to the public. For instance, people with more education tend to have greater health and life expectancy. Public benefits from higher education include reduced crime rates, increased civic participation, and more charitable giving and volunteerism. In short, by investing in our fellow Americans who might not otherwise go to college, we are investing in our collective future and well-being.

Unfortunately, not all Americans are able to benefit from higher education due to a variety of financial, informational, and academic barriers. According to data from the U.S. Census Bureau, while 75% of high-income students enter college today, only 31% of low-income students do. Of traditional age students who go to college after graduating from high school, college enrollment rates are about 10 percentage points higher for whites than for African Americans, Hispanics, and Native Americans. These gaps are even wider for adult and so-called non-traditional students.

So if investment in higher education matters, then maintaining and expanding that investment is critical. I recognize that the nation faces an uncertain economic future, one that places constraints on policy discussions such as these. But I hope you will not lose sight of the long-term effects that your investments will have on the nation. The programs established and defined within the Higher Education Act (HEA) are now more necessary than ever. Supporting these programs is the best

way to achieve an accessible and accountable system of higher education for all Americans.

At the same time, such an investment must be done with a clear focus on accountability to the students who benefit from the programs. Efficiency in the delivery and administration of programs that promote access and success must be maintained at all levels. Supporting access to quality programs, and to institutions that serve the nation's most underserved populations, should be a hallmark of these investments.

With the dual goals of 1) investing in those who might not otherwise go to college, and 2) ensuring accountability to the students we serve, I would like to offer a limited set of concrete programmatic options for your consideration.

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

In the early 1990s, a bipartisan Federal commission called the National Commission on Responsibilities for Financing Postsecondary Education (for which I served as Executive Director) issued a widely-circulated report called Making College Affordable Again. The legislation creating the commission, authored by Senator James Jeffords of Vermont in the late 1980s, noted that the purchasing power of aid had been rapidly declining through the decade of the 1980s, leading to increasing concerns about access to postsecondary education. In commenting on the legislation, Senator Jeffords noted, "Without affordable postsecondary education, without national support for meaningful access for able students to take advantage of higher education opportunities, we will not be able to accomplish any of the objectives that we strive for as a nation and a leader of nations." The final report of the commission, issued in 1993, recommended several important improvements to Federal student aid, many of which have subsequently been enacted. But the Commission's major recommendation—to assure access to higher education for all qualified students through the Student's Total Education Package (STEP), a mechanism that ties Federal aid to a sliding subsidy scale based on financial need—remains unfulfilled. Such a mechanism would go a long way toward emphasizing the importance of grant aid for the neediest students while also acknowledging the important concerns about affordability for middle income students and families.

Research indicates that investment in need-based grant aid is the best and most important contribution that the Federal government can make to keeping the dream of a college education a reality for all Americans. The declining purchasing power of Federal aid continues to be a critical barrier to access to higher education. Even taking into account the funding increases of the last few years, the maximum Pell Grant today pays for only about one-third of the average price of attendance at a public four-year institution compared to more than two-thirds in 1980. Significantly increased support for the Pell Grant program therefore should be a centerpiece of efforts to enhance the programs and policies in the Higher Education Act. I am pleased that both the Congress and the President have recently signaled their strong support for a long-overdue increase in the maximum Pell Grant. I urge Congress to consider an increase in the maximum Pell Grant to at least \$6,000. This would pay for slightly less than one-half of the price of attendance at a typical four-year public college for the poorest students—still well below historic levels, but an important down payment for the future.

At the same time, while I do not support efforts to pay for Pell Grant increases through cuts in other programs—in effect, taking money from one group of needy students to give it to another group of needy students—I do believe that greater efficiency could be achieved in existing grant programs. For example, an increase in the minimum Pell Grant would net at least some cost savings; it may be possible to do so by indexing the minimum Pell Grant to increases in the maximum Pell. It is also worth examining the issue of the allocation formula for campus-based aid such as Supplemental Education Opportunity Grants, ensuring that such aid is targeted to those students and institutions with the least capacity to pay the costs on their own.

*Encourage a broad partnership in college financing that promotes private sector investment in aid to students*

The dual goals of investing in students who might not otherwise attend college and ensuring accountability to students can be achieved in part through a partnership that encourages private sector aid to students. Government-sponsored grant and scholarship aid from both Federal and state sources today totals more than \$25 billion per year, with a similar amount awarded directly by institutions via their own grant funds. An astonishing total of more than \$70 billion is awarded to students through government guaranteed student loans. But the private sector is an important and largely unrecognized partner in the college financing equation. The



private sector's commitment and support for helping students go to college—and succeed when they get there—should be better recognized and understood as a valuable complement to Federal aid.

For example, private scholarship support, sometimes thought of as marginal or modest in its impact, is growing in importance and stature. A 2004 IHEP study found that at least \$3 billion per year is awarded through private scholarship programs, and employer-provided education assistance to employees and their dependents totals several billions more. Private scholarship aid has long made a difference in the lives of students hoping to go to college. In fact, at about the same time that the National Defense Education Act of 1958 heralded the beginning of a series of governmental programs that have allowed millions of financially needy students to attend college, private scholarship assistance also became more organized and related specifically to meeting the country's educational, economic, and social needs. An optometrist from Fall River, Massachusetts named Irving Fradkin organized a community-based scholarship program in the late 1950s to help academically able and financially needy students go to college. The Citizens' Scholarship Foundation of America slowly expanded in the New England region, and eventually across the country, creating local scholarship foundations that contribute resources to assist students with college costs. In 2006, the national organization now known as Scholarship America—where I currently have the privilege of serving as the Chair of the Board of Directors—distributed over \$180 million in scholarships to more than 120,000 students through its diverse array of community-based, volunteer-supported programs.

Organizations like Scholarship America work in a variety of ways with colleges and universities to offer numerous scholarships and grants that include need-based and non-need-based forms of financial assistance to students. While private scholarship aid never will—nor should—be seen as an alternative to Federal financial assistance, it must be recognized as one of the key partners working to support students at the Federal, state, institutional, and private levels. I therefore would encourage you to examine ways in which the HEA can be used to stimulate even greater response from local communities, corporations, foundations, organizations, and individual donors in the private sector.

One specific way to do this is via the Leveraging Educational Assistance Partnership (LEAP) program, which encourages state governments to provide state tax dollars to assist students in their states to gain the critical benefits of postsecondary education. This program could be enhanced to leverage a much greater amount of aid for students if it were used to stimulate not just state dollars for student aid, but significantly increased private sector aid in each state as well. For example, in the state of Washington the legislature has provided small challenge grants to communities that have encouraged the creation of over 100 new volunteer-supported, community-based scholarship chapters. The current LEAP legislation could be modified to reward those states where significant increases in student aid are produced by partnerships with local community-based scholarship providers.

The other area of significant private sector involvement in financial aid is through private loans. A widely circulated recent IHEP study on private loans found that they are becoming an essential part of financing postsecondary education in today's market of rising tuition costs and fees. Given the fact that experts are predicting private lending will continue to grow, it is important to chart a reasoned debate about private loans and their potential benefits and risks for students in the future. Targeted outreach to students to ensure that they are receiving comprehensive information about the pros and cons of private loan borrowing is important. I support the overall goals of transparency and consumer protection contained in the current draft of the Student Loan Sunshine Act. While I don't believe private borrowing should be discouraged—given the increasing borrowing needs of students—I do believe that efforts must be made to inform students of their Federal loan eligibility prior to taking out a private loan. This would protect the interests of student consumers while ensuring that alternatives are available if Federal loans are not a reasonable option for certain students.

