# BARRIERS TO EQUAL EDUCATIONAL OPPORTUNITIES: ADDRESSING THE RISING COSTS OF A COLLEGE EDUCATION

## HEARING

BEFORE THE

## COMMITTEE ON EDUCATION AND LABOR

U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED TENTH CONGRESS

FIRST SESSION

HEARING HELD IN WASHINGTON, DC, NOVEMBER 1, 2007

**Serial No. 110–70**

Printed for the use of the Committee on Education and Labor

Available on the Internet:
*http://www.gpoaccess.gov/congress/house/education/index.html*

U.S. GOVERNMENT PRINTING OFFICE

38–493 PDF WASHINGTON : 2008

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
Fax: (202) 512–2104 Mail: Stop IDCC, Washington, DC 20402–0001

## COMMITTEE ON EDUCATION AND LABOR

GEORGE MILLER, California, *Chairman*

Dale E. Kildee, Michigan, *Vice Chairman*
Donald M. Payne, New Jersey
Robert E. Andrews, New Jersey
Robert C. "Bobby" Scott, Virginia
Lynn C. Woolsey, California
Rubén Hinojosa, Texas
Carolyn McCarthy, New York
John F. Tierney, Massachusetts
Dennis J. Kucinich, Ohio
David Wu, Oregon
Rush D. Holt, New Jersey
Susan A. Davis, California
Danny K. Davis, Illinois
Raúl M. Grijalva, Arizona
Timothy H. Bishop, New York
Linda T. Sánchez, California
John P. Sarbanes, Maryland
Joe Sestak, Pennsylvania
David Loebsack, Iowa
Mazie Hirono, Hawaii
Jason Altmire, Pennsylvania
John A. Yarmuth, Kentucky
Phil Hare, Illinois
Yvette D. Clarke, New York
Joe Courtney, Connecticut
Carol Shea-Porter, New Hampshire

Howard P. "Buck" McKeon, California, *Ranking Minority Member*
Thomas E. Petri, Wisconsin
Peter Hoekstra, Michigan
Michael N. Castle, Delaware
Mark E. Souder, Indiana
Vernon J. Ehlers, Michigan
Judy Biggert, Illinois
Todd Russell Platts, Pennsylvania
Ric Keller, Florida
Joe Wilson, South Carolina
John Kline, Minnesota
Cathy McMorris Rodgers, Washington
Kenny Marchant, Texas
Tom Price, Georgia
Luis G. Fortuño, Puerto Rico
Charles W. Boustany, Jr., Louisiana
Virginia Foxx, North Carolina
John R. "Randy" Kuhl, Jr., New York
Rob Bishop, Utah
David Davis, Tennessee
Timothy Walberg, Michigan
Dean Heller, Nevada

Mark Zuckerman, *Staff Director*
Vic Klatt, *Minority Staff Director*

# C O N T E N T S

# BARRIERS TO EQUAL EDUCATIONAL OPPORTUNITIES: ADDRESSING THE RISING COSTS OF A COLLEGE EDUCATION

**Thursday, November 1, 2007**
**U.S. House of Representatives**
**Committee on Education and Labor**
**Washington, DC**

The committee met, pursuant to call, at 11:01 a.m., in room 2175, Rayburn House Office Building, Hon. George Miller [chairman of the committee] presiding.

Present: Representatives Miller, Kildee, Payne, Andrews, Scott, Woolsey, Hinojosa, Tierney, Kucinich, Wu, Davis of California, Bishop of New York, Sanchez, Sestak, Loebsack, Altmire, Yarmuth, Hare, Clarke, Courtney, McKeon, Petri, Castle, Ehlers, Platts, Keller, McMorris Rodgers, and Foxx.

Staff present: Tylease Alli, Hearing Clerk; Alfred Amado, Legislative Fellow for Education; Jeff Appel, GAO Detailee; Denise Forte, Director of Education Policy; Ruth Friedman, Senior Education Policy Advisor (Early Childhood); Gabriella Gomez, Senior Education Policy Advisor (Higher Education); Lloyd Horwich, Policy Advisor for Subcommittee on Early Childhood, Elementary and Secretary Education; Lamont Ivey, Staff Assistant, Education; Thomas Kiley, Communications Director; Danielle Lee, Press/Outreach Assistant; Ricardo Martinez, Policy Advisor for Subcommittee on Higher Education, Lifelong Learning and Competitiveness; Stephanie Moore, General Counsel; Alex Nock, Deputy Staff Director; Joe Novotny, Chief Clerk; Rachel Racusen, Deputy Communications Director; Julie Radocchia, Education Policy Advisor; Dray Thorne, Senior Systems Administrator; Margaret Young, Staff Assistant, Education; Mark Zuckerman, Staff Director; Kathryn Bruns, Minority Legislative Assistant; Amy Raaf Jones, Minority Professional Staff Member; and Sally Stroup, Minority Deputy Staff Director.

Chairman MILLER [presiding]. The committee will come to order for the purposes of conducting a hearing on Barriers to Equal Educational Opportunities: Addressing the Rising Costs of College Education.

We are going to be in a bit of a time jam here, and in the name of trying to make this a coherent hearing, we have agreed that we are going to forego our opening statements.

We all are in agreement on both sides of the aisle that this is a priority for this committee on how we address both paying for college and checking the best we can this rapid rise in the cost of college. It has been a priority for Mr. McKeon, for Mr. Tierney, for Mr. Keller, for Mr. Hinojosa and many other members of the committee, but I think we would all be best served by hearing from you first before the bells ring, and then we will return after the votes are taken.

And, Ms. Wellman, we are going to begin with you, but I have to tell people who you are here. So I will get that sorted out. Maybe, Ms. Wellman, you want to tell people who you are.

Our first witness will be Jane Wellman who is the executive director of the Delta Project on Postsecondary Costs and Productivity and Accountability. The Delta Project is analyzing college spending, seeking to document trends, identify and promote best practices to help institutions improve productivity.

Next, we will have Dr. John Bassett, who has served as president of the Clark University in Worcester, Massachusetts, since 2001. Before assuming that position at Clark University, Dr. Bassett was the dean of the college of arts and sciences at Case Western Reserve University and an English professor and the department chair of North Carolina State University.

Is Ms. Sanchez here for purposes of introduction?

Ms. SANCHEZ. Thank you, Mr. Chairman, and I appreciate the opportunity to allow me to introduce Dr. King Alexander.

Dr. Alexander is the current president of the California State University at Long Beach, one of the largest 4-year universities in California, and prior to his current post, Dr. Alexander served as the president of Murray State University in Kentucky. He is a foundation fellow at Harris Manchester College, University of Oxford, and a faculty affiliate at both the Cornell University Higher Education Research Institute and the University of Illinois Institute of Government and Public Affairs. He has over 15 years of experience in the field of higher education and has co-edited several books and authored numerous journal articles and book chapters. I am very pleased that he is able to join us here today, since he is from my home state and from very close to my district, and I am sure you will find him as engaging as I do.

Chairman MILLER. Thank you.

And welcome to all of you.

We are going to give you each 5 minutes to sort of summarize your testimony. There will be a green light on, and then there will be an orange light to warn you that you are getting close to wrapping up, and then a red light, but we want you to finish your thoughts and your sentences there.

So welcome again to the committee.

Ms. Wellman, we are going to begin with you. We need your microphone on.

**Prepared Statement of Hon. George Miller, Chairman, Committee on Education and Labor**

Good Morning.

Welcome to today's hearing on "Barriers to Equal Educational Opportunities: Addressing the Rising Costs of a College Education."

New data just released by the College Board show what is by now an all-too-familiar trend. In the last five years, tuition at four-year public colleges nationwide soared by 31 percent, after inflation. And whether a student attends a public college in-state or out-of-state, a private college, or a two-year college, the bad news is that prices are up across the board.

To help meet these rising costs, students are relying more than ever on both federal and private student loans. Worse yet, each year as many as 200,000 would-be students choose to delay or forego a college education because they simply can't afford it.

These trends aren't just troubling for students and families, but also for our country's future. Now more than ever, the strength of our economy rests on our ability to produce a highly educated workforce.

Business leaders tell us that the most important thing we can do to drive the innovation we need in today's global economy is to ensure that all students have access to a good education.

One of the key priorities for this Congress has been to make college more affordable and accessible for every qualified student who wants to attend. Already this year, we took a truly historic step towards this goal by enacting the College Cost Reduction and Access Act. This law does more to help students and families pay for college than any federal effort since the GI Bill of 1944. It provides more than $20 billion in financial assistance to low-and middle-income students and families over the next five years.

I believe this law will help lead our country in the right direction by expanding college access—and doing so at no new cost to taxpayers.

But there is still work to be done in order to ensure that no student is prevented from going to college because of the price. Increasing financial aid for students addresses one side of families' ledgers; today we will address the other side—cost.

As we move closer to reauthorizing the Higher Education Act, one of our goals will be to develop strategies to help colleges rein in increases in costs.

It is clear that as consumers of higher education, students and families need better information about college pricing, and the reasons behind tuition increases from year to year.

As we examine how best to further address these rising costs, we must learn more about how colleges and universities set their prices and the factors that drive their various cost increases. We also must learn more about how both schools and states spend their higher education dollars and the relationships between college costs and education quality. And we must look at the roles of federal, state, and local governments in helping to keep college affordable.

Today we will hear about these different elements of the college cost equation. We will also learn more about practices that are already being used by some states and colleges to help keep college costs manageable.

I want to thank all of our witnesses for joining us today for this important discussion.

I also want to recognize two members of our committee, our Senior Republican, Mr. McKeon, and one of our senior Democrats, Mr. Tierney, who have put forth interesting proposals to address college costs. Today's hearing will help us build on their efforts.

A college degree continues to be the gateway to joining the middle class. I look forward to continuing the work of this Committee and of this Congress to help ensure that all Americans have the opportunity to go to college.

Thank you.

---

## STATEMENT OF JANE V. WELLMAN, EXECUTIVE DIRECTOR, DELTA COST PROJECT

Ms. WELLMAN. Thank you very much, Mr. Chairman, members. It is a pleasure to be with you today.

I appreciate the opportunity to share my views and some of the emerging work of the Delta Project on College Costs and Productivity and Accountability.

I should say at the outset I come to this topic after almost 30 years of work in higher education and public policy in the State of California, where I worked in the University of California and for the legislature for many years. With private colleges, I worked with the Independent College Association here in Washington, and then in nonprofit policy work for many years.

And the topic of spending and how the money gets spent in higher education as contrasted to tuition or financial aid or revenues is the least well understood and analytically documented and, in my view, one of the most important things for us to collectively get our arms around, if we are to do a better job of ensuring access and affordability. So that is the reason for our work.

I just want to make three basic areas of comments today. You have my prepared testimony. I will not read it, you will be happy to know. But just in three areas: First, why focus on this? What is the point? Secondly, a little bit about what the data say about trends and patterns across all of postsecondary education, and then I will finish with some comments on what the federal role might be going forward.

First, the reason for the focus on costs is not an analytical exercise in data gathering. We can do that, of course, but the point is our country needs to increase educational attainment levels and postsecondary educational attainment levels by significant amounts, some say almost a doubling of baccalaureate degree recipients in the next 15 years, both for workforce needs and to maintain internal competitiveness. There is some dispute about whether the numbers are doubling or only 30 percent. No matter how you slice it, it is a huge increase.

And even if we are successful in reversing some of the declines we have seen in state revenues and with the generous funding from the federal government in recent financial aid increases, it is hard to see how we are going to get that level of increased attainment under our current finance and production model, and this then raises the question of how can we do a better job of using the resources we have and obtaining greater attainment, and that means not sacrificing quality, not sacrificing access to low-income students and building the system we need.

So it is about attainment. It is not about picking apart numbers. It is how do we use data to do a better job of getting kids through making decisions about that.

The second point on the data and what the data say about trends in revenues and expenditures in postsecondary education: as you well know, we have a highly diverse system of higher education, and the patterns of resources between research universities, community colleges, privates, publics, proprietaries are so starkly different that other than this generalization, all other generalizations about spending in higher education are wrong.

It is very important to look at the different sectors and to see what the patterns are, and so in the testimony, I have provided just some snapshots to give you a little bit of a visual about what those revenue structures look like between the public research universities, where their money comes from, masters' associates, private research, private baccalaureate institutions.

You will note none of the data in here speak to proprietary education for the simple reason that the data on proprietary schools is bad. It is getting better, but it is not good enough to get an historic lens on. It should be included in these numbers, and it is not.

The most important point I would like to make about the data are on what is labeled Figure 3, and it shows a snapshot of what has been happening in the last 6 or so years, and what has been happening to tuition increases in contrast to spending, and where the money is going in broad patterns by types of institutions, and looking at these numbers, one begins to see the differences between cost and how institutions spend their money and price, what it is that is paid in the form of tuition.

Just looking at the top line on this, by example, as a national average level in public research universities since 1998, in state undergraduate sticker prices went up 40 percent, an average of $2,200 roughly. Gross tuition revenues, the next line over, only went up 31 percent. The difference between the first column and the second column is largely what has been happening in tuition discounting and institutional financial aid. So looking at those two numbers helps you get a sense of those patterns.

Moving over one more column, spending that goes to the direct cost of instruction—this is the proportion of spending within the institutions that is going into the classroom—increased by only 4 percent. So you note the big difference, 40 percent tuition increase, spending increase, particularly that went into the classroom, only a 4 percent increase in a 6-year period.

Moving to the next column, you see full educational costs. What that means is spending on students that are not in the classroom, for instance, student services, academic support, libraries, computing. You get a little bit of the sense of where the money is going.

The last column, the biggest increase in public research universities is attributable to research.

So this gives you a broad aggregate sense of what the patterns have been in the last decade, prices going up in the public sector much more rapidly than spending, absolute spending reductions, as you see, over this period for public masters' and community colleges, and the lowest rate of increase going directly into the classroom in those sectors, this despite double-digit tuition increases.

The pattern in private colleges is quite dramatically different—private, nonprofit colleges. There, tuition increases track spending much more closely, and you see increases in private institutions, 20 percent tuition over this period, $7,600 average; increase in tuition revenue, 23 percent; spending of instruction, up; spending elsewhere, up. I will not belabor all of the rest of it.

But this gives you some sense of what has been happening and the takeaways from it. The state funding constraints are significant contributors to tuition increases in public sector. Public sector tuitions are not going up because the institutions are spending money at that rate. It is because of a shift of cost shifting between state and tuition. Spending is going up, and state spending is going up. It is just not going up fast enough to keep pace with enrollment and inflation. Private institutions are paying more, spending more, charging more and spending more on the classroom.

I see I have the red light on. So I will skip over some of the other points and conclude with just a couple of comments about the federal role, and that is that I do not believe the research supports the view that federal financial aid is contributing in a significant way to increases in tuition. There have been several studies done on that, and they all find the same thing. Now one can argue that any revenue availability contributes at some level to growing spending because if the money is not there, it cannot be spent, and so I think one could concede that without finding a direct causal relation between federal financial aid.

I think the federal government has obviously a huge interest in this topic, and in my way of thinking, at least two very important roles that can be played. The first is on data and analysis and public transparency about costs. The federal government has the best cost data. The IPED system is imperfect, but it is not that bad. The problem with it is that it is opaque, it is not maintained, it is not edited, and it is really only accessible to researchers who have time to get into it and work with it a lot in order to make any sense of it, and so the Spellings commission had a recommendation on that topic. I have put that in your text. I think they got that right. I think it is a matter of moving forward on it.

Secondly, I think the federal government——

Chairman MILLER. I am going to ask you to wrap up, so we can get to your colleagues' testimony.

Ms. WELLMAN. Okay. I will stop.

[The statement of Ms. Wellman follows:]

**Prepared Statement of Jane V. Wellman, Executive Director, Delta Project on Postsecondary Costs, Productivity and Accountability**

Mr. Chairman and members, thank you for the opportunity to meet with you today. I am delighted to be able to join you today, to share my views about ways to tackle the college cost problem, based on the emerging work of the Delta Project on Postsecondary Costs, Productivity and Accountability. I want to focus my comments today on three issues: 1) the reasons for focusing on costs and productivity; 2) data trends on spending patterns in postsecondary education, including the relation between spending and tuition increases; and 3) the federal role in tackling the root causes of cost increases in higher education.

Why the focus on costs? Because higher education in the United States has a higher education productivity problem:

• Our nation spends almost twice as much per student in postsecondary education as other countries, yet we are behind in graduation rates, and falling further behind as other countries are increasing educational attainment and success. To be sure, international comparisons do not always use similar measures; still they raise the question about how the US system can use existing resources to become more productive, to improve degree attainment without sacrificing access or quality.

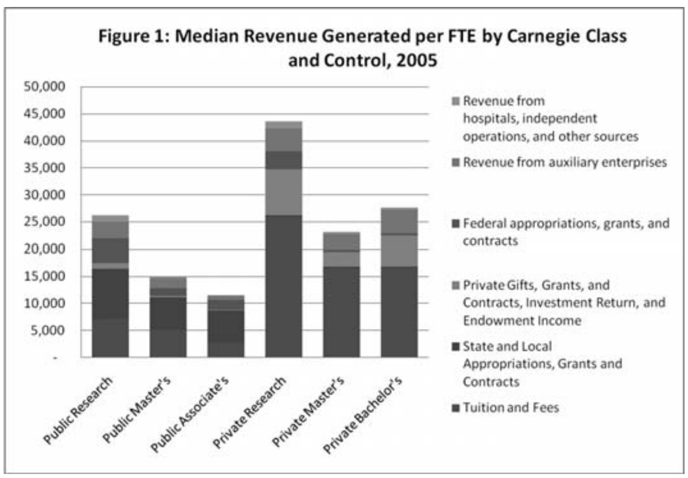
• Persistent gaps in enrollment access, and degree and certificate completion, among low income and minority populations threaten future economic competitiveness. Our number one performance challenge is to get more low income and minority students not just to, but through, college. Managing prices and costs has to be part of that equation, but we also need to do a better job of targeting resources in ways that increase student success. Policymakers and higher education leaders need to develop better ways of looking at spending and performance and then using the data to put resources behind areas that will increase student attainment.

• Postsecondary education's dependence on annual increases in revenues is putting higher education out of reach for many students and making it difficult for the federal government and states to keep pace with cost increases. Student tuitions are paying an increasing share of general revenues in all institutions, and public skepticism is rising about spending within higher education. Without greater public accountability for spending, and attention to managing growth in spending, policy makers will remain hesitant to support needed increases in funding for higher education.

*Trends in revenues and spending in higher education: where the money comes from, where it goes, and the relation between spending and tuition*

There is no single answer to the higher education 'cost problem'—the issues in large urban community colleges bear almost no resemblance to well-endowed selective private institutions—so generalizations are risky. But we're not going to tackle spending problems without having decent data about what those spending problems are. To do that, policy makers and institutional leaders need better data about spending and performance. The work of the Delta Cost project is designed to put spending information into the public domain, through regular reports about spending trends, and publicly accessible tools to give institutions, policy leaders, and consumers easily accessible ways to evaluate postsecondary spending patterns. We have recently a completed the first comprehensive analysis of trends in revenues and spending in this century. The work uses similar methodologies to the work done by the Congressional Commission on Costs, and a follow-up study commissioned by the National Center for Education Statistics (NCES) in 1998. Some highlights about what we have found:

• Cost exceeds revenue from tuition. The cost of providing students with a college education exceeds the revenue schools receive from student tuitions. Figure 1 provides a snapshot of total revenues, by source, for 2005 and shows that total revenues per FTE for public research universities averaged a little over $40,000/student/year compared to $16,700 for public masters' universities, and just over $12,000 for public community colleges. This compares to $78,407 for private non-profit research universities, $26,705 for private masters' level universities, and $36,653 for private baccalaureate institutions.




However, not all revenues are available for general purposes and as a result, the total volume of revenues mask resources spent on core educational activities. Colleges and universities get and spend money in areas that are ancillary to the educational teaching and basic functions even if they contribute to the educational experience. They are in the hotel business (residence halls), the restaurant business (food services), the building business (capital outlay, and grounds and buildings), the R&D business (organized research and community service), and the health care business (hospitals and clinics). Resources generated in these areas are fee-for service activities and the funds are not available for general purposes. The three primary sources of unrestricted revenues for both public and private institutions are tuition revenues, public appropriations from state and local government, and revenue from the combination of private gifts, earnings from endowments, and investment income. Looking only at the bottom three tiers of revenue on Figure 1 helps to show what those resources are.

• Spending and tuition. Switching from revenues to spending, Figure 2 shows a snapshot comparing spending clustered into three broad areas: spending that goes directly into the instructional function (faculty salaries for teaching and departmental research); other educational costs (student services, and the proportion of academic, institutional and maintenance expenses that support instruction); and all other spending (primarily organized research, and institutional spending on scholarships).

FIGURE 2: MEDIAN EDUCATIONAL AND GENERAL (E&G) SPENDING PER FTE BY CARNEGIE GROUP AND CONTROL, 2005

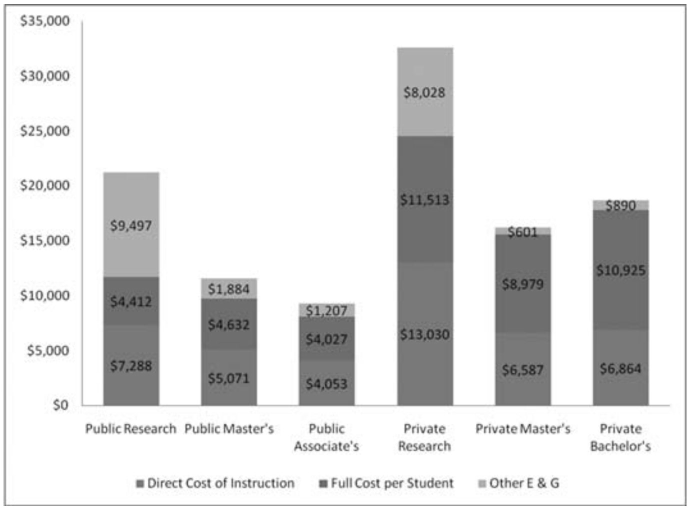



Figure 3 shows the patterns of spending in relation to tuition since 1998. Reading across the top line, you see the rate at which sticker prices increased, followed by net revenue from tuition, followed by spending in the three categories above (direct spending for instruction, other educational costs, and other spending). These numbers tell a good deal about the basic patterns. Total spending per student has gone down after adjusting for inflation since 1998 among public community colleges and masters' institutions, but is up slightly in public research universities, and up by roughly two times the rate of inflation among private non-profit institutions.

**Figure 3: % Change, 1998-99 to 2004-05, in 2005 CPI Adjusted Median/$/FTE**

| Sector | In-State UG "Sticker" Price | Gross Tuition Revenue per FTE | Direct Instructional Spending/FTE | Full Educational Spending /FTE | Total E&G Spending/FTE |
|---|---|---|---|---|---|
| Public Research | +40.2% ($2282) | +31.8% | +4.2% | +3.2% | +5.2% |
| Public Masters' | +34.5% ($1681) | +25.2% | +2.2% | +4.9% | -3.8% |
| Public Community Colleges | +19.8% (+$741) | +10.0% | -0.5% | +1.6% | -4.5% |
| Private research | +21.4% (+$7695) | +23.3% | +17.0% | +29.1% | +22.9% |
| Private Masters | + 24.2% (+$5829) | +32.2% | +16.0% | +31.5% | +15.1% |
| Private Bachelors | +20.6% (+$5725) | +31.3% | +20.1% | +33.8% | +13.9% |

In all sectors, net revenue from tuition is going up less rapidly than sticker prices, because of the growth in tuition discounting. Among public institutions, spending for instruction has increased relative to other categories in the research universities, but has declined in public masters and community colleges. The patterns are quite different among private institutions—where spending for instruction increased significantly, but even so, less rapidly than spending for other educational costs (advising, computing, and administration).

• State funding constraints and tuition increases. Adjusting for enrollment increases and inflation, spending in public institutions has not increased significantly in the last decade. Nonetheless, tuitions have gone up by double digits. In public institutions, the primary cause of tuition increases has been that state funds have not kept pace with the combination of enrollment growth and inflation, even states they have increased funding. The structural budget problems that are squeezing higher education as a state funding priority are not expected to go away any time soon. This is not a temporary problem; it's a long term situation.

• Private fund-raising not benefiting the bottom line. Despite all the attention to fund-raising and capital campaigns, private unrestricted funds (from gifts, income from endowments and investment income) still comprise a very small proportion of revenues in most institutions. The much touted "privatization" of finance in higher education is really about increased reliance on student tuitions as a general source of revenue. As a result, students increasingly subsidize general institutional operations—including student aid (paying for other students), administration, and research.

• Growing inequality: the rich getting richer? Resource disparities among different types of institutions are increasing, with real cost cutting in public two- and four-year institutions, flat spending in public research universities, and rising spending in private institutions. The spending gap between public and private institutions has never been larger. Competition between institutions is intense, and competition fuels increases in spending believed to be necessary to enroll the "best" students, and to recruit the top faculty.

• There is no evidence that explicit attention to increasing productivity and controlling costs is a policy priority within institutions or in states. Despite repeated calls (Congressional Cost Commission; NACUBO Cost of Instruction Work; Spellings Commission) for more 'transparency' and better use of cost data within institutions, most institutions do not publicly document costs, or include information about spending and subsidies in public communications. A recent AGB/NACUBO survey shows that governing boards generally see little information about spending patterns; instead the focus is on growing revenues and meeting the market for tuition. Spending information is almost completely absent from state "report cards," and on institutional web-sites offering consumer information. The focus remains on tuition and financial aid, not on how money is spent.

• The bottom line? The accusation that spending in higher education is 'out of control' isn't quite fair. Not all institutions are spending more, despite the shift in revenue from state funds to students. But it is clear that spending is going up in some sectors, for the simple reason that it can. In all institutions, student tuitions are paying a higher share of revenues, but these resources aren't going into the classroom. The economic benefit from a college degree has never been higher, and students and families will do everything they can to get a college education. But there's no evidence the resources are going to pay for student success or increasing degree attainment, and low income students are most at risk. It's a funding trajectory that bodes ill for the future, and will require an unprecedented level of attention from policy makers and institutional leaders if we're going to turn it around.

*Suggestions about the federal role*

The federal government clearly has an interest in increasing productivity in higher education—both to maintain the value of federal financial aid funds going to needy students, and to tackle the challenges of increasing educational attainment for all students. There are two areas where I believe interventions would make a difference: one is in information and data; the other is in incentives to states and institutions to do more to manage costs.

On the data front: We need to pay as much or more attention to spending as we now do to fund-raising, tuition and financial aid. Regular transparent reporting about cost trends can help this. Despite imperfections, these NCES/IPEDS finance data are the best source for this information. They need to be made more accessible to lay users—through regular editing, routine publication, and an annual reporting on trends. The recommendation in the Spellings Commission report on this topic is right on from my perspective:

"The secretary of education should require the National Center for Education Statistics to prepare timely annual public reports on college revenues and expenditures, including analysis of the major changes from year to year, at the sector and state level. Unlike the data currently available, institutional comparisons should be user-friendly and not require a sophisticated understanding of higher education finance."

For incentives: history has shown that federal funding incentives make a difference in moving states and institutions in new directions. With a relatively modest investment of funds, the federal government can provide incentives to states to ramp up their oversight capacity of college spending, and to do more to tie increases in state appropriations to evidence that institutions are investing resources in improving student attainment. One model might be adopted from the recent effort through the Fund for Improvement in Postsecondary Education, working with the Association of American Colleges and Universities, in partnership with the public four-year institutions, to pilot innovations in student learning. Figuring out how that will work will take some discussion, it's sure to be an idea that will be controversial in some quarters. But it will take some serious collective action to turn around the path we are on, to ensure that we have a financing system capable of meeting our nation's needs now and in the future.

*Terminology*

All revenue and expenditure data come from the Integrated Postsecondary Education Data Surveys, special analysis developed by the Delta Cost Project.

Auxiliary enterprises: revenue-generated activities, such as dormitories and bookstores.

Direct instruction: spending going directly to pay for the instruction; primarily faculty salaries and benefits, including adjunct faculty, and costs of departmental staff. All credit and non-credit bearing instruction (such as developmental education) are counted as "instruction."

Full cost per student: educational or student-related spending other than instruction; such as student services, admissions and registrars, and non-research portions of academic and institutional support (administration), and operation and maintenance of the physical plant.

Full education and general spending per student: all spending including research, public service and student scholarships, but excluding hospitals and clinics.

*About the Delta Project on Postsecondary Costs, Productivity and Accountability*

The Delta Project is a non-profit policy and research organization chartered in 2007 with the mission of helping to improve college affordability by controlling costs and improving productivity. The Delta Project is focused on the spending side of the college cost problem—how institutional spending relates to access and success, and ways that costs can be controlled without compromising quality. The work is animated by the belief that college costs can be contained without sacrificing access, or educational quality, through better use of data to inform strategic decision making. Located in Washington, D.C., project work is supported by Lumina Foundation for Education and other national philanthropies as part of Making Opportunity Affordable, a national initiative focused on increasing college opportunity and success through increased productivity. This statement is the sole responsibility of the Delta Project, and does not imply endorsement of any partner organization or funding agency.

For more information: admin@deltacostproject.org; or *http://www.jff.org.*

---

Chairman MILLER. Thank you.

Mr. Bassett?

## STATEMENT OF JOHN E. BASSETT, PRESIDENT, CLARK UNIVERSITY

Mr. BASSETT. Thank you, Chairman Miller and Ranking Member McKeon and the other members of the committee.