*Decisively and unequivocally support locally-managed programs such as Upward Bound, Talent Search, and GEAR UP as essential components of our national access strategy*

For many of the nation's most economically and educationally underserved populations, financial assistance is a necessary but not sufficient strategy for ensuring access to, and success in, higher education. The Federal government recognized this more than 40 years ago with the establishment of the Upward Bound program, and continues that tradition through the TRIO programs and their more recent complements such as GEAR UP. These critical programs serve as key vehicles for im-

proving the higher education prospects of low-income, first-generation, and disabled students. The programs provide a continuum of services from pre-college to pre-graduate level study for the nation's low-income, first-generation, and disabled students. In FY 2006, the \$828 million in funding for TRIO programs supported more than 850,000 students in over 2,700 distinct TRIO programs. Yet despite this support, less than 10 percent of the eligible populations are served by TRIO programs.

There are a total of seven TRIO programs. The pre-college programs include Talent Search, Upward Bound, Upward Bound Math Science, and Veterans Upward Bound. These programs provide counseling, information, skills development, college planning, and an array of other services that help students get ready for college. At the college level, Student Support Services, the Ronald E. McNair Post-Baccalaureate Achievement Program, and Educational Opportunity Centers programs provide tutoring, counseling, and supplemental instruction to help students stay in college through the completion of a degree (or transfer to a different institution) and pursue graduate-level education.

These programs are key pillars in the overall effort to promote the successful transition of students into and through college. Yet in recent years the Upward Bound, Talent Search, and GEAR UP programs have inexplicably been proposed for elimination as part of the President's budget. Given their importance to the populations most in need of college access—nearly one-third of all low-income high school graduates who actually enroll in college have been served by a TRIO program—we must not only be categorically opposed to the elimination of these programs, but we should also support significant funding increases in each of these programs and not allow the diversion of funding from these proven programs to support other education initiatives.

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

No group of institutions does more to promote the dual goals of investing in students who might not otherwise go to college and ensuring accountability to those students than Minority-Serving Institutions (MSIs). Tribal Colleges and Universities (TCUs), Hispanic-Serving Institutions (HSIs), and Historically Black Colleges and Universities (HBCUs) and other predominantly Black institutions, which collectively are referred to as MSIs, represent some of the nation's most important but under-served postsecondary education resources. Combined, more than 2.3 million students are educated by these institutions, or about one-third of all students of color. These numbers have been growing rapidly in recent years as increasing numbers of students of color seek opportunities for a college education—in fact, enrollment at MSIs increased by 66 percent from 1995 to 2003, compared to only 20 percent at all postsecondary institutions.

Given demographic projections that show these communities are the fastest growing in the nation, it is clear that MSIs must be recognized as a leading voice for the underrepresented populations that are the main focus of most HEA programs. These populations find that MSIs offer a unique educational experience that fosters cultural values and traditions, promotes civic and community responsibility, and produces citizens who are attuned to the increasingly diverse country in which we live.

MSIs educate more students of color in many areas of national need than mainstream institutions. For example, more than one half of all teacher education degrees awarded to African Americans, Hispanics, and American Indians in U.S. higher education are conferred by MSIs. These institutions also make major contributions to our nation's workforce in the areas of Science, Technology, Engineering, and Mathematics (STEM) despite significantly lower levels of financial support than other institutions.

Most MSIs provide postsecondary education opportunities specifically tailored to low-income, educationally disadvantaged students. Forty-four percent of students enrolled at MSIs in 2004 were from families in the lowest income quartile, compared to 24 percent enrolled at all institutions. The fact that nearly half of all full-time students enrolled at MSIs receive Pell Grants compared to only 31 percent of all students enrolled in higher education, and that for MSI students Pell awards tend to be 9 percent higher on average, is evidence of the high financial need of MSI students and the critical importance of grant aid to their educational endeavors.

In the 110th Congress, I urge you to see MSIs as a major avenue for advancing the nation's goals to create a well-trained, flexible workforce that will meet our economic and social challenges head-on. I believe that several important steps could be taken to strengthen the capacity of MSIs. One is to expand both the scope and authorization levels of Titles III and V to ensure the continued development and growth of MSIs. Additional funding is required for MSIs to reach a level of financial

stability that ensures the students enrolled at these institutions receive the same quality academic programs offered by majority institutions.

Congress also could take steps to encourage improvements in the infrastructure and application of information technology at MSIs. The MSI Digital and Wireless Technology Opportunity Act incorporates many of the key elements of investing in MSI technology capacity to benefit our future workforce. This legislation should be passed by Congress and its core principles applied to other policies and programs.

I also would urge you to consider the development of new graduate-level opportunities to enhance the capacity of MSIs to train future faculty and senior institutional leaders. The significant under-representation of minorities in many advanced degree fields is a major concern. The limited graduate-level opportunities available to MSI graduates and other minorities can be enhanced through policies that support: the infrastructure of post-baccalaureate education at MSIs—such as Ph.D. programs for schools currently offering Master's degrees; the recruitment and retention of minority professors; and the financial resources necessary to attain an advanced degree, including fellowships. It also would be useful to consider opportunities to expand support for international education at MSIs under Title VI, which historically have offered limited opportunities for the students served by MSIs.

*Embrace investment in immigrants as a key component of the higher education access and success strategy*

The United States has always been a nation of immigrants—a land of opportunity where newcomers can, through hard work and perseverance, achieve better lives for themselves and their families. But in today's world, realizing the American Dream is now almost impossible without at least some college education, and many immigrants face significant barriers to gaining access to and succeeding in higher education. Higher education for immigrants isn't an issue narrowly focused on the well-being of these immigrants as individuals but has major implications for the nation as whole. As the United States moves into the 21st century as part of a global economy in which postsecondary education is a key to economic competitiveness, it is imperative to develop policies at the Federal, state, local, and institutional levels to help immigrants gain access to and succeed in higher education. Without such policies, the nation may find itself with a workforce that does not have sufficient education to enable the United States to remain economically competitive.

Legal immigrants face an array of barriers to access to higher education. They lack access to accurate information about postsecondary education, face high work and family responsibilities, are challenged by limited English proficiency, and have significantly lower levels of academic preparation and achievement. Immigrants who come to the U.S. as adults confront even more substantial challenges in understanding and gaining access to higher education because they did not attend American primary and secondary schools.

Immigrants who actually enroll in higher education make up 12 percent of undergraduate college students—a percentage that makes this group comparable in numbers to both Hispanic and Black students, and students with disabilities—yet receive relatively little attention in the public policy arena. Those who do enroll face additional barriers to persistence and degree completion. Immigrant students have higher unmet financial need than the average undergraduate and are more likely to enroll in community colleges or private for-profit institutions.

There is no one way to overcome the barriers immigrants face in gaining access to higher education in the United States. Most policies that address immigrant needs must be localized, narrow in focus, and targeted toward specific immigrant groups to ensure that efforts reach those who most need assistance. Many of the barriers immigrants confront are similar to the ones generally faced by low-income and first-generation college students in the United States, and policies intended to benefit that population as a whole will directly help immigrants. These include adequate investment in higher education grant aid and support programs such as TRIO and increased efforts to broaden public awareness of the steps traditional-age students need to take to be prepared for college.