I appreciate the opportunity also to come and testify on these very, very important issues, and I also want to thank the committee for its work in increasing federal financial aid for students and particularly for the recent increase in the Pell grant. These are real questions about costs. There is no question.

I am also testifying on behalf of the National Association of Independent Colleges and Universities, or NAICU, which is an association of over 1,000 private universities and colleges in America.

But I have spent the majority of my life in the public sector, with 14 years at Wayne State and 9 years at North Carolina State, so I feel sensitive to the issues in both the public and private sector.

I have been asked to focus this morning some of my time on the issue of transparency, particularly since I was the one that chaired the NAICU committee that developed the U-CAN proposal, the University and College Accountability Network, and the seeds of U-CAN actually lie in this committee, I think, when Congressman

McKeon and others began to ask questions about the availability of information.

We were somewhat frustrated, too, because we know that high school seniors and their parents are deluged with information about colleges, and we know that we submit the IPEDS to the government with, as you say, reams of paper with data, but there was no way that a family could get in a concise user-friendly format some comparable information in a concise manner about size of schools, about tuition, about financial aid, about emphasis of schools.

And out of that came the initiative of NAICU. We began with focus groups made up of high school students and their parents from diverse economic backgrounds and tried to develop a compact, clear, concise user-friendly device with comparable information, and that really is what U-CAN is.

Parents and students also wanted to know, "What is it that makes your school distinctive? What is it that makes you special? What is different about your school as well?" And so what you have posted up there on the wall, but also in your materials is—they have chosen my own university, Clark, as an example—is a two-page Web site—concise, clear—providing general information about things from tuition to financial aid to geographical distribution to number of students who graduated each year.

But then also there are 47 data elements there, 25 hot links to things that are more specific about your college. "What do you students do when they graduate? What kind of careers do they go into? "What kind of community service are your students involved in?" And Clark students, most of them, are involved in the community, and so there is a whole page on community service.

Since U-CAN was rolled out in the last week of September, there are now over 700 colleges and universities that have joined the U-CAN Web site. We have had over 70,000 hits, about 418,000 pages being used.

I think it is important to remember that this is only a starting point, that students will begin to narrow down the number of colleges they are really interested in at some point, and then they ask much more focused personal questions. "I am interested in pre-med. What kind of biology program do you have?" "I may want to play soccer while I am in college. Do you have a soccer team?" "I am interested in being involved in theater." "What kind of accounting program do you have?" There is no two-page insert that can cover all of that, but this can help people know more about each specific college, what it can do, what its majors are, what programs it has.

Still, we are left with some of the fundamental questions about costs, and let me turn to those briefly because prices are up. I looked at the Clark data. Our tuition between the mid-1990s and the middle part of this decade went up about 59 percent. Our financial aid went up about 64 percent per student in that same time period, which means we actually recouped less than the tuition increases provided.

The main reasons for the great growth in tuition: costs—utility costs, health care costs, technology costs, insurance costs—and some of those went up well over 100 percent and the others close to 100 percent at the same time period.

Higher education at its best, moreover, is very labor intensive. It is still 20 students and a professor, 30 students and a professor, 40 students and a professor. You do not have the same kind of savings that you may have in certain kinds of productivity, in manufacturing, for example, from technology.

Colleges are cutting costs. They are joining consortia. They are outsourcing. They are saving on energy. They are double-paning their windows. They are cutting the temperature in classrooms. And you have a compendium attached with a lot of what is happening in colleges.

I will be brief in finishing up. Every year, moreover, colleges and universities also make cuts that they do not like to make because they impact quality. They replace a professor with part-timers and teaching assistants because they are having a hard time making budget. They increase class size. They cut library holdings. They cut counseling staff.

In the private sector, it is a very tight market that all except the wealthiest universities are in. When we figure out what our budget of expenditures will be and then figure out what tuition increase a college can make, we will reach a tipping point where a further increase in tuition will have a negative impact on revenue. Those that cannot afford to pay will not come, and those that are getting financial aid will continue to get it.

I still believe the best solution to these problems is a healthy partnership between colleges and universities, public and private, and the government and the state governments working together to get their arms around these issues.

Thank you.

[The statement of Mr. Bassett follows:]

**Prepared Statement of Dr. John E. Bassett, President, Clark University**

Chairman Miller, Ranking Member McKeon, and members of the committee, I appreciate having the opportunity to testify today on the critical issue of college access, cost and pricing. This is an important topic and is one with which we all struggle. My name is John Bassett, and I am president of Clark University.

I am testifying on behalf of the National Association of Independent Colleges and Universities (NAICU), which represents more than 1,000 private, non-profit institutions of higher education and related associations. NAICU membership reflects the diversity of private, non-profit higher education in the United States—including traditional liberal arts colleges, major research universities, church- and faith-related institutions, historically black colleges and universities, women's colleges, performing and visual arts institutions, two-year colleges, and schools of law, medicine, engineering, business, and other professions.

I recognize that many members of the Committee have some very real questions about why college costs so much—particularly in the private sector. I hope this hearing will help us find answers to some of those questions, and explore ways we might move forward, together, to ensure that all Americans can afford to go to college.

First, I want to thank this committee for all you have done to fund the student aid programs. We deeply appreciate the bipartisan support this Committee has shown over many years for the federal student aid programs. We especially welcome the infusion of new funding coming into the Pell Grant program this year under Chairman Miller's leadership. This increase will make an important difference, and we know that finding the resources to fund these programs in the face of competing budget pressures is a difficult task.

I was asked today to focus on one aspect of access to college—the transparency issue. In particular, I have been asked to highlight a recent effort by NAICU. Five weeks ago the association launched U-CAN—the University and College Accountability Network—in response to the call of public policy makers for more user-friendly information about colleges. As the chairman of the NAICU task force that implemented this idea, I am particularly excited about what we have accomplished in a relatively short time, and on a comparatively modest budget.

The seeds for U-CAN came from this very committee. For years, Representative McKeon has called for colleges to be more transparent about our prices. His goal was to assure that consumers have better access to simple, understandable information about the most important financial aspects of college attendance—such as patterns of tuition increases, the amount of available aid, typical student loan burdens, and graduation rates.

As you know, we have not agreed with many of the cost-related proposals coming from this committee. We have, however, shared your frustration that mounds of potentially useful information sit largely unused. Colleges expend considerable effort and resources in compiling data for the federal government.

Several legislative proposals were laid out as a clear path for the Department of Education to improve access to this kind of information through their COOL website; but—with the exception of the recent improvements made by the College Navigator—little action has been taken. Certainly, there were no signs of activity when, in the spring of 2006, we decided to attempt to develop a response to what we thought was this Committee's vision for improved consumer information.

We began by asking focus groups of parents and high school students to tell us what they most wanted to know about college. Their wish list that was remarkably similar, but not identical, to the College Consumer Profile that was included in this Committee's recent Reconciliation bill, as well as in HR 609 from the last Congress. We also asked about format, length, and style. We learned that consumers wanted something that would be concise, consistent, comparable, and colorful. It needed to be Web-based, so that they could quickly explore various colleges, then drill down for more information in areas of special interest. However, they also wanted to be able to print out information on a college, then lay it on the dining room table and compare it with similar information from other colleges.

The many end users we talked with were clearly more astute college evaluators than we sometimes appreciate. They appropriately regarded this kind of a consumer information tool as a starting point, not an end point. In other words, they want to begin by comparing colleges on-line, but ultimately want to refine their lists and make their decisions based on visiting campus, speaking with informed counselors, and weighing a college's strengths against their expectations. This is a smart, cost-efficient approach, and one we applaud.

Interestingly, the focus groups also asked us for something beyond comparable data. They asked us to find a way for colleges not only to be compared, but for each college to tell how it differs from its peer institutions—what, in the college's view, makes it special or distinctive.

The product that resulted from this year-long exercise is a two-page consumer profile that has a similar look and feel for each college. There is a wealth of consistently-presented facts and figures in those two pages. Beyond that, though, are brief blocks of narrative and a series of click-on buttons that allows each college to tell its story. One high school college counselor we talked with said, "I like to ask colleges that come in to visit me to tell me about the things they are most proud about on their campuses. Tell me the programs, the things that make you special. I want to know what they brag about, because that tells me about who they are." A college's U-CAN profile captures this kind of important qualitative information.

There is a rich array of information—and paths to additional information—in the U-CAN profile as it was unveiled a few weeks ago. There are a total of 47 comparable data elements provided. Beyond that, however, there are 25 click-on buttons that link to various sections of the college's Web site for additional details on areas of interest. The links cover the wide range of information that families told us they wanted to explore—everything from spiritual life to the surrounding community to campus crime reports. Included are some links that Congress is especially interested in as well, such as information on transfer of credit. We do not seek to rank schools. Rather, we believe that families should consider a wide range of institutions at a wide range of prices, as well as the highly visible brand-name colleges and universities. Such an approach is good for students, good for competition, and good for this nation.

The U-CAN project is funded entirely from NAICU reserve funds. Neither participating colleges nor consumers are charged a fee. We are not seeking any federal funding, nor do we accept any advertising. NAICU and the participating institutions consider this effort a public service.

It has been an enormous undertaking to get this new tool developed and launched in less than a year. However, more than 600 private colleges had signed up to participate by the time we launched U-CAN on September 26. We now have more than 700 schools signed up, and the list continues to grow daily. This is a remarkable achievement when you consider that the total number of colleges and universities that belong to NAICU is 943 (we have an additional 65 association members).

Though only five weeks old, the U-CAN Web site, www.ucan-network.org, has already become a busy gathering place for those seeking college selection information. Over 400,000 pages have been viewed so far by 60,000 visitors.

College-going students can find U-CAN on Facebook, YouTube, and Wikipedia, as well as in Google search ads. We're also about to mail information on the project to 2,700 high school guidance counselors, and we're appearing on radio talk shows nationally—not just to promote U-CAN but also to help consumers find and use other tools for an informed college choice.

We are learning as we go. What you presently see on the Web site is "U-CAN 1.0." We have a comprehensive feedback mechanism built into the site, so that we can gather user comments on problems and shortcomings, and can continue to improve our product in the coming months

As proud as we are of U-CAN, we understand that this greater transparency, while important, does not answer all your questions about cost. Parents are increasingly anxious about how they will pay for their children's education. We do hope that if they see how much aid is available, and understand the range of pricing structures even just within the private college sector, some of that anxiety will be lessened. However, this committee has many legitimate policy questions on price that I would also like to address.

At it simplest level, prices have gone up because our annual costs have gone up, and because we are providing more services than ever. To be very specific, let me lay out some of the principal cost drivers for last year, as found in a survey of NAICU institutions. While this list changes somewhat from year to year, there are some cost drivers—such as health insurance and financial aid—that have perennially appeared on such a list for the past decade.

• From 1994-95 to 2004-05, grant aid provided by private colleges increased 150 percent, more than twice the rate of tuition (71 percent).

• Since 2005, the price of utilities has risen 27 percent, according to the Commonfund Institute. This is almost triple the average annual increase over the previous four years.

• The median increase for health care costs at colleges was 9 percent in 2005-06, according to the College and University Personnel Association.

• In recent years, annual premiums for many types of insurance, including general liability, property, and worker's compensation, have commonly increased by double-digit rates. Experts expect property insurance to increase between 10 to 50 percent in 2006, according to the Chronicle of Higher Education.

• Periodicals and other library materials routinely increase by double-digit rates each year. The Association of Research Libraries reports that between 1986 and 2004, research library expenditures for scholarly journals increased 273 percent.

Next, let me tell you some of the ways institutions are organizing to counteract the effect of these rising costs, including innovative affordability and cost-cutting initiatives. There is, however, no single approach, because of differences in institutions' mission, student population, and fiscal resources.

To control operating expenses, institutions are:

• Entering into consortial arrangements to reduce administrative and academic redundancies, and leverage their purchasing power to obtain lower costs for energy, insurance, information technology, and other services.

• Outsourcing campus services, such as grounds and facilities maintenance, alumni relations operations, residence hall management, billing and other back-office functions, and bookstores.

• Turning to environmentally friendly systems to lower energy consumption; streamlining staff; and consolidating offices and programs to enhance efficiency.

• Increasing the revenue they receive through non-tuition sources, including philanthropic giving, and the selling and renting out of underused campus-owned facilities and properties.

A compendium of college affordability, cost-saving, and consortial initiatives is posted on the NAICU Web site and is also attached to this testimony.

Further, many of the state associations affiliated with NAICU are deeply engaged in collaborative efforts. Representative Petri has been particularly engaged in helping one of our most innovative and active states—Wisconsin—on their model statewide efforts to reduce costs. But other states are also undertaking similar efforts. In fact, a number of private college state associations have made such progress in this area that they have formed a separate non-profit called the Coalition for College Cost Savings to promote the power of collective action to drive better bargains on the cost of services at private colleges. Although this is not a NAICU initiative, it is a related response by the private college sector to the concerns of Congress.

As many members of this Committee know, independent colleges believe that the best solutions to college access challenges come through our working in partnership with the federal government. We have opposed, and will continue to oppose, measures that we believe represent inappropriate restrictions on our ability to secure the revenues we need to maintain our financial security and improve our educational offerings—or any policy measures that threaten our ability to fulfill our distinctive missions. When Congress invests in the traditional student aid programs, it makes a real difference for our students. Indeed, welcoming students from all income levels to our campuses is not just something we want to be able to do—it is at the very heart of who we are.

In this regard, we also want to address a grave misperception that exists in some public policy arenas today. Time and again we have heard the argument that somehow the federal investment in student aid drives up college prices. Exhaustive research has conclusively shown that this is not the case. Still, the misperception persists, so let me try today to put it in simpler business terms.

When a low-income student arrives at our door, with the tuition glass partially full because of federal aid, it is less expensive for us to fill that cup. If it costs us less money to enroll that student, then there is less upward pressure on our student aid budget, and ultimately on our tuition.

Formal research bears this out. For more than a decade, researchers have sought to determine whether a causal relationship exists between increases in federal student aid and increases in tuition. The conclusion reached is that there is no analytical evidence to support the existence of such a linkage. You have authorized several studies at the Department of Education on this question, and those findings have clearly indicated this not to be the case.

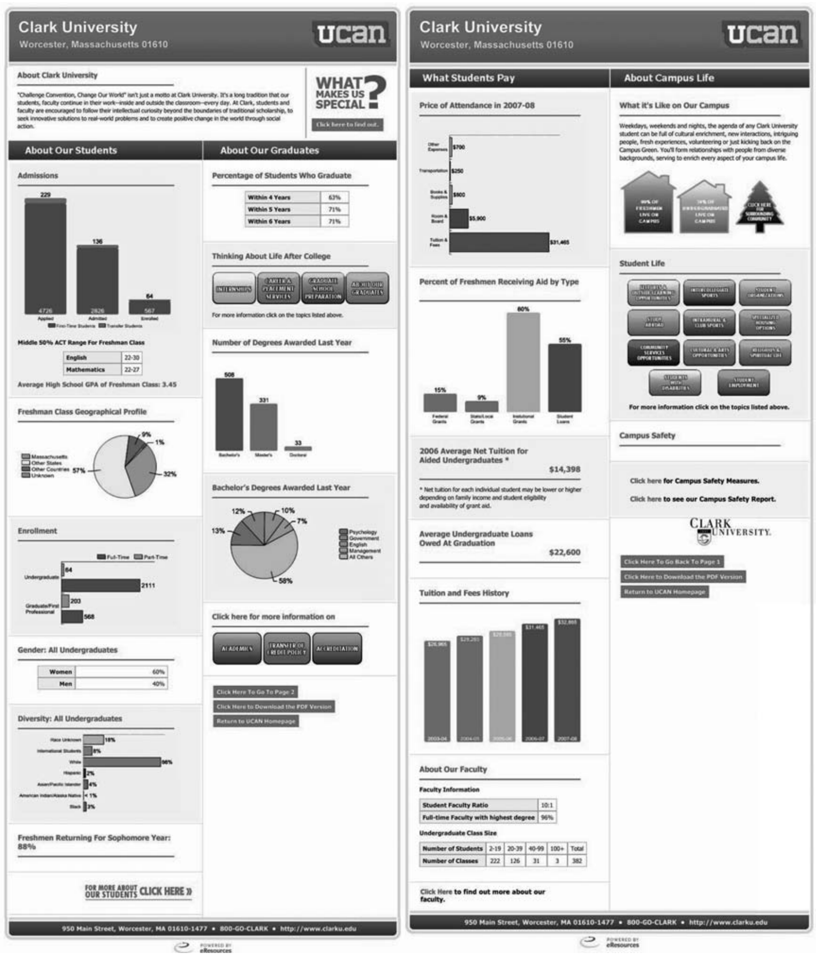
One of the most authoritative studies on the topic was the 2001 Department of Education report, "Study of College Costs and Prices, 1988-89 to 1997-98," which investigated whether federal or state student financial aid led directly to tuition increases. The study, and I quote, "found no associations between * * * federal grants, state grants and student loans and changes in tuition."

Then in 2003, the Department of Education prepared a summary of research related to higher education financing, "Congressionally Mandated Studies of College Costs and Prices." That document highlights information from four major studies. While the studies address the issue of college pricing from several angles, together they clearly demonstrate the depth of research on this topic—with no evidence that federal student aid is impacting college prices.

Mr. Chairman and Members of this Committee, thank you for this opportunity to give you an overview of U-CAN. I also want to assure you that we are hard at work to contain costs. We would welcome a further, national conversation about this matter, through which we look for constructive solutions that do not reduce innovation or educational quality. Finally, I want you to know how much we appreciate the continuous support you have all shown for the federal student aid program.

---

[Additional submissions by Dr. Bassett follow:]




---

**Enhancing Affordability and Access in Independent Higher Education**

*Price and Cost-Control Initiatives at America's Private Colleges and Universities*

NATIONAL ASSOCIATION OF INDEPENDENT COLLEGES AND UNIVERSITIES

*Enhancing Affordability—Replacing Loans with Grants; Reducing Expected Student and Family Contributions*

Over the past decade, private institutions have made themselves more accessible and affordable to students of modest means through unprecedented investments in their institutional grant programs. They have retooled institutional needs analysis formulas to reduce expected student and family contributions, lowered work expectations, and replaced loans with grants.

Amherst College, *Amherst, MA*

Amherst will replace all loans with scholarships in its financial aid packages beginning in the 2008-09 academic year. The policy will eliminate loans for all students. It will affect incoming students in the Class of 2012 and current students. In 1999, Amherst eliminated loans for low-income students.

Baylor University, *Waco, TX*

Baylor has increased grant aid and the percent of the need covered by institutional scholarships, and reduced student loan expectations.

Brown University, *Providence, RI*

Beginning with the class of 2003, students who qualify for institutional aid receive larger grants and smaller loans. It gives students with the greatest financial need approximately $17,000 in additional grant aid over four years. All students can now apply 100 percent of any outside grants toward the self-help portion of their financial aid packages, reducing loan or campus work expectations.

Centenary College of Louisiana, *Shreveport, LA*

Centenary offers the Centenary Affordability Program (CAP), which is open to all parents who qualify for a federal PLUS loan. For the four years their child is enrolled at Centenary, the college will pay the interest on annual loans of up to $15,000. A fixed rate payment option and four years of interest-free borrowing result in fast principal reduction. CAP can be combined with other financial aid for which a student may qualify.

Columbia University, *New York, NY*

Beginning in 2007-08, Columbia will eliminate the debt burden on students whose families earn less than $50,000 per year, replacing loans with grants. In 2007, an alumnus pledged $400 million, all designated for financial aid. It came a year after Columbia announced a $4 billion fundraising campaign to build an endowment for financial aid and faculty development.

Davidson College, *Davidson, NC*

Beginning in 2007-08, Davidson will eliminate loans from financial aid packages. Students will have their demonstrated financial need funded entirely through grants and student employment, and graduate debt-free. The policy applies to both incoming and upper class students. In 2006-07, Davidson capped student loans at $3,000 per year, increasing grants by whatever amount it reduced loans.

Emory University, *Atlanta, GA*

Beginning in 2007-08, Emory will replace need-based loans with grants for students whose parents earn $50,000 or less. Students whose families earn between $50,001 and $100,000 won't have to take out more than $15,000 in loans over a four-year period. Emory will pay the rest.

Gannon University, *Erie, PA*

Gannon matches the state grants of eligible students from New York and Ohio.

Harvard University, *Cambridge, MA*

Since 2006-07, parents in families with incomes of less than $60,000 are no longer expected to contribute to the cost of their children attending Harvard. Harvard also reduced the contributions of families with incomes between $60,000 and $80,000. The new thresholds build on those announced two years ago, with eliminated expected contributions for families with incomes below $40,000, and reduced contributions for families with incomes between $40,000 and $60,000. The number of students enrolled at Harvard from these income brackets increased by 24 percent for the class entering fall 2005—the first full year of the program.

John Carroll University, *University Heights, OH*

John Carroll makes it possible for families making under $40,000 to enroll their incoming freshman tuition-free, effective for the 2007-08 academic year. Once federal and state aid eligibility is determined, John Carroll scholarship and grant aid will be awarded to cover the remainder of the cost, up to full tuition and fees.

Lyon College, *Batesville, AR*

Students transferring to Lyon from two local community colleges, who come with the dean's recommendation and a 3.0 grade point average, will receive a scholarship that, combined with state and federal assistance, allow those living at home to complete their junior and senior years at a cost comparable to attending the two year institution.

Massachusetts Institute of Technology, *Cambridge, MA*

Since 2006-07, MIT has matched students' Pell Grants, up to their maximum amount. Earlier, MIT revised its financial aid package to replace $2,000 in loans or work-study with grants for all students.

Princeton University, *Princeton, NJ*

Princeton no longer requires undergraduates on financial aid to obtain loans, providing grants instead. In addition, the summer earnings expectation for financial-aid students was reduced, with the largest reductions for students from lower-income families. The amount that students are expected to contribute from their own savings was also reduced. Princeton's calculation of expected parental contributions has been reduced by removing home equity from consideration (or giving an equivalent renter's allowance to those who don't own homes, but have other investments). As a result of these improvements, the portion of tuition covered by the average grant for a freshman aid student rose from 65 percent in 1997, to 90 percent in 2006.

Schreiner University, *Kerrville, TX*

Schreiner pays the interest on federal Plus loans taken out by parents.

Stanford University, *Stanford, CA*

Since 2006-07, families with annual incomes of less than $45,000 have not been expected to contribute to the cost of tuition at Stanford, and the requirements for families earning $45,000 to $65,000 have been cut in half. In 2007, Stanford increased need-based financial aid by 15.2 percent, to $76 million annually, to assist students from middle-income families and reduce the sum parents are expected to contribute. It reduced the amount of home equity it assesses when calculating need, capping the amount at 1.5 times family income. An allowance is also made for renters. It also reduced the amount middle-income students are expected to borrow during the school year to $2,000 from $3,500. Both of these reductions will be offset by increased scholarship funds for students.

University of Pennsylvania, *Philadelphia, PA*

Since 2006-07, Penn replaces loans with grants for students of families earning less than $50,000. As a result, the highest-need students will each receive grant aid of more than $45,000 in 2006-07. The move coincides with a $6.3 million increase in Penn's undergraduate financial aid budget for the coming academic year, with those funds targeted to middle- and low-income students. In 2005-06, the university reduced the summer savings requirement and increased allowances for incidental expenses for students from low-income backgrounds.

Williams College, *Williamstown, MA*

Several times in recent years Williams College has reduced what it expects students to borrow and has made up the difference with increased grant aid. Students in the lowest income bracket now have no loans at all. The next bracket borrows a cumulative total of $3,800 at graduation. The highest loan expectation is a cumulative total of $13,900 at graduation.

*Enhancing Affordability: Tuition Cuts*

Tuition cuts have been a small but growing trend over the past decade. In the five past years, a dozen have cut their list price. To date, one institution has cut tuition for 2007-08.

International College, *Ft. Myers/Naples, FL*

Cut tuition by 20 percent.
The following reduced tuition in 2006-07.

Alliant International University, *San Diego, CA*

Cut tuition by 26 percent.

Regions University, *Montgomery, AL*

Cut tuition 42 percent.

*Enhancing Affordability: Tuition Freezes*

One-time tuition freezes keep an institution's list price at the previous year's level. These universities will not increase tuition for 2007-08.

Beacon College, *Leesburg, FL*

Freed-Hardeman University, *Henderson, TN*

Harrisburg University of Science and Technology, *Harrisburg, PA*

Philander Smith College, *Little Rock, AR*

Princeton University, *Princeton, NJ*

Rollins College, *Winter Park, FL*

Rust College, *Holly Springs, MS*

*Enhancing Affordability: Tuition Guarantees*

A growing number of private institutions offer four- or five-year tuition guarantees to freshmen. Tuition will not increase for the years they are enrolled. These programs give families peace of mind that their tuition won't increase by unexpected amounts, and allow them to more easily budget. These colleges and universities include, but aren't limited to, the following.

Baylor University, *Waco, TX*

Capitol College, *Laurel, MD*

Concordia University, *River Forest, IL*

George Washington University, *Washington, DC*

Hardin-Simmons University, *Abilene, TX*

Hiram College, *Hiram, OH*

Hiwassee College, *Madisonville, TN*

Merrimack College, *North Andover, MA*

Northwestern College, *Orange City, IA*

Ouachita Baptist University, *Arkadelphia, AR*

University of Charleston, *Charleston, WV*

*Enhancing Affordability: Partnerships with Community Colleges and High Schools*

Private institutions are giving community college and high school students opportunities to earn credits at reduced prices and to "test the waters" before enrolling. Many institutions partner with local two-year colleges to offer joint degree programs that lower overall costs for students.

Benedictine University, *Lisle, IL*

Students with an associate's degree from one local community college are able to earn a bachelor's degree from Benedictine through an on-site program at the two-year institution. Tuition is half what the students would pay if they enrolled as adult nursing students at the Benedictine. The university is exploring similar partnerships with two other community colleges.

Gannon University, *Erie, PA*

Gannon has dual enrollment programs with local and regional high schools where qualified high school students can take college courses and earn college credit while they are still in high school.

Hiwassee College, *Madisonville, TN*

Hiwassee, a two-year institution, provides dual enrollment courses for high school juniors and seniors in surrounding counties. The program essentially provides collegiate course work for students with no out-of-pocket expense.

Lyon College, *Batesville, AR*

Students at two nearby community colleges may take one course a semester at Lyon while paying their community college's rate, allowing them to "test the waters" before transferring. In addition, Lyon students may take a course each semester at these institutions, allowing Lyon to save the cost of creating courses that are already locally available and meet the college's academic standard.

Schreiner University, *Kerrville, TX*

Schreiner provides at no cost to qualified area high school seniors access to one course to promote higher education as an option, and give them the opportunity to explore the college classroom before committing to enroll. The university has also developed articulation agreements with nearby community colleges.

Walsh College, *Troy, MI*

Walsh gives students the opportunity to complete three college degrees within a total of five years. The program offers a seamless transfer from an associate's in business program at two local community colleges into the bachelor's, and then master's business programs at Walsh. This shortens total degree completion time by as much as one year, with 87 hours offered at community college rates.

*Enhancing Affordability: Accelerated Degree Programs*

Private institutions nationwide offer accelerated degree programs. These programs get students out into the workforce earning a salary earlier, and saving on their tuition, room, and board costs.

Adelphi University, *Garden City, NY*

Adelphi offers a five-year combined bachelor's and master's teachers program, as well as accelerated joint-degree programs combining undergraduate liberal arts with professional studies (dentistry, engineering, environmental studies, law, optometry, and physical therapy), in conjunction with six other public and private institutions.

Albertus Magnus College, *New Haven, CT*

Albertus Magnus College offers both undergraduate and graduate accelerated programs. Tuition for these programs is approximately half of tuition for traditional day programs.

College of Notre Dame of Maryland, *Baltimore, MD*

The College of Notre Dame offers Accelerated College, a program in business and nursing for working women and men. Once a student enters an accelerated college cohort, tuition will remain the same for that cohort until graduation.

Gannon University, *Erie, PA*

Gannon offers accelerated joint-degree programs in law, pharmacy, osteopathic medicine, podiatry, physical therapy, and other fields with three other institutions.

Hiram College, *Hiram, OH*

In 2006, Hiram added an accelerated biomedical humanities program, which prepares students to take the MCAT or GRE exams at the end of their second year, and to enter medical school or graduate school after three years.

Judson College, *Marion, AL*

Judson allows students to graduate with bachelor's degree in two years, ten months, saving time and money.

Mount St. Mary's University, *Emmitsburg, MD*

Mount St. Mary's offers accelerated undergraduate and graduate degree programs, including several for returning adult students. Tuition for the undergraduate accelerated program is less than half that of the traditional program.

Nichols College, *Dudley, MA*

Nichols offers an accelerated joint bachelor's and master's of business administration program in on-site and online formats, both of which cost less than the traditional programs.

Peirce College, *Philadelphia, PA*

Peirce allows adult learners to earn an associate degree in half the usual time.

Saint Joseph College, *West Hartford, CT*

Saint Joseph offers seamless undergraduate/graduate degree programs that allow students to earn baccalaureate and master's degrees in five years in biology, chemistry, and psychology/counseling. The college also offers an accelerated degree program in nursing.

Seattle University, *Seattle, WA*

Matteo Ricci College at Seattle University is the three-year university phase of a program that integrates high school and university level studies. It allows students to complete their high school and university education in six or seven years, rather than the traditional eight.