However, certain barriers have a greater impact on immigrants, regardless of their background and resources. The most obvious of these are limited English proficiency and difficulties in integrating into American society. Developing a broader and more efficient path to citizenship and offering accessible and affordable programs to help immigrants learn English and become familiar with their new country would open the doors to higher education for many immigrants. And policies that explicitly impede the postsecondary opportunities of legal immigrants must be reversed. An example of this is the provision in the new Academic Competitiveness Grant and SMART programs that limits these grants to U.S. citizens, thereby excluding eligible non-citizens including legal permanent residents. Such arbitrary

limitations do a disservice to the nation by denying educational support to populations that have contributed immensely to the nation's economic and social prosperity over the course of many decades.

*Support a system of higher education accountability that focuses on the complex life circumstances of today's college students*

Higher education institutions must demonstrate that they are effective stewards of the funds that have been invested in them by the Federal government and that they are accountable specifically to the students they serve. Accountability begins with an efficient system of information that can be readily collected, easily understood, and meaningfully applied to determine effective stewardship. Unfortunately, the current system of data collection and dissemination is fragmented and often burdensome on institutions, with little of the information used in an effective way by consumers or policymakers.

The emergence of a national debate about data-driven strategies and accountability systems has been important, but has not done nearly enough to take into account the complex circumstances under which today's college students' lives are lived. The ideal scenario of a normally persisting, well-advised, highly motivated student runs headlong into the stark reality of life in America today: prior educational deficiencies, family and child responsibilities, financial pressures, language and cultural barriers, and poor information and support systems. Until we grapple with these deeply rooted concerns, the national dialogue about accountability will, in my view, continue to reinforce the existing biases and under investments that have left us with a system that is divided into haves and have-nots.

An important first step in moving ahead will be to develop a national system of student-level data. This idea, first promoted on a large scale by the National Center for Education Statistics, could involve either a national system or a network of harmonized state systems—a more likely scenario given that more than 40 states have some type of statewide student information system. Such a national network or system has detractors, chiefly those who believe that it could both erode the privacy concerns of students and increase burden on institutions, particularly in transitioning from current systems to a new one. However, I believe that such a system could be developed with limited risk to privacy. An important first step would be to properly test and pilot a national student unit record system, perhaps using a voluntary group of institutions. The burden of transitioning to a new system is a legitimate one, especially for smaller institutions. If such a system is implemented, it would be wise to provide limited financial support to institutions to help pay for the costs of system transition during a fixed period of time.

A privacy protected information system that collects, analyzes, and uses student level data could provide enormously useful information about student attendance patterns, the net price students pay (as opposed to the sticker price, which is paid by a minority of students at many institutions), and persistence and graduation rates. This information could be used to develop more effective strategies to assist students in negotiating the complex landscape of higher education.

A related development in the national dialogue about accountability in higher education has been the concern about students who transfer. Approximately 60 percent of all students attend more than one college or university as they work toward their undergraduate degrees. These students need adequate financial support, effective information, and an improved network of institutional agreements to ease the transfer process. But mechanisms to do all of these things largely exist. A new investment in need-based grant aid, for example, combined with simplified financial aid application and award procedures, would be a major benefit for transfer students. Effective information about transfer could largely be obtained through a national student level data system, augmented by private efforts to inform students about specific institutional agreements, course requirements, and the steps required to make a successful transition from one institution to another. An example of such a private effort is the National Articulation and Transfer Network (NATN), an initiative of the Alliance for Equity in Higher Education that IHEP has supported and helped to launch. NATN is a national research and policy development resource for both students and school administrators designed to increase the number of transfer students, including historically underserved student populations, who graduate with baccalaureate degrees. More information is available at [www.natn.org](http://www.natn.org).

On the issue of a possible Federal role in transfer, I do not see how a Federally mandated system of transfer could work, given the diversity of our higher education system—one of its hallmarks. Efforts to impose a Federal framework on inter-institutional academic practices are fraught with potential negative implications and would require a major new regulatory apparatus. This would not benefit students in any way. The Federal government's best contribution to the complex field of

transfer and articulation would be to encourage these types of private sector efforts and support partnerships that involve inter-state agreements and protocols.

Investing in those who might not otherwise go to college, and ensuring accountability to the students we serve, are not just nice goals to pursue as part of a Federal education policy agenda. They are necessary components of a national workforce investment strategy that can lead greater prosperity, security, and harmony for all Americans. We must continue to invest in postsecondary education as a critical component of our future knowledge and innovation infrastructure, much as we have invested in roads, bridges, and technology as components of our national transportation and information infrastructure. And we must be certain that our efforts to promote accountability are ultimately aimed at supporting the best interests of students—the backbone of our workforce and economic security.

Thank you again for this opportunity to appear before the Subcommittee on this important issue.

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Chairman HINOJOSA. Thank you.  
And we will now hear from Mr. Soifer.

**STATEMENT OF DON SOIFER, EXECUTIVE VICE PRESIDENT,  
LEXINGTON INSTITUTE**

Mr. SOIFER. Mr. Hinojosa, Mr. Teller, Mr. McKeon and members of the committee, I deeply appreciate the opportunity to participate in this historic hearing this morning.

As the cost and demand of higher education have risen year after year, traditional methods of financing have come under increasing stress. We recognize that a higher education is worth the investment. That is why we are here. But the ways to support it, policymakers must maintain, that each appropriation is in fact worth the investment.

College costs have risen at a rate generally double CPI and they have risen at a rate often higher than health care costs. In terms of an average family's monthly income, the cost of higher education is typically 25-cents on the dollar in many cases. In short, federal student financial aid can no longer be counted on to keep pace with the rising cost of higher education in the United States.

We are currently asking our higher education system to support the cost for remedial education for high school students who enter. The Colorado Commission analyzed that the cost of providing remedial education to students in its system was \$11 million in 2004. Research by the Alabama policy institute found the total spending for public and private higher ed institutions totaled some \$84 million and had reason to believe that that also was understated.

While state funding for higher education remains flat, institutions often pass that increased burden on to students. I think it is worth noting that should student loan providers have their profit margins cut in half, that they could probably be expected to do the same thing.

In the face of tighter budgets, many institutions are finding ways to reduce their costs. A study by the Missouri State Auditor found that they typically filled job vacancies slower, freeze salaries, defer purchases and generally find ways to lower their operating expenses across the board. But we must still ask, in this changing environment, if our delivery systems still make the most sense.

With fewer increases in state appropriations for higher education, some states have evolved their systems for delivering student aid. As the chairman of the Higher Ed Commission in the Ari-

zona State House of Representatives described the goal of their new grant system as a student-centered system of funding where access, affordability and quality drive good public policy.

The president of the Chicago Federal Reserve observed last year that universities must be more transparent in their operations. I ask if it can truly be considered a slap on the wrist to ask a higher ed institution that has increased its cost at twice the rate of inflation to provide an explanatory statement and to provide a strategic plan to hold down future costs. There are certainly strong benefits to such transparency in operations.

In light of the costs being incurred by our higher ed institutions for remediating students, we have to look to our public schools and ask if their education delivery methods are the ones best suited for accomplishing the challenges before them. Can charter schools, for instance, better prepare students to enter higher education? Research shows that this is often the case. And if so, how can there be more of them?

It is also critical that we continue to monitor whether our local public schools are effectively closing learning gaps between all subgroups of students. How is our public education system helping children in perpetually under performing schools to get this preparation as well? I respectfully request that the committee consider these questions and trends as you continue your valuable work in creating the policies that make American students be able to reach and pay for a higher education.

Thank you, Mr. Chairman.