Waldorf College, *Forest City, IA*

Waldorf offers all its bachelor's degree programs in a three-year format.

*Enhancing Affordability: Four-Year Graduation Guarantees*

These guarantees ensure that students at private colleges and universities graduate in four years. They avoid an additional year of tuition payments and get graduates into the workforce sooner than most of their peers at public universities. Institutions that don't deliver on the promise for a student who follows university guidelines and stays on track, will provide the remaining classes at no cost.

Augsburg College, *Minneapolis, MN*

Centre College, *Danfield, KY*

DePauw University, *Greencastle, IN*

Doane College, *Crete, NE*

Dominican University of California, *San Rafael, CA*

Milwaukee School of Engineering, *Milwaukee, WI*

Muskingum College, *New Concord, OH*

Pace University, *New York, NY*

Regis University, *Denver, CO*

University of the Pacific, *Stockton, CA*

*Enhancing Affordability: Job Guarantees*

Job guarantees for new graduates keep institutions accountable for the quality of education provided, and assure students that their financial investment is worthwhile.

College Misericordia, *Dallas, PA*

College Misericordia offers a guaranteed placement program that ensures graduates of a paid internship in their fields if, six months after graduation, they do not have a job in their fields or have not been admitted to graduate school.

Manchester College, *North Manchester, IN*

Students who have not secured a job within six months of graduation may take additional undergraduate courses free of charge for one year to help prepare for employment.

Milwaukee School of Engineering, *Milwaukee, WI*

Undergraduate course may be repeated at no cost within three years of graduation if the graduate or his/her employer believes job performance will be enhanced.

Newbury College, *Brookline, MA*

Students who graduate with a bachelor's degree and at least a 3.0 grade point average, may take up to 10 courses at Newbury free of charge, if they are not employed after six months.

Robert Morris College, *Chicago, IL*

The 180-Day Guarantee offers associate degree students additional free education if they are unemployed within 180 days of graduation.

*Enhancing Affordability: Work Colleges*

Work colleges blend liberal learning and applied studies into the undergraduate curriculum. Every student is required to work on campus or in the community. In return, partial or full tuition is covered by the institution. Five of these institutions are listed below. For more information, visit www.workcolleges.org.

Alice Lloyd College, *Pippa Passes, KY*

Every full-time student is required to work as a part of his or her overall educational experience, helping to significantly defray the cost of attendance. Tuition at Alice Lloyd is guaranteed to students residing in 108 central Appalachian counties in parts of five states.

Berea College, *Berea, KY*

Every admitted to Berea is awarded the equivalent of a four-year, full tuition scholarship. All students are required to work at least 10 hours a week in campus and service jobs.

Blackburn College, *Carlinville, IL*

Every student works a minimum of 160 hours a semester, keeping the cost of attendance low.

College of the Ozarks, *Point Lookout, MO*

No full time student at College of the Ozarks pays a penny of tuition. Students work 15 hours a week during the regular school year, plus two 40-hour weeks during holiday periods, to help offset the costs of their education.

Deep Springs College, *Deep Springs, CA*

Each student attends for two years and receives a full scholarship valued at over $50,000 per year. Students work at least 20 hours a week on the campus and accompanying ranch.

*Controlling Costs: Outsourcing; Streamlining Staff; Integrating Information Technology; Employee Incentives to Cut Costs*

Private colleges and universities are launching—and expanding—innovative initiatives, and adopting business practices to control operating costs, enhance efficiency, and give students a high quality education at the lowest price possible. These include outsourcing services, targeting cost reductions, implementing new information technology for administrative functions, and streamlining staff while safeguarding quality.

Clark University, *Worcester, MA*

Clark has launched initiatives in strategic fuel purchasing, computerized energy co-generation and management, which have resulted in a 33-percent annual savings. Clark practices “enterprise” budgeting, which treats certain parts of the university as self-contained businesses.

Columbia College Chicago, *Chicago, IL*

Columbia College Chicago has a financial incentive program that rewards faculty and staff who save money by eliminating processes and procedures without harming student services or outcomes. Recipients are given a financial award equal to one-third of the cost savings, up to $2,000.

Denison University, *Granville, OH*

The university’s personnel committee now requires that any growth in staff size be approved only if it can be accomplished without creating any additional burden to the student body. The increase must be funded by either non-student revenue or by a tradeoff with an existing expense.

Emory University, *Atlanta, GA*

Emory has consolidated departments and is collaborating with regional institutions to purchase commonly used supplies. It is eliminating contractor redundancy by combining contracts with major vendors for lower prices, and pursuing smaller vendors for greater discounts.

Flagler College, *St. Augustine, FL*

To enhance efficiency, Flagler requires faculty to teach at least five courses or 300 credit hours each semester; has replaced permanent tenure with rolling one- to three-year contracts; and increased the use of part-time adjunct faculty.

Georgetown College, *Georgetown, KY*

Georgetown College outsources much of its alumni relations operations, including the production of alumni publications, management of alumni events, and development of an alumni website.

Massachusetts Institute of Technology, *Cambridge, MA*

MIT launched a re-engineering project to close the gap between the institute’s income and its expenses. MIT has consolidated suppliers and steamlined facilities operations.

McKendree College, *Lebanon, IL*

To serve students more cost effectively, the McKendree restructured its administrative staff. Without reducing the quality or degree of service to students, several staff positions were closed.

Spartanburg Methodist College, *Spartanburg, SC*

Spartanburg reorganized its administrative structure, replacing six academic departments with four academic divisions. The new structure also reduced the number of administrators reporting to the vice president for academic affairs, enhancing efficiency.

Stetson University, *DeLand, FL*

Stetson has reduced administrative costs through program consolidation and new computer applications. It replaced the chief academic officer with a dean's council, giving the deans of arts and sciences, business, and music direct responsibilities for institutional planning.

Union University, *Jackson, TN*

Union University has outsourced several of its operations, including bookstore, facilities, grounds, and housekeeping. Through careful budget monitoring, it has taken steps to reduce hiring.

University of Notre Dame, *Notre Dame, IN*

Notre Dame has re-bid and streamlined administration of benefit plans; implemented campus-wide budget reductions; enhanced procurement processes; outsourced the cashier's office; and implemented incentive plans to encourage departments to improve expense management.

*Controlling Costs: Cost Savings through Environmentally-Friendly Systems*

Private colleges and universities are moving quickly to implement and expand environmentally-friendly systems that reduce energy consumption and result in significant cost savings.

Adelphi University, *Garden City, NY*

Adelphi installed a geo-thermal heating system in 2003 for its new residence hall and reduced the building's projected consumption by 30 percent. The university cuts back 400 kilowatts of power on high demand days in exchange for payment from its energy supply company.

Illinois College, *Jacksonville, IL*

To reduce energy costs well into the future, Illinois College opened a resident hall in 2006 that emphasizes state-of-the-art strategies for sustainable site development, water savings, energy efficiency, materials selection, and indoor environmental quality.

Juniata College, *Marion, AL*

Juniata buried cool-water lines at all the main buildings to reduce the electrical load for air conditioners, making it more cost efficient to cool buildings. The college has created a LEED-certified classroom/multipurpose building that uses recycled materials, natural heating and cooling systems, composting toilets and a variety of other systems to reduce the environmental footprint and cut down on energy consumption. Juniata installed new boilers that can be switched between natural gas and heating oil, allowing the college to save money by locking in long-term supplies at reduced costs.

Park University, *Parkville, MO*

Park has had significant savings by building classroom and office space underground, including saving more than 50 percent on the construction cost of new distance learning facilities. Park also reaps ongoing savings through lower operating and utility costs.

Princeton University, *Princeton, NJ*

Princeton has implemented an electricity supply load management system that predicts electricity demand on an hourly basis, compares demand to pricing, and allows Princeton to use major equipment when energy costs are lowest; this system saved about $2 million in the 2006 fiscal year. Princeton also produces chilled water when costs are lowest, stores this chilled water until it is needed, and has been re-commissioning heating and cooling systems to original or improved designed standards for additional savings.

University of Evansville, *Evansville, IN*

The University of Evansville produces approximately half of its own electricity with a guaranteed savings of at least $400,000 annually over the next 15 years.

University of Scranton, *Scranton, PA*

During summer 2005, the University of Scranton implemented a water conservation project that will save the university nearly $100,000 a year and conserve more than 10 million gallons of water consumption. The savings from reduced water consumption, sewer taxes, and thermal energy for water heating are estimated at about $95,000 per year.

Wilson College, *Chambersburg, PA*

Vegetable oil from Wilson College's 100-acre, on-campus, organic farm, is recycled into biodiesel fuel for the farm's equipment, and waste products from the dining hall and equestrian center are used as compost for the fields.

*Controlling Costs: Student Employment Initiatives*

A growing number of institutions are giving students an opportunity for paid on-hands work experience related to their field of study. Colleges save on the higher costs of full-time, permanent employees. See also Work Colleges, page 7.

Juniata College, *Marion, AL*

Juniata's entire information tech support operation is run by its students. Student managers direct budgets, hire (and fire) student employees, and take on R & D assignments for new software or products.

Marquette University, *Milwaukee, WI*

To save costs, Marquette supplements its finance staff by hiring student accounting interns who apply classroom knowledge while providing a needed university service.

Rhodes College, *Memphis, TN*

Since 2004, students compete for jobs as "student associates" in areas related to their academic field of study. Rhodes pays the students staff wages, while reaping the savings of assigning only fractional positions, and the students gain valuable training and experience. With 60 students involved, Rhodes has already seen cost containment almost triple in the third year of the program. The positions solve departmental needs at a fraction of the cost and gave resulted in improved services, extended programming, and greater student satisfaction.

*Controlling Costs: Regional and Metropolitan Consortial Arrangements*

Increasingly, private colleges and universities in a common metropolitan area or region are working together to cut operating costs while improving quality. These multi-institution alliances allow colleges to leverage joint purchasing power for lower costs on energy, insurance, and information technology; reduce administrative and academic redundancies; offer students new learning opportunities and better services; and share best practices.

Associated Colleges of Central Kansas, *McPherson, KS*

ACCK's consortial activities collectively save participating campuses an estimated $1.2 million each year. It provides administrative computing services and selected academic programs from a central location; an undergraduate major in special education, and upper-level coursework in several disciplines. ACCK offers a health insurance pool; Internet access through a single vendor; daily courier service; and a Blackboard server used by faculty at the member institutions.

Colleges of the Fenway, *Boston, MA*

Six neighboring institutions in Boston formed the Colleges of the Fenway consortium to share courses, programs, and services, while retaining their individual names, missions, and independence. The consortium offer cross registration of students and collaborate on master planning and information technology. It offers temp services and advertising contracts; and teams together to hold admissions and marketing events.

Five Colleges, Inc., *Amherst, MA*

Five Colleges, Inc., a consortium of five private and public institutions, promotes long-term education and administrative resource sharing. Members make joint appointments in areas such as risk management and recycling; jointly recruit for admissions; conduct joint management training; and have a cooperative purchasing agreement that allows the institutions to jointly save $1 million each year. The colleges have common academic calendars; offer a joint automated library system and online course catalog; share several academic departments; and make joint faculty appointments.

Independent College Enterprise, *Charleston, WV*

The Independent College Enterprise is a collaborative effort between seven Virginia, West Virginia, and Massachusetts institutions to share all of their administrative computing services. ICE owns and operates the hardware and software that support the financial management, human resource, financial aid, admissions, alumni, development, and student records processes for all seven schools.

Lehigh Valley Association of Independent Colleges, *Bethlehem, PA*

LVAIC's collaborative purchasing programs have generated substantial cost savings, giving smaller institutions better pricing, and access to higher quality products and services. It handles $60 million in group purchasing of products and services. Seven other regional colleges, universities, and private secondary institutions have joined LVAIC's six member institutions in these programs.

Southeastern Pennsylvania Consortium for Higher Education, *Glenside, PA*

The eight private colleges and universities that make up SEPCHE share administrative services; a common calendar among groups of colleges to facilitate co-curricular and curricular activities; cross-registration and transfer processes; and collaborative student activities. They jointly hire faculty and staff in mutually beneficial areas, develop new academic programs, and provide faculty development.

*Controlling Costs: Statewide Consortial Arrangements*

State associations of private colleges and universities are innovating and expanding collaborative initiatives that cut operating costs while improving quality. These statewide alliances allow colleges to leverage joint purchasing power for lower costs on energy, insurance, and information technology; reduce administrative and academic redundancies; offer students new learning opportunities and better services; and share best practices.

Association of Independent Colleges and Universities in New Jersey, *Summit, NJ*

AICUNJ provides New Jersey's 14 independent colleges and universities consortial purchasing for communications, energy, insurance, computer software, equipment financing, mattresses and travel, and employment benefits such as temporary and long term disability benefits plans. Collaborative professional development workshops also help keep costs down.

Association of Independent Colleges and Universities of Pennsylvania, *Harrisburg, PA*

AICUP member institutions participate in several joint purchasing agreements, including licensing for major Microsoft products, with an average cost savings of 60 percent to 70 percent; repair and maintenance contracts, with an estimated overall cost reduction of 10 to 30 percent; local and long distance phone service; Internet access; natural gas; electricity; bond financing, with an overall savings of $1.5 million in insurance expenses; and worker's comp and auto insurance.

Connecticut Conference of Independent Colleges, *West Hartford, CT*

CCIC has a multi-pronged administrative collaboration effort that is focused on group purchasing, shared services and the development of new markets. Members have access to shared staff training and contracts for various products including legal online music downloading, internet security tools, personal security options, parcel delivery, bottled water, conference calling, and news clipping services. Other services include student health insurance, workers compensation insurance, internal audit services, an annual risk management conference, and collaborative emergency planning. Work groups meet on a regular basis to explore options, expand services and share best practices.

Council of Independent Colleges in Virginia, *Bedford, VA*

CICV is involved in several collaborative business programs, including a volume discount program for long-distance telephone service and a discounted Microsoft Campus Agreement. CICV is also engaged in extensive collaborative efforts to recruit students for member institutions.

Independent Colleges and Universities of Florida, *Tallahassee, FL*

ICUF sponsors the Independent Colleges and Universities Risk Management Association that offer property, liability, workers compensation, and auto insurance. This group will soon add pooled coverage for property, casualty, workers compensation, auto, pollution, e-commerce, and a number of other products. ICUF provides its 28 members with self-insured medical benefits; maintains a purchasing arrangement with UPS, Dell, and Siemens; and offers a statewide Microsoft Campus Agreement.

Maryland Independent Colleges and Universities Association, *Annapolis, MD*

MICUA offers collaborative purchasing programs its 18 member colleges, including student, property and casualty, group life, and long-term disability insurance; and student tuition payment plans.

Ohio Foundation of Independent Colleges, *Columbus, OH*

OFIC's 35 member colleges share technology hardware, software, and expertise; software licensing; faculty development and teacher education programs in technology use; consultative referral service in health and property and casualty insurance solutions; and consultative referral services in energy management solutions. OFIC also provides collaborative programs in minority student recruitment and retention.