[The statement of Mr. Soifer follows:]

**Prepared Statement of Don Soifer, Executive Vice President, Lexington Institute**

Mr. Chairman and Members of the Committee: As the costs, and the demand, for higher education have risen year after year, traditional models of financing it have come under increasing stress. We recognize that a higher education is worth the investment. That's why we are here today. But how is it best supported? Policymakers must continue to ensure that each appropriation is worth the investment.

One formidable, and growing, challenge is in meeting the transitional issues of high school students as they advance into the higher education system.

Secretary Spellings' 2006 Higher Education Commission pointed out insufficiencies in preparing high school graduates for either college-level work or the changing needs of the workforce. The Commission connected this trend to scores on the National Assessment of Educational Progress (NAEP), noting that only 17 percent of seniors are considered proficient in math and only 36 percent are proficient in reading. We are currently asking our higher education system to support the costs for this remediation.

The Colorado Commission on Higher Education found that the cost to the state of providing remedial education to its students in public higher education institutions was \$11.4 million in 2004.

Research by the Alabama Policy Institute found that total remedial spending by that state's public and private higher education institutions totaled some \$84 million per year. The authors pointed out that this may be understated because it does not reflect the time spent in non-remedial courses bringing students "up to speed." Another concern this figure does not address is whether college level courses are at times being watered down to compensate for the skill levels and preparation of students.

*Higher education cost and funding trends*

Institutions of higher education need to keep tuition increases as small as possible, while also maintaining quality. This often requires defining the mission of the university in meeting multiple goals.

College costs have typically risen at twice the Consumer Price Index, and often faster than health care expenditures, according to the U.S. Department of Labor.

Tuition costs, as a percentage of the average family's paycheck, are increasingly upward of 25 cents on the dollar.

In short, federal student financial aid cannot be relied upon to keep pace with the rising cost of higher education in America.

When state funding for higher education remains flat, institutions often pass the increased burden on to students. It is worth nothing that student aid providers would likely do the same thing should their profit margins be cut in half, as some current federal proposals would effectively do.

Most of us have by now read examples of extravagant spending on the campuses of public and private universities, such as elaborate new fitness and recreation centers that carry pricetags of \$50 or even \$100 million.

In the face of tighter budgets, many institutions are actively seeking ways to reduce spending. Colleges and universities that cut costs tend to fill job vacancies slower, freeze salaries, defer purchases, and find ways to lower operating expenses across the board, according to a 2006 report by the Missouri State Auditor.

In this changing environment, do our delivery methods still make the most sense?

As the demand for higher education continues to grow, we are seeing major changes in the demographics of the population going to college. The Department of Education projects that the college-age population will increase approximately 12 percent from 2005 to 2014. Increases in non-traditional higher education students, who are not attending directly following high school, are also predicted.

With fewer increases in state-level appropriations for higher education, some states have evolved their systems for delivering student aid.

Arizona State Representative Laura Knaperek author of her state's new Postsecondary Education Grant Program, described the goal to be, "A student-centered system of funding where access, affordability and quality drive good public policy." Participating full-time students in the program receive \$2,000 grants they can apply to tuition or other qualified expenses at accredited private higher education institutions in the state. Eligible students must meet residency requirements and are eligible for up to four years.

#### *New policy options*

Chicago Federal Reserve President Michael Moskow observed last year that, "Universities must be more transparent in their operations."

Can it truly be considered a slap on the wrist to ask a higher education institution that increases its cost at twice the rate of inflation to provide an explanatory statement and provide a strategic plan to hold down future costs? There are strong benefits to such transparency in operations. Just ask the public universities that invest their endowments in Strayer University stock, as the Chicago Fed also noted.

A proposal introduced last year in the Senate would have extended the Pell Grant program to provide low-income high school students the opportunity to take classes at a nearby university, community college or technical college, a new option deserving further consideration.

In light of the costs being incurred by our higher education system for remediating students, we have to look to our public schools and ask if their education delivery methods are the ones best suited for accomplishing the challenges before them? Can charter schools better prepare students to enter higher education? Research shows that this is often the case. If so, how can we develop more of them?

Quality online education at primary, secondary and postsecondary levels can bring specialized subject-matter expertise, using more current education technology, to communities such as those where the traditional manufacturing base is no longer thriving. It can also provide a more cost-effective strategy to meet the remedial and other education needs of many higher education students, making a quality higher education more accessible to more Americans.

It is also critical that we continue to monitor whether our local public schools are effectively closing learning gaps between all the subgroups of students? How is our public education system helping children in perpetually underperforming public schools to get this preparation as well?

And how can the best, most effective teachers and administrators in those schools be paid commensurate to their success, and be paid well enough to compete with jobs in other sectors?

I respectfully request that the Committee consider these questions and trends as you continue your valuable work creating the policies that will help American students reach and pay for higher education.

Thank you.

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Chairman HINOJOSA. Very good.

I would like to start and ask my first question of James Merisotis. I will recognize myself for 5 minutes.

Most of us support the GEAR UP and the TRIO programs that you mentioned in your statement. Why is it that after so many years in existence these programs are so severely under funded that TRIO, for example, serves less than 10 percent of eligible students? Is it accountability, as defined by the administration? What are your thoughts?

Mr. MERISOTIS. It is not clear to me what the reason is for the under investment. Only about 10 percent of the eligible populations for the TRIO and GEAR UP programs actually benefit from those programs. The track record of success in those programs is impressive both in TRIO and in the more recent GEAR UP case.

I think the challenge for those programs is that they are dealing with the complex life circumstances of students. So some of the traditional measures of success in these kinds of programs are difficult to pin down. You can't predict what someone would have done in the absence of these kinds of programs.

It is also difficult to use the existing data systems to measure the long-term success of students. Students in today's society, particularly low-income and minority students, live in a very mobile, fluid context. It is difficult for us to track those students, to ensure continuity of services and consistency over time, and I think that is one of the reasons why there has been some focus on the question of are these programs as efficient as they should be.

I think these programs are enormously important and I am troubled by the fact that they haven't received the sufficient support they deserve.

Chairman HINOJOSA. Do you agree that two things occur under both programs, particularly I see it in the GEAR UP program, that we have corporate America investing \$1 for every dollar that the federal government invests in the GEAR UP program? And, number two, that we are seeing more parental involvement than we had before?

Mr. MERISOTIS. I think that is right, and I think this broader issue of partnership and the involvement of the private sector through things like the private scholarship that I talked about are terribly important in terms of our understanding of how we can finance and effectively pay for higher education.

The federal government doesn't stand alone in this process. And I believe states, institutions and the private sector all have an important part in playing to support the efforts of families and students in financing higher education and getting through college once they are in.

Chairman HINOJOSA. Thank you.

My next question is for Mr. Wiener.

Why do you think that both federal and state policymakers decided that it is more important to fund and develop programs for the middle-and upper-class college students than it is to focus and concentrate available funds to lower-income students?

Mr. WIENER. It is hard to understand why we have shifted our emphasis so profoundly over the last 10 to 15 years, not just in student financial aid, although it is in acute example. And I think one of the reasons that it has been allowed to happen and perhaps



hasn't gotten as much attention as it deserves is because we really need to have a new conversation about the metrics for quality and accountability within higher education.

You know, right now, in all the ways that we tend to bestow status and recognition on institutions, they sort of earn that, the fewer students that need help they take on, the more elite the students they take on, the more likely those students are to graduate from college no matter where they go, the more elite status we tend to assign to the institution.