Oregon Independent Colleges Association, *Portland, OR*

On behalf of its 17 member institutions, OICA has initiated and sustains volume purchasing programs for all voice and data telecommunications; multiple lines of software and hardware; a self-insured workers compensation benefit trust; a self-insured employee health benefits trust; moving vans; public notices; and management training. Annual savings are estimated at $3 million to $5 million. Students at OICA member institutions can also cross-register, without cost, at other schools to complete required courses not offered in a given term at their home campus.

Tennessee Independent Colleges and Universities Association, *Nashville, TN*

TICUA offers its 35 members a self-funded health insurance program; and has its own procurement program that offers discounts with over 30 vendors, ranging from computer software to electrical services. TICUA partners with its sister organizations in Kentucky and Florida to offer Tuition First and Independent Colleges and Universities Risk Management Association, respectively, to its members.

Wisconsin Association of Independent Colleges and Universities, *Madison, WI*

The WAICU Collaboration Project is a comprehensive initiative to perform all administrative support (back office) functions of Wisconsin's 20 private colleges and universities. According to the most recent statistics, WAICU reduced members' costs in 2005 by more than $5 million—a 58 percent increase in savings from 2004. The effort, now halfway through its implementation process, includes joint administration of health plans, a study abroad consortium, professional development for faculty and departmental chairs, collection services, background checks, and a student health plan, which is being adopted in other colleges and universities outside of Wisconsin. The congressional report The College Cost Crisis called the WAICU project "transformative."

*Controlling Costs: National Consortial Arrangements*

These consortial efforts allow institutions from around the nation to pool resources to control costs and improve services.

Association of Jesuit Colleges and Universities, *Washington, DC*

Twenty-one AJCU member institutions provide a collaborative virtual reference service, which allows participating colleges to extend standard hours of operation by distributing the staffing of the service across multiple libraries and multiple time zones. Online reference librarian assistance is offered 24 hours a day, seven days a week.

Coalition for College Cost Savings, *Nashville, TN*

CCCS helps small to medium sized independent institutions in 16 states enhance efficiency through joint procurement agreements for several services and products. Joint contracts for comprehensive asset management programs and employee long-term care insurance will be offered.

*Controlling Costs: Non-Tuition Revenue Sources*

To help reduce the pressure of rising costs on tuition, private institutions are generating and expanding alternative revenue streams.

Augustana College, *Rock Island, IL*

Augustana launched a capital campaign with the goal of endowing $50 million in need based scholarships.

Hampton University, *Hampton, VA*

Hampton uses income and interest from real estate and other investments to fund approximately $4million in scholarships for students each year.

Loyola University Chicago, *Chicago, IL*

Loyola University Chicago converted the first floor of a college owned building in Chicago to commercial retail rental property, and has leased university-owned land for 99 years in exchange for annual rental income of $2 million plus cost of living increases each year and 36,000 square feet of education space.

Martin Methodist College, *Pulaski, TN*

MMC has encouraged alumni to use the new, but temporary, federal IRA charitable rollover provision to establish scholarship endowments.

Nichols College, *Dudley, MA*

Nichols' facilities are rented out in the summer at 100 percent capacity to help offset costs.

*Price and Cost Transparency*

To keep prospective and enrolled students, their families, and policymakers informed on the cost of attendance, major campus expenditures, and budget priorities, private colleges are better communicating consumer and institutional financial information.

Drake University, *Des Moines, IA*

Drake posts audited financial statements on the web, distributes letters and e-mails explaining tuition increases, holds town meetings on the budget, and e-mails financial updates to the campus community.

Emory University, *Atlanta, GA*

Emory posts its financial statements online.

Gannon University, *Erie, PA*

Gannon's president sends an annual letter to all students, undergraduates and parents explaining not only the rationale for tuition increases, but outlining the new projects, facilities renovations, and faculty support.

Hiram College, *Hiram, OH*

Hiram outlines typical costs to prospective students and families through a number of ways, including providing financial scenarios on its website and in recruitment materials.

Princeton University, *Princeton, NJ*

Princeton established the first institution-specific financial aid calculator, which allows any family to go online and get a confidential, detailed estimate of how much aid they would receive and what they would pay for a Princeton education.

---

**U–CAN Media Coverage**

Before and after its launch, U-CAN has generated considerable national attention. What follows is a list of national, regional, and trade stories that have reported on the initiative.

*Bergen County, N.J., Record (October 27, 2007)*
A new resource for comparing private colleges (syndicated column)

*Chicago Tribune (October 24, 2007)*
Private colleges fighting back with their own guide

*Norfolk, Va., Virginian-Pilot (October 21, 2007)*
Career Connection (no web link available)

*Asbury Park Press (October 19, 2007)*
New Web sites aid college search

*Tampa Tribune (October 8, 2007)*
Database Has Score On Private Colleges

*Westchester, N.Y., Journal News (October 6, 2007)*
Need to Pick a College?

*Fort Worth Star-Telegram (October 6, 2007)*
Private College Resource

*Reading Eagle (October 4, 2007)*
High marks are given to new Web site on college selection

*Philadelphia Inquirer (October 4, 2007)*
Rethinking college rankings (opinion piece)

*Tampa Bay Business Journal (October 3, 2007)*
Eckerd College joins new college ranking system

*Carlisle Sentinel (October 1, 2007)*
Private colleges offer data

*WPTZ.com (October 1, 2007)*
Four Private Colleges Join Web-Based List

*University Business (October 2007)*
Changing Student Demographics
*Burlington Free Press (September 30, 2007)*
Four Vermont colleges join consumer information network
*Allentown Morning Call (September 30, 2007)*
U-CAN helps students and their parents choose the 'right' college or university (editorial)
*San Antonio Express-News (September 29, 2007)*
Comment: College comparison is now made easy
*Baltimore Business Journal (September 28, 2007)*
Shop for Maryland colleges online
*Newport News Daily Press (September 28, 2007)*
Online service quickly compares private colleges
*Lansing State Journal (September 28, 2007)*
Need to pick a college? Headline online
*Chicago Tribune (September 27, 2007)*
Private colleges get a bit of a boost
*Seattle Post Intelligencer (September 27, 2007)*
New web site makes picking college easier
*Cedar Rapids Gazette (September 27, 2007)*
National Web site offers admissions info for 600 colleges (no web link available)
*Greenville News (September 27, 2007)*
College comparison Web site unveiled
*Wilkes-Barre Citizens Voice (September 27, 2007)*
New web site brings private colleges to the public
*Columbia Daily Tribune (September 27, 2007)*
Colleges launch site to rival U.S. News school rankings
*Albany Times Union (September 27, 2007)*
Colleges unveil own database
*Northwest Indiana Times (September 27, 2007)*
U-CAN look it up
*Wilkes-Barre Times Leader (September 27, 2007)*
Local schools on new online database
*Allentown Morning Call (September 27, 2007)*
College profile Web site unveiled
*Asbury Park Press (September 27, 2007)*
Need to pick a college? New Web sites can help
*Watertown Daily News (September 27, 2007)*
Two schools like new college-guide index
*Chambersburg Public Opinion (September 27, 2007)*
Wilson joins effort to make comparisons of colleges easier
*BusinessWeek (September 26, 2007)*
A new tool for the college bound
*Inside Higher Ed (September 26, 2007)*
Accountability and the Applicant
*Chronicle of Higher Education (September 26, 2007)*
Information, Please: As One Consumer Database Debuts, Higher-Education Leaders Ponder Another
*Abilene, Texas, Reporter-News (September 26, 2007)*
Local universities seek new national ratings
*USA Today (September 25, 2007)*
Need to pick a college? New websites can help
*St. Paul Pioneer Press (September 25, 2007)*
New web site to smooth college quest
*Chronicle of Higher Education (September 25, 2007)*
College Comparison Web Site Debuts
*Education Week (September 10, 2007)*
Colleges Build Web Sites to Enable Campus Comparisons, Sans Ranks
*St. Louis Post-Dispatch (September 9, 2007)*
College Rankings: Is it rank, or a rank?
*Minneapolis Star Tribune (September 5, 2007)*

Colleges are changing the rankings game (editorial)

*Chronicle of Higher Education (September 4, 2007)*
The 'U.S. News' Rankings Roll On

*San Antonio Express-News (August 31, 2007)*
Compare college rankings to reality (opinion piece)

*Kerrville, TX, Daily Times (August 21, 2007)*
Schreiner University makes U.S. News list

*Cleveland Plain Dealer (August 21, 2007)*
College ranks and college angst (opinion piece)

*San Antonio Express-News (August 20, 2007)*
Use college rankings with a grain of salt (editorial)

*Carlisle Sentinel (August 19, 2007)*
Dickinson president serves on panel challenging college rankings

*Time Magazine (August 18, 2007)*
Much Ado About College Rankings

*Baltimore Examiner (August 18, 2007)*
College presidents developing alternative to U.S. News rankings

*Greenville News (August 17, 2007)*
Clemson, Furman move up in magazine rankings

*Washington Post (August 17, 2007)*
U.S. News's College Rankings Face Competition and Criticism

*Omaha World-Herald (August 17, 2007)*
Colleges promote alternative to ranking

*Minneapolis-St. Paul, Star-Tribune (August 17, 2007)*
Colleges increasingly avoiding 'Best' label

*San Antonio Express-News (August 17, 2007)*
Colleges call 'elitist' list distorting; magazine defends it as useful tool

*York, Neb., News-Times (August 16, 2007)*
Better information for a better college choice (opinion piece)

*St. Petersburg, Fla., Times (August 6, 2007)*
Do your homework on college rankings (editorial)

*Waterbury, Conn., Republican-American (August 3, 2007)*
College Dropouts

*Sioux Falls, SD, Argus Leader (July 25, 2007)*
College guide: Useful or irrelevant?

*Macon, Ga., Telegraph (July 23, 2007)*
Wesleyan boycotts college rankings

*Bloomberg News (July 23, 2007)*
Williams, Amherst Won't Fight System

*Indianapolis Business Journal (July 21, 2007)*
Some Indiana Colleges Revolt Against Survey

*Christian Science Monitor (July 19, 2007)*
A better way to rank America's colleges

*Columbus Dispatch (July 14, 2007)*
Magazine's college rankings done poorly

*Lynchburg, Va., News & Advance (July 10, 2007)*
Sweet Briar boycotting U.S. News and World Report rankings

*Burlington, Vt., Free Press (July 10, 2007)*
College rankings rile some schools

*Richmond Times-Dispatch (July 7, 2007)*
Colleges question U.S. News rankings

*New York Times (July 4, 2007)*
Colleges Join Forces on a Web Presence to Let Prospective Students Research and Compare

*Cincinnati Enquirer (July 2, 2007)*
Ranking the college rankings (editorial)

*Spartanburg, S.C., Herald Journal (July 1, 2007)*
Converse, Wofford balk at taking part in U.S. News survey

*Chronicle of Higher Education (June 26, 2007)*
Private-Colleges Group Proposes Template to Foster Comparisons of Members

*Inside Higher Ed (June 26, 2007)*
Campus Accountability Proposals Evolve
*Philadelphia Inquirer (June 24, 2007)*
U.S. News' College Rankings Overrated (editorial)
*U.S. News & World Report (June 22, 2007)*
About the Annapolis Group's Statement (column)
*Cleveland Plain Dealer (June 21, 2007)*
Liberal arts schools protest U.S. News survey
*Time (June 20, 2007)*
A Better Way to Rank Colleges?
*CNN (June 20, 2007)*
Many American colleges balk at U.S. News rankings
*USA Today (June 20, 2007)*
Some colleges may opt out of rankings
*Inside Higher Ed (June 20, 2007)*
More Momentum Against 'U.S. News'
*Chronicle of Higher Education (June 20, 2007)*
Annapolis Group Challenges 'U.S. News' Rankings
*Allentown, Pa., Morning Call (June 20, 2007)*
3 local colleges join others in bucking U.S. News rankings
*New York Times (June 20, 2007)*
Some Colleges To Drop Out Of Rankings By Magazine
*Bloomberg News (June 19, 2007)*
More Colleges Plan to Snub Annual U.S. News Ranking

---

Chairman MILLER. Thank you.
Mr. Alexander?

**STATEMENT OF KING ALEXANDER, PRESIDENT, CALIFORNIA STATE UNIVERSITY AT LONG BEACH**

Mr. ALEXANDER. Thank you Chairman Miller and members of the committee for this opportunity to share my thoughts with you about the rising college costs, public accountability and, I also want to point out, equal opportunity.

I am president of a university of 37,000 strong, but I am here representing the largest university system in the United States of 450,000 students, and we are the most diverse system in the United States where 54 percent of our students come from underrepresented backgrounds and 40 percent of those students are Pell grant eligible students, roughly first-generation students seeking college attainment and attendance.

I am also representing many of the public universities who do what we do throughout the United States. Our tuition and fees this year will reach $3,164, roughly half the national public university average, and we do a very good job at keeping our fees low. The CSU System is roughly at about $3,400 or about half of the national public university average. We grew by 1,400 students alone just in our institution, in the CSU group by 25,000 new students just between last year and this year.

I am here to talk to you about two issues: accountability and transparency, which we welcome, we welcome with open arms. I am also here to thank the committee for the work that they did 4 years ago when we first started talking about the concept of net tuition and exposing net tuition and real differences between net tuition and sticker pricing as well as making sure parents have better information, and I will hit this a little bit later.

Accountability and transparency first, it is the first issue, and we certainly commend the efforts and support all the work that you are doing. We also, NASULGC and the American Association of State Colleges and Universities, will unveil our volunteer system of accountability this month. This makes actually 12 pages of data and information about student learning, as well as the type of colleges that they are attending, volunteer service opportunities, lots of information, lots more information available to students and parents, and this will be unveiled this month through a NASULGC as well as ASCU to the nation. This represents all public 4-year sectors in higher education.

I would like to point out that the CSU does not want to stop there. We also have taken this opportunity to add our own CSU VSA, and if you turn to my testimony, you will see a chart. That chart highlights some of the things that we want the public to know. These are things we want our taxpayers to know, that we want our policymakers to know: average student loan debt versus national averages, percentage of students leaving in debt, net tuition of the average family that may attend, not an awarded student, but just an average family so they have an idea of what they may pay to attend our institution.

In addition to that, we think it is absolutely vital that we measure and calculate economic diversity in our institutions. So, when we take into account graduation rates, we also take first into account the types of students that we are serving within our institutions.

As I mentioned, we have 40 percent first-generation Pell grant-eligible students, and we would like these issues raised and we would like these issues accounted for by those institutions who remain public in mission and who remain public in practice in the type of students that they serve around the United States.

I would also like to focus on the issue of college costs, state appropriations and the maintenance of state funding efforts. The biggest issue, as Ms. Wellman pointed out, for us is the abdication of state governments in their roles and responsibilities to provide universal access for all of our students to public higher education.

Roughly 80 percent of our students are in the public sector. We are highly contingent and reliant on what the states do for us. We greatly appreciate the financial aid that you helped by putting into the system to help offset many of these cuts, but, in many cases, it does not allow us to keep pace with the cuts that we have had to endure.

When states step to the plate, as California did 2 years ago, we also stepped to the place and we did not increase our tuition and fees one single dime 2 years ago when the state came through and helped offset the enrollment growth numbers and the enrollment growth cost escalation that we experienced through fixed-cost growth.

When our state steps to the plate, we do not raise tuition nearly to the degree that we do when our states remove themselves from these fiscal responsibilities. That is why I think it is imperative to do two things.

First of all, when we follow these college costs issues, that we must also follow dollars, not percentages. The universities out there with the lowest dollar rates are often generally the institutions who, when they increase, increase their rates by the highest percentages. Now former Chairman McKeon took this into account by incorporating the $500, I think, exemption which helps many of our institutions who have fought hard to keep costs low and who will continue to fight hard to keep costs low.

But the most important issue that I think we need to address as a federal government, and we need to address as higher education is how can we use the leverage of the federal government to maintain, to make sure that state governments do not remove themselves from these important responsibilities. We have done this in Medicaid. We have done this in Title 1 for public schools. Yet we are any easy cut. We are the first organization or first institution cut when states need to make budget cuts, and this comes at a time when higher education has never been more important to this nation and never been more important to society.

By incorporating state maintenance of effort, provisions in new legislation that protect states and ensure that states keep up to their responsibilities to ensure that states like California, North Carolina, Texas, West Virginia are rewarded for having high tax effort in support of keeping costs low is very important for this nation. To not address this issue, I think you will see most states continue to slide in the direction that many states have done throughout the New England area, as well as Ohio, and many states that have not funded higher education very well in the last two decades.

This is my greatest concern, and I think it is the greatest crisis that we address, is the formation of a federal partnership between the federal government and states to maintain state levels current or increasing levels of state appropriations for their public institutions of higher education.

Thank you.

[The statement of Mr. Alexander follows:]

**Prepared Statement of F. King Alexander, President, California State University, Long Beach**

Thank you Mr. Chairman and members of the Committee for this opportunity to share with you some of my thoughts regarding the important national issue of rising college costs, public accountability and equal opportunity.

I am president of California State University, Long Beach which is the nation's 24th largest university with an enrollment of 37,000 students. We take great pride in providing high quality educational opportunities at costs that are less than half of the national public university average. We are pleased that we serve so many students who come to us from first generation college families and diverse populations. Currently, approximately one third of our students are Pell Grant eligible and nearly 65% are African-American, Asian-American, Hispanic, and of other ethnic origins. With the support of the American Association of State Colleges and Universities and our California State University Chancellor, Dr. Charles Reed, I am here today representing AASCU and the CSU System, the largest university system in the nation which currently serves 450,000 students. Fifty-four percent of our students in the California State University System are from underrepresented, minority, and diverse backgrounds.

Before making my comments, I want to thank the members of the Committee for the progress that has been made over the last four years. Nearly four years ago in a hearing before the House Education and Workforce Committee on 21st Century Competitiveness, I remember stressing to the former Chairman and others a number of important issues including the introduction of the "net tuition" concept which has since been taken very seriously by this Committee. You have also acted to address the critical issue that we raised regarding dangers of simply monitoring percentage growth without considering actual dollar increases which substantially disadvantages those colleges and universities that have worked hard to keep costs low. Too, I made the point then and I repeat now that by simply making new reporting requirements instead of developing new policy strategies to provide incentives for institutional effectiveness in addressing real public needs, we are missing a crucial opportunity to reform the current system of higher education.

On these important points, I would like to focus my comments this afternoon and address two distinct areas, both of which have significant ramifications for collegiate costs and equal opportunity; (1) Accountability and transparency; and (2) college costs, state appropriations and "maintenance of state tax effort." In each of these areas I will attempt to describe the existing problems and then offer policy recommendations that, in my view, would help remedy some of the primary concerns of taxpayers and policy-makers.

*1. Improving Accountability and Transparency*

We commend and support the efforts of this Committee to require that higher education become more transparent and accountable to students, parents, and taxpayers. The marketplace for education or any market cannot function effectively or efficiently without adequate information. California State University, Long Beach and the CSU System have taken these legislative and public concerns very seriously and created the most transparent and accountable measurement system in the nation. This system is known as the California State University Voluntary System of Accountability (CSU VSA) which augments the soon to be released national public university Voluntary System of Accountability (VSA). The CSU VSA is an important addition to the national VSA and adds numerous measurement categories designed to indicate the role that the twenty-three public universities in the CSU are playing when addressing a series of "Public Good" domains. This information will be made available for policymakers and taxpayers throughout California and the nation in addition to the institution-specific information resulting from the national VSA. While the national public university VSA was developed primarily to address student and parental concerns regarding the lack of substantive institutional student learning information, the CSU VSA was developed to address additional concerns that are of value to the general public at-large.

In November 2007, both the American Association of State Colleges and Universities (AASCU) and the National Association of State Universities and Land-Grant Colleges (NASULGC) will release the "Voluntary System of Accountability" template for public discussion. This reporting system will make additional information available to parents and students regarding student specific actual college costs, financial aid results, community service participation as well as numerous standardized test results that assess value-added learning growth both inside and outside of the classroom. We fully endorse the public university VSA and our university will be among one of the first pilot institutions to provide the necessary information for reporting purposes. The California State University System will, in addition, set forth what is called a "Public Good" measurement system that will provide more clarity and transparency especially for categories that are not included in the national VSA or the model adopted by the private higher education sector.

In addition to the national VSA, the augmented CSU VSA (see Appendix A), addresses four important "Public Good" categories that are either deemphasized or not included in the other measurement systems. If approved by the CSU Board of Trustees in mid-November, this information, which has already been collected from each of the 23 universities in the Cal State system, will be made available for public discussion. The categories include:

*1. Average Undergraduate Student Debt*

- Average amount in debt of graduating seniors
- Proportion of graduating seniors in debt

*2. Degrees Granted*

- Degrees Granted in High Demand Fields
- Race/Ethnicity of Undergraduate Degree Recipients

*3. Economic Diversity: Access and Completion*

- Undergraduate Pell Grant Eligibility (enrollment & percentage enrolled)
- Undergraduate Pell Grant Recipients 5-yr. Average (enrollment & percentage)
- Undergraduate Degrees Awarded to Pell Grant Students (Degrees & Percentage)

*4. Actual "Net Tuition and Fees" paid by an average student when compared to the posted sticker price*

As you can see from the categories exhibited in Appendix A, it is our hope that the federal government will also consider these items when developing new reporting requirements for colleges and universities. Currently, many institutions refuse to make economic diversity data readily available to consumers, taxpayers and other constituencies.

*Recommendations for more effective accountability and transparency*

A. In addition to the current reporting of graduation rates, the federal government should collect and distribute aggregate graduate numbers and economic diversity characteristics of enrolled and graduating students. This reporting can be accomplished by requiring and publishing Pell Grant eligibility access and completion data in aggregate numbers and percentages. Also, existing graduation rate reporting should be disaggregated using federal financial aid receipt (Pell Grant eligibility) as a proxy for income so that policymakers can better understand risk categories earlier in order to support timely and successful graduation.

B. Require that an average "net tuition and fees" be calculated by each institution and made available to students, parents and taxpayers. This average net tuition should reflect the average cost versus the sticker price per full-time student, not simply aided student. Sticker prices do not reflect the actual cost of higher education. Using "sticker prices" distorts and creates a flow of misinformation to consumers and students further confusing the economic realities of college attendance. If the federal government is to help improve the efficiency of the marketplace of higher education it can contribute materially by collecting, calculating, and distributing actual program cost information by types of institutions. Such information can then be used to develop as a more viable basis for the allocation of federal subsidies. This initiative would simplify federal policies while not penalizing states that continue to publicly support higher education and encourage institutions to keep costs down.

C. Require the colleges and universities to collect and distribute average student undergraduate debt amounts and the percentage of seniors graduating with student loan debt. Consumer information about student debt loads is currently very difficult to obtain for most people.

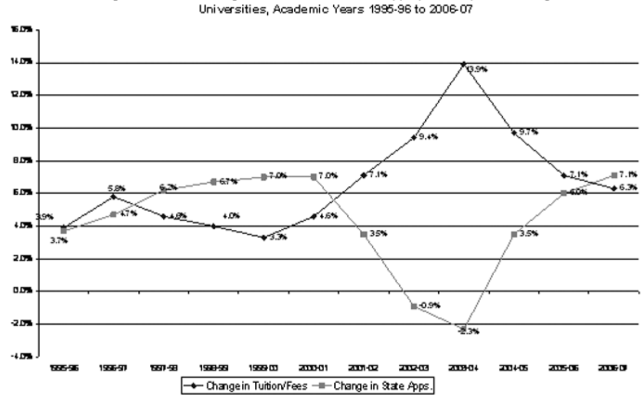
D. Require that federal agencies collect and pay much closer attention to institution specific expenditure trends when making policy-based determinations. Understanding institutional expenditure trends is essential for determining which colleges and universities have actually increased their costs to serve more students, more needy students, or simply to maximize the prestige of the institution.

*2. College Costs, state appropriations and "maintenance of state tax effort"*

In addressing the issue of college and university tuition and fee growth, it is obvious that the problem of higher education costs and tuition does not detrimentally affect parents, students and institutions the same. This fact is evidenced in numerous congressionally-mandated studies of college costs and prices, showing drastic variations in average tuition and fee growth between private and public universities during the last two decades. Public perception of rising tuition costs has been shaped by a number of reasons, including geographic location and the media which is heavily influenced by high cost institutions in the northeastern region of the U.S. Importantly, misunderstanding is fueled by an overall lack of information in the academic marketplace that prevents students and parents from distinguishing real net costs from "sticker prices." For example, students and families pay college tuition in dollars, not in percentages, yet the vast majority of public discourse by policymakers and the media dwell on college cost increases reflected simply as percentage growth. In fact, "if you analyze actual tuition and fee dollar increases, instead of tuition and fee percentage growth, you will discover that many of the public universities with the largest percentage increases over the last few years are the very institutions that are the most affordable and accessible. A small dollar increase may well be reflected in a relatively large percentage increase at lower tuition institutions. This is especially true in lower cost/high tax effort states like California, Hawaii, North Carolina, West Virginia, and Kentucky which have worked hard to keep student tuition and fees at very reasonable levels in exchange for maintaining above average tax support. These low tuition states remain low cost in an effort to ensure widespread access and affordability. Also, these same states are among the lowest in the nation in average student loan debt per graduate.

Furthermore, it is quite obvious that as state appropriations slide downward, student tuition and fees must rise. The interlocking relationship between public institutions, tuition and fee policies and state appropriations is an area that seems to be pervasively misunderstood by taxpayers and policymakers. Over the last decade studies have highlighted the instability of state appropriations and the effects of state policy on public institutional tuition changes. In a recent Congressionally mandated NCES study on college costs and prices, it was shown that state general fund appropriations was by far the most significant factor in determining public college and university resident tuition rates . This is especially evident when reviewing overall public college and university tuition and fee changes when compared to state appropriation changes during the last decade. As shown in Table 1, the most influential reason for increases in public college and university costs is the drastic fluctuations of state appropriations. Therefore, in my view it should be a federal imperative to ensure that states maintain their public support of higher education. This “maintenance of fiscal effort” is a necessary part of the federal/state partnership to ensure that states continue their current level of support. A “maintenance of effort” federal/state partnership would make it more difficult for states to further reduce their fiscal responsibility to public colleges and universities by shifting the increasing costs of higher education to students, and ultimately, federal tuition-based programs.

Table 1
Change in Resident Undergraduate Tuition and State Appropriations, Public Colleges and Universities, Academic Years 1995-96 to 2006-07




In the case of the State of California, the dependent relationship between state appropriations and student tuition and fees was never more apparent than when the state budget was developed two years ago. State legislators and the Governor made a conscience decision to increase funding for higher education by approximately 6.5 percent to alleviate the need for a student fee increase while still allowing the CSU to expand by 25,000 additional students. The result was that student tuition and fees did not increase one dollar during that year.

It is also important to point out that state legislatures do not allow, in most cases, public institutions to set their own tuition and fees. Currently, there are only 14 states that allow individual institutions such prerogative.

*College Costs and Equal Opportunity Recommendations*

A. Federal Partnerships: Cost of Education Allowances Program (with maintenance of state fiscal effort provision):

Thirty-five years ago, the original Pell Grant legislative proposal called for the creation of a companion program that would grant additional funds to the institutions that served Pell Grant recipients. The program was premised on the well-recognized fact that it costs more to educate lower income students at all levels. The original legislation recommended the creation of “cost of education” allowances to be allocated directly to institutions. These grants were to accompany the Pell Grant recipients to their respective college or university. This proposal emphasized the benefit to the individual as opposed to the institution by recommending that the Department of Education create “cost of attendance” allocations in the amount of $2,500 per Pell Grant eligible student. This plan provided additional assistance to institutions serving needy students. To ensure that these funds were properly devoted to student enrichment, the proposal required that federal funds be used to support campus-based academic and student service programs that primarily assist lower-income students. This program would have created important fiscal incentives for institutions to enroll lower-income students. However, this part of the original plan was never enacted.

Currently, there are no federal incentives of this kind in place and as a result many high priced private and public institutions have seen their enrollments of lower income students stagnate and even decline. The incentives we propose today would foster greater fiscal collaboration among federal, and state governments and institutions. This would promote greater college access for lower income students, support retention efforts, and reward higher completion rates. As part of this partnership, our recommendation calls for the creation of a "state maintenance of effort" provision to ensure that states do not reduce their commitment to public higher education. These federal incentives would not only provide invaluable support to those institutions serving the neediest students but would ensure sustainability of state funding at federally supported levels. To accomplish this, the federal government should require that states maintain current levels of state support in the form of average per student appropriation or an expected level fiscal tax effort which would be defined at the federal level. If states do not abide by this provision and used these federal funds to "supplant" existing state support then the amount of the federal institutional grant can be reduced or withheld pending.

B. The federal government should not continue to increase the current aggregate federal loan limits so long as such are tied to the sticker prices established by the individual institutions. Rather any increases in federal loan limits should be based on the actual costs incurred by the institutions in the provision of the educational programs. If the current system that incorporates sticker pricing remains in place when aggregate loan limits are expanded we fear that this will result in even higher sticker prices in the years to come on many college campuses. This trend also would further generate more public backlash against all higher education institutions not just the institutions that have escalated their pricing. By simply expanding the aggregate loan limits without making additional formulaic changes the federal government would ultimately drive more students toward higher amounts of student loan debt.