And I think we really need to figure out a way that we honor and support those institutions that are really serving the national interest and the public interest of educating students who need an education, and I think that is part of sort of recentering this whole conversation.

As your question notes, states have also shifted in this direction, although not quite as much as the federal government, and institutions themselves have as well shifted away from low-income students. So it is very important that we try to recenter and put this in a new direction.

Chairman HINOJOSA. Thank you.

My last question is to David Breneman.

Learning model section of your report discussing the question, "To what extent do colleges and universities in this state educate students to contribute to the workforce." This implies that degree completion is not only a personal benefit but a societal benefit as well.

Do you think the answers to this question will help us improve our efforts in the international competitiveness arena that we are losing the lead on?

Mr. BRENEMAN. The group that put out this report, we call it a report card, we decided one of the things we should include in this was an assessment of learning, apart from simply degree achievement. And you have certainly heard business people and others complain about college graduates who can't write a decent business letter and so forth. That suggests that the processes within the institutions in all cases are not adequate.

This is an intensely controversial subject within faculties. The institutions have little incentive or interest in many cases in pursuing this. And what we have tried to do is begin to develop some empirical metrics and ways that institutions who wish to pursue them could pursue them. And the report lays out our, the state where that has reached in our work. And, as you know, the Spellings Commission has emphasized this as well.

I think it is a difficult task. I don't know that I would pin all my hopes for the future on reaching some magical set of metrics. But I think it is a good exercise as part of a total strategy to improve the system.

Chairman HINOJOSA. I need to give my ranking member an opportunity to ask his questions. I recognize Congressman Keller.

Mr. KELLER. Well, thank you, Mr. Chairman, I appreciate that. Thank you all so much for coming here today.

Let me start with you, Dean Breneman. I look at the report, this state report card on higher education, and the Florida section in terms of affordability gives Florida an "F." And if you didn't know

more and all you are doing is looking at this report, you would think, man, it sure is expensive to go to college in Florida. But I can tell you, it is complete and total nonsense.

Florida community college is \$1,500 and the 4-year public schools are \$3,400. Where does that rank Florida? Second cheapest in the United States, according to the Department of Education. And if you have a “B” average in Florida, it is completely free. Your community college is paid for 100 percent by the state. And if you have better than a “B” average, a 3.5, it is 100 percent tuition paid for at 4-year schools, and “B” average 75 percent.

So it is the best deal in—give the report?

Mr. BRENNEMAN. There is no question this affordability measure and category has been the one that has been the lightning rod in this report. And I don’t stand here and indicate to you that we or anyone else in the country has come up with an absolutely unambiguous and defensible way to measure this.

What we tried to do is index college costs to the incomes of people in the individual states, and we have taken grief from the state of New York, from the state of Georgia, from a number of states who don’t like their gradings.

We have, however, tried to work with the metric of income and we have anchored it in the early 1990s and looked at the trend—

Mr. KELLER. I don’t want to cut you off. I just want to let you know my concerns. I have got some other questions.

Mr. WIENER, you had talked about shifting the federal aid from the low-end to the middle class. I don’t know what you are talking about. We have increased Pell Grant funding 80 percent since I have been here, from \$7.6 billion to \$13.7 billion. And, really, nothing for the middle class, absolutely nothing.

Let me give you an example. I have a teacher in my district who is married to a police officer. Collectively, they make \$70,000. They have three kids in high school. Do you know how much their kids get for Pell Grants? Zip. Zip. They get no federal grant whatsoever.

So what the heck are you talking about in terms of we are shifting all the money from that middle-class family away from poor families?

Mr. WIENER. Well, first, let me just say, as I said in my written testimony, that it is a good thing to try and make college more affordable for middle-and upper-income families. I think the problem has been that really we haven’t prioritized low-income, so let me explain how that has happened.

Mr. KELLER. Well, alluding to the fact I just told you, why don’t you tell me, what are we doing to help that family, that middle-class family who makes \$70 grand and can’t get a Pell Grant? What are we doing and what should we be doing?

Mr. WIENER. Well, we have actually created a number of tax credits and deductions that that family is entitled to.

And, again, I would just note, with respect to the Pell Grants, the college board analyzes trends in financial aid every year, and in the 2005-2006 year it was the first time that they noticed a decrease in real dollars in funding for Pell. So that in 2005, 2006, in terms of constant dollars, Pell Grant’s funding was back down to the level it was in 2001-2002.

Mr. KELLER. Let me interrupt there. I can just tell you the exact facts. The Pell Grant was \$3,300 in 2000 and \$4,310 today. And the Pell Grant funding in 2000 was \$7.6 billion and is \$13.7 today. Only in Washington would someone call that a cut. There is no real cut. You may have argued that, well, should have kept up with inflation better. But there is no cut.

Let me go on to my next question. The biggest frustration I have—and I am a big fan of Pell Grant, don't get me wrong. You are not going to find a bigger fan in Congress. But we are dealing with skyrocketing tuition.

And, Mr. Merisotis, you said we should have Pell Grants at \$6,000. Let us say that we had a magic wand today and I am pretty sympathetic to that, actually, and we made Pell Grant \$6,000. And then universities across the country said, you know what, we have decided to increase our tuition this year \$5,000.

How do we help students if we don't address this skyrocketing tuition problem when we just keep increasing Pell Grants?

Mr. MERISOTIS. I have been a researcher in the field of higher education for two decades. I have never seen credible evidence that suggests that federal student aid contributes to tuition increases. We can have a debate about this point if you would like, but my argument is that federal financial aid is one of many factors that are taken into account in the tuition-setting decisions.

Tuition-setting is a complex process. Institutions are involved. In some states, state boards are involved, legislators, et cetera.

The historical records show that in times of increasing federal aid, tuitions have gone down, and in times of increasing tuitions, federal student aid has declined. So it is not clear that there is a correlation between the two, particularly as it relates to grand funding.

Mr. KELLER. My time is expired. Thank you.

Chairman HINOJOSA. At this time, I would like to recognize, from the state of New York, Congressman Bishop.

Mr. BISHOP. Thank you, Mr. Chairman. I want to thank you and the ranking member for holding this hearing.

I want to thank our panel.

To the last point that was just raised, I would just like to reinforce what Mr. Merisotis said. I participated in pricing decisions at the institution I was at for 25 years. We never once took into consideration available federal aid. We were focused exclusively on what we needed to charge to generate the revenue that we needed to have to provide quality service to our students, and we tried to do it at the lowest possible price.

And as to what is driving costs, at least my own experience is the principal cost driver is personnel cost. 70 percent to 75 percent of what colleges spend is in salary and fringe benefits. Those are the principal costs. And so if we want larger class sizes, we can cut costs. If we want fewer student services, we can cut costs. But I think the question we have to ask is what trade offs we would be making.

I want to ask Mr. Wiener a question.

I would like to engage you on your recommendation that we would eliminate SEOG. My own view is that that would be a tragic mistake if we were to do that, and I think that it would exacerbate

a problem that you outlined in your testimony, which is that the way in which we finance higher education is driving low-income students to low cost, and I think your characterization of it was as low-service institutions. And if we were to remove SEOG from the toolbox, if you will, that the financial aid officer has, I think that would be precisely the outcome if we were to do that.

I would like to hear your thoughts further on that.

Mr. MERISOTIS. Yes, and those are I think very real concerns. Just two responses.

One is that right now the SEOG money, it is not as if those institutions, and those institutions are sort of institutions that do disproportionately have more resources already, those institutions don't have to target SEOG money to their neediest students.

And so one of the concerns is that that money, again, while it is going on a need base, is actually—how you end up deciding who is eligible for SEOG money at those institutions that have it is you look at cost of attendance minus expected family contribution. Those are much higher-cost institutions, so that they are able to serve students who are much higher up the income level.

And so the thing I worry about is that those institutions actually can use the SEOGs in a sense to embellish their status by actually giving SEOGs to higher-income and previously higher performing students, who don't need the support as much as students who are eligible for Pell.

Mr. BISHOP. Again, we ought not to make policy by anecdote, which I am about to do, but my own experience has been that virtually every single student, at least at the institution I was at, that received an SEOG was a Pell-eligible student, and it was simply a means by which we were enhancing the value of the Pell Grant and trying to close the gap between total student cost and available resources.

I want to move on. I would like to put this out for all of you. In the current you we now I think for the first time have a merit-based Pell program. I don't know what we call it, Pell Plus or something.

And my question is, is that the best use of limited federal resources? Or would we be better served if we were to increase the Pell Grant, for example, for students who have a negative EFC?

I will give it to either Mr. Wiener or Mr. Merisotis.

Mr. MERISOTIS. I think our best investment is investing in students with financial need.

The problem with a lot of merit-based aid is you are rewarding students for doing what they would have done any way, and I would rather invest money in the students who have the greatest financial need.

We have huge barriers in terms of access to higher education in this country between low-income and other students. Let us focus on that. We can find other ways to encourage academic excellence outside of the Pell Grant program.

Mr. BISHOP. So can I infer from that that you would think that if we took a merit-based component out of Title 4 moneys, you would support that?

Mr. MERISOTIS. I would.

Mr. WIENER. I think this is actually, again, a very complicated issue. We do need a more comprehensive solution than we have right now. We have a lot of different programs that are serving discreet little parts of it.

We need to make it much clearer to students earlier on in their education that there is support for them to go to college. We need to make there be more support. We need to make it clear to them what that support is. But we also need to make it more clear to students that what they do while they are in their K-12 education will have a big impact on how successful they are in higher education.

And I would just point to the 21st Century Scholars program that was initiated by then Governor Bayh in Indiana, that sort of created a compact with students and said if you take a college prep curriculum and apply for financial aid and apply for financial aid and apply to college, we will make sure that affordability is not a problem. And I think that kind of comprehensive package is the most likely to really help low-income students to succeed.

Mr. BISHOP. I know my time has expired, but if I could just make one last comment.

My fear is that merit-based component, given the vast proliferation of merit-based aid on the institutional level, simply saves the institution money, that the institution is simply going to have the federal government do what they would have done anyway, and if we are going to target federal moneys to where they are needed the most, we ought to be targeting them to needy students and let the institutions deal with merit.

Thank you, Mr. Chairman.

Chairman HINOJOSA. I now wish to recognize the gentleman from California, Ranking Member McKeon.

Mr. MCKEON. Thank you, Mr. Chairman.

I always enjoy these discussions. Interesting how when we are talking about the cost of education, we talk about student loans, we talk about federal financial aid. We talk about everything but the institutions that are actually responsible for their tuition and fees.

I know we heard a little bit about it, and they are handicapped. There is no way they can keep their costs down. They have to be going up because it is a very competitive world.

I come from a business background. I thought we had kind of a competitive business. We were selling western clothes, jeans, shirts. If we raised our prices, somebody would keep theirs down and would do more business than we were, and we had to then lower our prices, because there were only so many pair of pants going to be sold, and the ones that could keep their prices down were the ones that were going to get the business.

How do you say that this is a very competitive field when all schools have more applicants—I might be generalizing, but every time I visit schools, this is what they tell me—that they have more applicants than they have seats, or availability for students.

Where are they competing? What are they competing for?

Mr. BRENEMAN. Well, since I introduced some of that conversation, I think the difference between your situation in the business you were in and in higher education is that you had an incentive

to expand your market, through presales and presumably as your costs were lowered your profits went up.

Higher education doesn't have that bottom line. It plays in another league. The institutions are not trying to expand, by and large. In fact, in many ways, just the opposite. They are trying to enhance their selectivity. The game they are playing in, just as a worst-case example, is the U.S. News and World Report. And if you look at the things that are rewarded, they are things that drive up costs and—

Mr. MCKEON. So as our population grows and we have more students coming out of high school that we are talking about we should be helping to benefit to get this education, at the same time we have the institutions keeping their numbers down.

Mr. BRENEMAN. Well, no. I think national enrollments are up.

Mr. MCKEON. Well, they are. But let us look. Ten years ago, the largest school in the country was University of Minnesota. They had about 50,000 students. They still have about 50,000 students. So where is the competition? They are competing for the best students, okay, but meanwhile then their setting ground rules that are eliminating a great part of our population.

Mr. BRENEMAN. Well, the other change that I think is worth noting, and we are largely talking about the public sector here, I think, in—

Mr. MCKEON. Let me just assume that if all of the schools in the country had a million seats and we had a million and a half students competing for those seats, the competition it seems to me is on the students' side, not on the schools' side. If we have the same million seats and we have a half a million students, do you think there would be any incentive for some of the schools to lower their costs?

Mr. BRENEMAN. Yes, actually, well, two points, let me make.

During the so-called "birth dearth" years in the 1980s, when actually the 18-year-old population was dropping, what you saw during that period, where you really were looking at smaller numbers, was you saw the great rise in tuition discounting, which was a way to—you would move your sticker price up, but then you would give more and more of it back to students and turn them back out—

Mr. MCKEON. In other words, when there was a declining number of students competing for the seats, they did move to keep their costs down.

So what you are doing, what I kind of hear from the discussion, is it is the federal governments responsibility to pick up the cost for the increased number of students while the schools are trying to keep—they are competing for the best students. They are not doing anything to help other students come in.

So back to that question, where we had a million and a half competing for a million seats versus a half million competing for a million seats, where do the schools—I mean, how is that competitive? How are they in competitive environment to really help the students that you are saying we should be working to help?

Mr. BRENEMAN. Well, let me just introduce—

Mr. MCKEON. Is it all the federal government's responsibility? Should the states bear some responsibility? Should the institutions bear some responsibility? Should the students themselves?

I mean, one of these hearings that I attended a few years ago, one of our members said, "I have a student in my district that wants to go to Princeton, and they should be able to do that." Well, I have some constituents that would like to have a Rolls Royce, but they can only afford a Chevy, you know.

In my state, community colleges are doing a fantastic job, but they are overburdened, and they, in fact, in my state lowered the cost of their tuition this year. I would like to see other institutions lower their costs. It should not be all a federal government responsibility.

Mr. BRENEMAN. If I could just 10 seconds. The third player in this discussion we are having here is state government, and I think a big, historic change somewhere in the 1980s and early 1990s was really the dropping and discarding of enrollment-driven funding formulas which provided some incentive. If you added more students, you got a claim of—

Chairman HINOJOSA. If the gentleman will yield, there is a vote. This is the second call. I am going to ask for a short recess. It is only two votes. I am going to request that all members please return as soon after the second vote is taken and we will resume until each member has had an opportunity to ask their questions.

Thank you. We are recessed.

[Recess.]

Chairman HINOJOSA [presiding]. We are ready to resume.

And I am delighted to be able to recognize the gentlelady from California, Congresswoman Susan Davis.

Mrs. DAVIS OF CALIFORNIA. Thank you very much, Mr. Chairman.

Thank you to all of you for being here. I think I may have missed some of the early remarks, but I hopefully could have picked that up.

I wanted to follow up with Mr. McKeon's thoughts, if I may, because we obviously know that we have many, many young people who are doing basically what we ask. I mean, they are getting through what may be a fairly rigorous curriculum, but then they are not getting into the schools that they would like, into state schools.

And while they have community college as a resource to them, at the same time they feel that, you know, they are just kind of being pushed out of what they had hoped 4 years prior they would be able to do.

So if you can address, how do we deal with that?

I mean, one of the ways in which I think in the state system, and I come from San Diego, that we have dealt with it is to have schools, you know, not running 24 hours, but to utilize available buildings. We certainly bring in other instructors, professors, to try to pick up that lag. So we are actually being able to educate more students than perhaps the old caps would indicate.

So what are the best practices around that? We know that there are some. What should we be doing?

The other issue that is very clear to students is that if they are not graduating in 4 years, that is adding thousands and thousands to their education when, in fact, they are not graduating because they don't have the instructors, they can't get the classes, they are

working too hard, they are not able to get there. Kind of a dual issue.

If you could address that question, I would really appreciate it.

Mr. WIENER. These are very important issues. And I think generally we need to try to figure out how we sort of reemphasize undergraduate education. And, again, how we allow institutions to distinguish themselves for serving students who actually really need help to get in and through college.

One of the recommendations in my written testimony is around collecting better data so that we can understand which institutions really do the best job for serving these nontraditional students. At what institutions are they most likely to actually get a degree, and not in 6 years, as you noted, but in 4 years. Where now the standard metric for evaluating graduation rates in 4-year institutions is 6 years. Only about 40 percent of students actually graduate in 4 years anymore.

But right now we don't collect data very well to distinguish which institutions do a better job with those students, and we really do nothing to celebrate them.

Mrs. DAVIS OF CALIFORNIA. What is the problem with that? I mean, would it take an organization to do that? Is it something that we ought to be doing here, Congress ought to be appropriating money for? What is the problem? I mean, that is an obvious need that we have.

Mr. WIENER. Well, some of it relates to—so there is the IPEDS, the Integrated Postsecondary Education Data System, which is how the federal government collects a lot of information on higher ed, but it collects information in silos, so there is no way of cross referencing. We know which students are getting financial aid, but we don't know how those students do in different institutions. There is huge variations.

We have created a publicly acceptable database called College Results Online, that puts every 4-year institution in a peer group that looks at all of the kinds of inputs that we know do make some difference in terms of how selective they are, how many resources they have, how much, you know, what kind of students they are serving. And within every group of 15 or 25 institutions, there is a huge range in the actual graduation rate of those students.

But that data right now is limited to first-time full-time freshmen, and we think it is one fair metric for evaluating higher ed, because those are the students who are most likely to get through with a degree. But we really have terrible data with respect to how nontraditional students are served, and there are ways of getting more data in IPEDS that would help that.

Mrs. DAVIS OF CALIFORNIA. Thank you, Mr. Wiener.

I can see that—would you like to respond?

Mr. SOIFER. As we have seen a greater demand for higher education, we have also seen a change in the demographic. We have also seen an increase in the nontraditional student rate at which students are going into higher education not directly out of high school.

And when we talk in terms of these very high remedial costs, I was giving a talk at a campus in Pennsylvania and a student asked me, well, aside from the formal remedial costs, we just worry that



our classes are being watered down because of kids who are—you know, my older brother was in this school 6 years ago and is the content of the course matter being watered down to some extent that really is not measurable.

So these are real challenges and the delivery systems that were created to serve this population really need to be looked at in ways to see if they really are still meeting the needs that they were created to meet.

Mrs. DAVIS OF CALIFORNIA. I appreciate that.

One other thought, very quickly, and you don't need to answer this now, is the FAFSA, the application for financial aid in assistance. I have been to workshops with the kids and they all have, you know, I speak FAFSA, and they are trying to reach out and do a good job.

Is there something about that that could be easier, more accessible and more helpful to parents particularly? And is there information that is being captured in that that they don't have easy access to their income tax returns, and beyond income tax returns.

Mr. WIENER. Beyond income tax returns, it is any kind of public assistance anybody in their household received. So whether it is likely that there is good record keeping generally in these households I think is a real challenge.

And the fact is the federal government has all of the information. The federal government is the custodial for all of that information. And if we allowed low-income families to check a box on their income tax return, we could actually generate for them and proactively inform them of their eligibility for grant aid, which I think would have a huge effect on the motivation and on these students and these families visualizing themselves as college-going.

Mrs. DAVIS OF CALIFORNIA. Thank you.

Thank you, Mr. Chairman. That would be something to follow up on. I would appreciate that. Thank you.

Chairman HINOJOSA. Thank you.

I now would like to recognize the gentlelady from North Carolina, Congresswoman Foxx.

Mrs. FOXX. Thank you, Mr. Chairman. I appreciate it very much.

I have a couple of questions I would like to ask.

Mr. Wiener, you said in your statement that persons of color are relegated, I believe you said, I am not sure of the exact words, to going to schools of lower cost. You were right on the verge of saying lower quality, and you didn't say that, but I could feel that that was what you felt.

Do you really have statistics to back up the fact that there is proportionately more students of color in lower-cost institutions than higher-cost institutions?

Mr. WIENER. Yes, Madam Congresswoman.

So in our report that I think is a part of the background materials for this hearing, but if not I would be very happy to provide it to the committee, it is very clear that students from minority groups are much more likely than other students to be in proprietary, for profit institutions as well as in 2-year community colleges as well as in nonselective 4-year institutions. And each of the way sort of up that ladder are institutions that have more resources to support students.

So, you know, we, I think, need to figure out how to create an accountability system or at least a system that recognizes institutions for serving underserved populations, because again right now I just am very worried that all the metrics on which colleges and universities can distinguish themselves encourage them to serve fewer of these students.

Mrs. FOXX. Is there any proof at all that students, particularly going to proprietary schools, are unhappy with the fact that they are going to those institutions?

I mean, there aren't many places where liberals in this country promote choice. I mean, mostly they want the government to control everything. But people do have a choice about which institution of higher education they want to go to, and if they are going to those, is it not that they are voting with their feet?

Mr. WIENER. If that were the case, I think that—I certainly am in favor of students having choices about where they attend college. The problem is that cost is a truly prohibitive factor at this point for many of our young people, and the choice really is illusory. They are needing to figure out where they can go on very limited means. I think it is very clear.

The Advisory Committee on Financial Aid has documented very clearly just how many college qualified students are not attending the institutions where they could be most successful. I mean, we are talking about millions of students over the course of years.

So it is a very big problem and I think that is the reason that this hearing is so important, is that financial aid and the federal commitment to this really plays a big part in what they think of as their options and the country suffers for losing those college graduates.

Mrs. FOXX. I have not heard you all say anything at all about encouraging more money for work-study. You have talked a lot about grants.

I used to be in higher education, so I know a little bit about the research. I don't follow it as closely now as I used to, but the research used to show that if a student works 15 to 20 hours on campus, they are much more successful academically. And then they do much better when they get out of school because they have had the work experience and they have people who can vouch for them when they are leaving college.

So why don't you all ever talk about increased funds for work-study instead of just grants, grants, grants? You know, people don't respect what is given to them for free. They often respect what they get that they work for. And you change the whole ethos of people.

So why don't you talk about work-study? Anybody? I mean, why are you silent on the issue of work-study?

Mr. BRENNEMAN. Well, let me venture something. I don't think any—I certainly still subscribe to the perspective you have expressed about the 15 to 20 hours a week being very desirable.

I don't actually know the answer to why work-study—my sense is it is sort of one of the campus base programs, and my sense is those programs have sort of stalled out and haven't shown much political clout. And I don't know if it is because of lack of advocacy or so much concentration on the Pell Grant.

No one that I know is unhappy with work-study or thinks it is a bad program.

Mrs. FOXX. Well, I mean, is it that it might involve a little bit of work on the part of the institutions to create those jobs? I mean, I am just stymied by the fact that all the research shows that it is so positive.

And the other thing that you are silent on is increasing money for distance learning. I mean, we could vastly expand the opportunities for people with no money to do programs in distance learning because they could stay at home and do that.

And so, why don't you talk more about the money for distance learning?

Mr. BRENEMAN. Well, I will just speak for myself on this. I have taken the theme of this hearing, perhaps inaccurately, to be primarily focused on the traditional college-age student, and I think distance learning is a vehicle that has greater applicability to the older student, personally, which I assume falls under the purview of your committee and perhaps there has been narrow mindedness on our side.

Certainly this report which I was asked to speak to is really looking more at the traditional aged undergraduate.

Mrs. FOXX. Mr. Chairman, I know my time is up, but I just would like to say I find that very narrow-minded, because of all the people we should be pursuing in distance learning, it is this media-afflicted population. I mean, they are so oriented to television and computers that I find it really narrow-minded on your part that you would say we are thinking about older people. Older people would be much less likely to want to do their learning that way than the current generation, it seems to me.

I think the paradigms of so many of you are very narrow. I think that the questions you start with are often the wrong questions. I think you have just given us a great opportunity to say let us see what the rest of the story is or the other side of the issue.

Thank you.

Chairman HINOJOSA. As we move on to allow other members to ask their questions, I wanted to ask unanimous consent that the report that Mr. Wiener referred to be made a part of this hearing. Hearing no objections, so be it.

[The Internet link to an August 2006 report by the Education Trust, "Promise Abandoned," follows:]

*<http://www2.edtrust.org/NR/rdonlyres/B6772F1A-116D-4827-A326-F8CFAD33975A/0/PromiseAbandonedHigherEd.pdf>*

Chairman HINOJOSA. I would like to recognize the gentleman from the great state of Virginia, Congressman Bobby Scott.

Mr. SCOTT. Thank you, Mr. Chairman.

I thank the witnesses for their testimony and for their contribution.

I had one question about the prohibition against those who have had drug convictions qualifying for financial aid. I have always had a problem with that, because upper-income students who get convicted can continue their education, but if you actually need student aid, you lose your education.

What is the status of that and how many students are losing their educational opportunities because of that provision? Would the witnesses suggest that we get rid of it so that everybody can continue their education on an equal basis? Is there any reason to continue that policy?

Mr. WIENER. If I could answer, Congressman Scott, you know, obviously we want to discourage young people from making bad choices, including using drugs or abusing alcohol, but I do think it is a big mistake to try and pursue that good public policy by limiting the chances and basically taking away the second chance those students have.

Once they are sort of punished for that offense, they ought to be allowed to basically rejoin society and we need for those students to have a chance at higher education. And I think we are making a big mistake by cutting off their chances in that way.

Mr. SCOTT. And is their likelihood to continue on drugs greater or less if they are allowed to continue or if they are prohibited from continuing college? Is that a counterproductive policy?

Mr. WIENER. We certainly know that Americans who aren't able to access higher education are much more likely to be on public assistance, to be in trouble in any number of ways with the law. Recently there have been a whole spate of studies and reporting in The Washington Post this weekend and then editorialized on yesterday, how limiting the social advancement and social mobility of Americans is if they don't access higher education.

Americans who go to higher education are much more likely to get married and have a family now than other Americans. So we are really shooting ourselves in the foot by cutting off these young people so early.

Mr. SCOTT. Well, thank you.

The portion of the education expense paid for by a Pell Grant has been eroding. Do you have the statistics? I believe it was that the Pell Grant would cover about 80 percent of the cost of education 20 or 30 years ago and now it is down below 50 percent and not keeping up with inflation, so it is eroding even more. Do you have those numbers?

Mr. MERISOTIS. In 1979, 1980, actually, was the high point, when it did cover about 80 percent of the average price. Today—

Mr. SCOTT. Does the price include room and board?

Mr. MERISOTIS. The price includes room and board, yes. So it is the price of attendance, tuition, fees, room and board.

Now it covers nationally on average about 33 percent, so we are at a significant decline from where we were more than two decades ago.

Mr. SCOTT. And for those who qualify for the Pell Grant, their chance of being able to cover that gap is obviously a lot less. When it covered 80 percent, a person could work a part-time job, 15 hours a week and a little bit during the summer, and actually "work their way" through college.

Can students work their way through college now?

Mr. MERISOTIS. A couple of things. The first one is, the vast majority of college students today do work, particularly low-income students. So work is as a necessary part of how they finance their education.

It is very difficult to manage an excessive amount of work, more than 15 or 20 hours, without it having other implications either on their academic progress, but also because a lot of today's college students have complex family and life circumstances that make it very difficult to work a very large number of hours without it having very serious consequences.

Mr. SCOTT. What portion of low-income students don't go to college because they can't afford it?

Mr. WIENER. Well, we know from research at the Department of Education that approximately 20 percent of low-income students who are fully college qualified, and that means that they were in the high levels of achievement in high school, don't go directly on to college, 20 percent. For high-income families, that is fewer than 3 percent of students don't do that.

Mr. SCOTT. So 20 percent are not going to college because they essentially can't afford to?

Mr. WIENER. That is correct. And there are more students who could be successful in college who are not going because of the expense.

But, again, the Advisory Committee on Financial Aid estimates that in this next decade, anywhere—and I know this is a broad figure—but anywhere from 1.5 million to 2.4 million low-income students who are college-qualified won't go because of the financial burden and the risk that they don't feel that they can take in terms of taking on debt. That is way out of proportion to anything their family has ever earned.

Mr. SCOTT. Well, is it also out of proportion to what they can reasonably pay back?

Mr. WIENER. We are getting to that place, and very many students are forced to take on that level of debt. That is why in my testimony I referred to a program or a policy that is offered by the Project on Student Debt, and it is to try and make loan repayment schedules contingent on family income.

One of the things that we do right now for paying back loans, sometimes it can have negative implications, actually, to work more, to earn more money. You could have your loan payment go up more than your additional income. So it encourages people to work less.

The second is, we don't take into account at all whether the loan—whether the loan repayment—the person who has the obligation has a family, so that we have the same expectations as somebody paying back who is single and just out of college as someone who has two kids, as we have more and more nontraditional students. And, again, we need to encourage these people to go to college. We have got to index that against their actual expenses for supporting their family.

Chairman HINOJOSA. Ladies and gentlemen, I want to make some concluding remarks.

I want to thank the witnesses and the members of the subcommittee for a very informative session.

As previously ordered, members will have 14 days to submit additional materials for the hearing record. Any member who wishes to submit follow-up questions in writing for the witnesses should coordinate with majority staff within the requisite time.

Without objection, the hearing is adjourned.  
And I thank each and every one of you.  
[Whereupon, at 12:32 p.m., the subcommittee was adjourned.]