Institutionally, the expansion of the aggregate loan limits would primarily advantage public and private wealthy institutions that charge significantly higher tuition rates over the lower cost, less affluent public universities and community colleges. Instead, it is our belief that the federal government should direct institutions to provide adequate student loan counseling and assistance that encourages students to use all federally supported loan opportunities. Currently, numerous studies indicate that students who have been increasingly turning to additional private loans to pay for college have not fully maximized the existing federal loan programs. Federal loan programs and their subsidies should be focused on expanding access instead of providing choice. By not expanding the aggregate loan limits the federal government is also putting more pressure on the wealthy institutions to better control their sticker pricing and expenditures.

C. The federal government should require that all colleges and universities that receive federal direct student aid enroll at least a given percentage of Pell Grant eligible students or demonstrate that the institution is making progress toward this goal. Institutions with less than the prescribed percentage of Pell Grant eligible students would face federal direct student aid reductions.

In summary I have spoken to you today about important issues regarding the enhancement of institutional accountability and transparency, the determination of actual college costs, and the role of the federal government in "state maintenance of effort" in supporting higher education. I realize that some of these recommendations require a significant overhaul in our national higher education agenda by requiring a much more strategic partnership between the federal government and our state governments. I also realize that timeline for this Reauthorization is very short and upon us now. However, I do think that we will require these kinds of national conversations to reform our current higher education system if we are going to promote equal and affordable education opportunities in order to remain competitive with other OECD nations in the decades to come.

***Appendix A: California State University (CSU VSA)***

*California State University, Long Beach*
*The information provided in this section addresses many important institutional contributions to California. This small collection of data is designed to ensure that many of our public universities are recognized for their societal contributions as well as demonstrating greater accountability to individual students, parents and the public at-large.*

**"PUBLIC GOOD" CONTRIBUTIONS**

**Degrees Granted 2005-06**

| **Total Degrees Awarded** | |
|---|---|
| Bachelor's | 5,912 |
| Master's | 1,581 |
| Doctoral | - |
| Total | 7,493 |

| **Undergraduate Degrees in High Demand Fields** | |
|---|---|
| Nursing | 165 |
| Engineering | 347 |
| Elementary & Sec. Education | 446 |
| Accountancy | 163 |
| Health-related Fields | 290 |

| **Race/Ethnicity of Undergraduate Degree Recipients** | |
|---|---|
| African American/Black | 293 |
| American Indian / Alaskan Native | 35 |
| Asian/Pacific Islander | 1,054 |
| Mexican American | 1,291 |
| White, Non-Latino | 2,148 |
| International | 328 |
| Other Ethnicity/Unknown | 763 |

**"Net Tuition & Fees" Average Undergraduate Tuition & Fees Per CSULB Student**

**Actual Net Tuition & Fees paid by Students**

| Full Year/Full Time (2 semesters: 7 or more units) | |
|---|---|
| Listed Price | $2,864 |
| Actual Price paid Per Student | $1,698 |

**Average Undergraduate Student Loan Debt**

| **Average Student Loan Debt (2006)** | |
|---|---|
| CSULB | $6,319 |
| State Average | $17,270 |
| National Average | $18,126 |

| **Proportion of Graduates with Debt (2006)** | |
|---|---|
| CSULB | 29% |
| State Average | 47% |
| National Average | 67% |

**Economic Diversity: Access & Completion**

| **Undergraduate Pell Grant Eligibility (2006-07) Avg.** | |
|---|---|
| Total Undergraduate Enrollment | 28,700 |
| Undergraduate Pell Grant Recipients | 9,384 |
| Percentage of Undergraduate Enrollment | 32% |

| **Undergraduate Degrees Awarded to Pell Grant Eligible Students (2006-07)** | |
|---|---|
| Awarded degrees | 1,384 |
| Percentage of Graduates | 24% |

| **Undergraduate Pell Grant Recipients 5 yr.** | |
|---|---|
| Fall Undergraduate Enrollment | 26,915 |
| Pell Grant Recipients | 9,302 |
| % of Pell Grant Recipients | 34% |

---

Chairman MILLER. Thank you very much.

The committee will recess for the purposes of going and casting our votes, and we will return as soon as those votes are done.

Thank you.

[Recess.]

Chairman MILLER. Thank you very much for your patience.

The committee will reconvene.

Thank you for your testimony.

I am going to begin with Mr. Tierney. Mr. Tierney has a conflict since he is in the Conference Committee on the Intelligence Committee. So Mr. Tierney is recognized for 5 minutes.

Mr. TIERNEY. Thank you very much, Mr. Chairman.

Thank you, our witnesses today.

I think you are probably aware that we have had a bill out there for the last couple of sessions that talks about state maintenance of effort, and I think the concept is acceptable to most people. What we are having difficulty with is how do we accomplish it.

So, if we could start maybe from right to left on this, sir, if you could give us some ideas of just what would we use as either an incentive or a stick or both to get states to do that?

Mr. ALEXANDER. Okay. Thank you for the question.

I know that you have been working to try to incorporate these provisions into the act, in the Reconciliation Act, and I commend the efforts. I know that the LEAP funds were used as potential leverage for this earlier, and I know that our counsel and state government certainly do not want their flexibility constrained.

But what I think could be done—in 1972, the Pell grant program, when it was put into effect, had a companion program that was supposed to be adopted at the same time. It was called the Cost of Education Allowances. Those Cost of Education Allowances would partner with institutions and reward institutions who enrolled, retained and eventually graduated lower-income Pell grant students. That initial grant to that institution that would follow the low-income student was $2,500 in the discussions in 1972. For some reason or another, that companion program was left off the table when the Pell grants were adopted and the final proposal was finished in 1972.

I believe that you can use a similar structure to shape the type of grants that would go to institutions and leverage them with state appropriations so that that grant would ebb and flow or increase and decrease based on what the state's commitment to their own appropriations are.

Mr. TIERNEY. Would you give me an example of that?

Mr. ALEXANDER. Certainly. For every Pell grant—for example, our institution with 37 percent Pell grant students—we would actually get a companion grant that would follow those students to our institution to help them succeed.

Now the actual amount of that grant could fluctuate based on how California contributes to public higher education and, actually, put pressure and leverage on the state legislature by saying if the grant were on national average $2,500, but in California the grant could be $3,200 because it is a more commonly supported tax system and tax base, our appropriations are higher.

Those appropriations could be shaped, or at least the grant size could be shaped, based on tax effort of those states either to advantage those states that want to continue supporting higher education or disadvantage those states that think that it is in their best interests to remove themselves from these appropriations.

This also does another thing. It creates an environment where states cannot supplant the federal resources, like we state in Title 1, and it works very much like the Title 1 proposals in our Title 1 schools. There is a provision in Title 1 that says that the states will not supplant these monies with state monies, and it is designed, in the same similar design, to aid schools that support low-income students and aid schools to support them throughout their educational careers.

Mr. TIERNEY. Thank you.

Sir?

Mr. BASSETT. Congressman Tierney, we both live in a state that has not taken very good care of public higher education over the years, and one of the excuses really is the strength of the private-sector system, which is not a very good excuse for taking such bad care of the public system. Even though I am at a private university, you may know that Governor Patrick recently asked me to co-chair a committee to look at the governance structure of public higher education in the state.

The only thing I would encourage—and the federal financial aid works in both the public and private sector, but even limiting the discussion to the public sector for the moment—is I would encourage us to study carefully the consequences of any of these linkages that we develop here. How are states likely to respond if the formula is the kind of one that President Alexander talked about? What will universities respond? How will CFOs respond to this structure?

I think something needs to be done. I think you are probably on the right track with the proposal here, but I also know that all these linkages have consequences that one does not predict when one sets them up, and simply looking ahead to the next stage and seeing what that would probably be would probably be helpful. But I do believe that some of our states are taking a lot better care of public higher ed than others are.

Mr. TIERNEY. Thank you, sir.

Ms. Wellman?

Ms. WELLMAN. I am not sure if I have a lot to add. I like the shape of the proposal that Dr. Alexander put out. It makes sense to me.

The one thing I would hope could be considered is to add a tension through accountability metrics about how resources are used and look for examples of ways that degree attainment is increased, not just make it about increasing money on top of money.

It has to have indicators of spending and productivity to provide incentives for the states and the institutions to do a better job of paying attention to money.

Mr. TIERNEY. Well, thank you very much.

Mr. Chairman, thank you for your courtesy as well.

Chairman MILLER. Thank you.

The gentleman from Florida is recognized for 5 minutes.

Mr. KELLER. Well, thank you very much, Mr. Chairman. I want to especially thank you for holding this very important hearing.

Congress is very concerned about the skyrocketing cost of college tuition. Tuition is up 31 percent at public 4-year colleges over the past 5 years. What good is it to college students if Congress raises Pell grants by $2,000 only to see colleges respond by raising tuition by $3,000?

The author of the College Board report, Ms. Sandy Baum, was quoted recently in USA Today, on October 23, 2007, saying, “Clearly, finding some way to temper prices is necessary.”

We have heard some excuses that, “Well, we have expenses that are going up, and health insurance and electricity and other bills, and inflation has played a role in this,” and I frankly think that that is an unacceptable excuse. When I pulled the numbers, the 1-year change in inflation, the CPI, is 2 percent, yet college tuition at 4-year universities, according to the College Board, is up 6.6 percent in the last year, triple the rate of inflation. Over the past 5 years, the change in inflation is 15.1 percent, yet the tuition at public 4-year universities is 31 percent, double the rate of inflation.

I am not saying that we are so frustrated that we are about to implement price controls. I am saying the skyrocketing cost of tuition is starting to tick people off around here, and we have to get a handle on this situation.

I do not want to paint too broad a brush. When I look at states like California, you can get a community college education for $633 a year. What a spectacular bargain. And then after you graduate from a 2-year community college, many of their universities have articulation agreements that allow you into their 4-year schools for a mere $4,971, again a bargain. My home state, not to brag, but is also a great bargain, $2,000 to go to community college, $3,300 to go to a 4-year school.

And so let me begin by, Ms. Wellman, asking you some questions. And, certainly, I do not blame any of you all who are testifying for any of these problems, actually, and Mr. Alexander here is from one of the best states, California.

But, Ms. Wellman, when you look at the increasing costs that colleges or universities have to deal with in terms of their overhead, what percentage of that is the salaries of the college professors and the staff?

Ms. WELLMAN. It is a different number in different institutions, and the general pattern is that it has been going down.

Mr. KELLER. College or university professors are getting decreases in their salaries?

Ms. WELLMAN. There are two things going on. The high-end faculty are getting paid more, and the regular faculty are not getting paid that much more, and most of the faculty are part-timers, so——

Mr. KELLER. So take the high-end guy. Let us say it is a famous professor that you need in your chemistry department because he has published some stuff. He is getting a bigger percent increase because he is a valuable commodity, and you have to compete with other universities, correct?

Ms. WELLMAN. Yes.

Mr. KELLER. But when you talk about the lower-end person, someone who teaches, you know, Intro to History to an undergrad at community college, they are still getting a little bit more than they were the year before, but not a whole lot more.

Ms. WELLMAN. That is right.

Mr. KELLER. Of a university president's budget, when he looks at electric bills and costs of other things, what percentage typically are salaries for the professors and staff?

Ms. WELLMAN. I think the standard in the industry is that it is someplace between 80 percent and 90 percent salaries. I think the data show that it is actually going down a little bit, but it is a hefty percentage. The biggest single area of spending increase in institutions has been merit-based student aid, number one, followed by benefits, health benefits.

Mr. KELLER. Mr. Alexander, as someone who runs a university out there, can you give us any suggestions, based on California's success in this area, as to what we might do or what might be done to address the increasing costs of tuition?

Mr. ALEXANDER. I think it is very important. I think you are hitting in and around a very important issue that I have made one recommendation in my testimony that we should pay a lot more attention to, is instead of, I think, incorporating everybody in sort of the same criticism, I think we need to pay close attention to the expenditures, per-student expenditures.

I think it will tell the whole story of college costs, and for the last 20 years, you will find out which institutions have increased their expenditures because they are serving more students, which ones have not changed their per-student expenditures.

I am speaking on behalf of a university since 1985 that has gone from about $11,500 a year in per-student expenditures to about $13,200, so we really have not changed very much. But I know there are other institutions out there that have gone from $30,000 to $80,000 per student, and I think the expenditure considerations are very important to pay close attention to.

And in addition to that, I think that then the federal government should play a role in identifying those institutions who are doing a good job and then rewarding or supporting those institutions that are doing a good job in keeping costs down and being efficient to the public.

Mr. KELLER. Thank you.

Mr. Bassett, sorry I did not get to you, but my time has expired. So, hopefully, one of the other folks will be able to ask.

Chairman MILLER. Do you want him to answer?

Mr. KELLER. Mr. Bassett, do you have any suggestions for the chairman and other members here as to what we might do or what might be done to address the skyrocketing costs of college tuition or the increasing costs, however you phrase it?

Mr. BASSETT. Well, you put your finger on the reasons for the increases in costs, clearly. There are utilities. We talked about this. There are tremendous increases in technology costs. As I indicated just at my own school, utility costs were up 152 percent over a decade; technology costs, 189 percent; health insurance, 90 percent; and regular insurance, 90 percent.

But, to some extent here, it is still the labor-intensive industry that it is, people, and if you do not change the ratio of the number of faculty members to the number of students or if you do not change replacing a full-time professor with a teaching assistant or a part-timer, those costs continue to be probably a little out of whack with consumer price indexes.

If it costs $40,000 a year to educate a student at a good private college, and we charge them $30,000, the other $10,000 is coming from philanthropy, from the endowment, from the annual fund. To provide education of the same quality at a public, however, is going to have the same cost factor, and if you are only paying $7,000 of that $40,000, the rest is going to be covered by taxes, or you are going to develop your own philanthropic foundation, as you have to do, but philanthropy, taxes and tuition are really the three sources of income here.

I think we have to work together on containing costs because I agree with you. Americans are saying, “How do we limit the cost of college education?”

But I do know the Pell grants do not lead to higher tuition. In fact, the Pell grants help us keep tuition lower because in our market—and, again, I cannot speak for the wealthiest of the universities—if we raise tuition above a certain point, we do reach a tipping point, and we are going to lose revenue, and the existence of a Pell grant makes it unnecessary for us to raise tuition as much as we would have to otherwise or to reduce quality, which is the other option.

Chairman MILLER. Thank you.

The chair is going to be recognized for his time. I recognized another member previously, for those who just came in.

The issue that was raised by Mr. Tierney and, Mr. Alexander, in your testimony, the idea that somehow we have to not supplant language or something along those lines, we have that in almost every other big grant program to the states.

In this particular situation, the grant program is not exactly a grant program. It is access to federal loans, and it is access to the Pell grant and a few other things that we do in higher education. I used to be staff in the state legislature, and many members here used to be members of the state legislature. You do make decisions based upon what you put at risk with respect to the federal government, whether it is Title 20, whether it is Medicaid, whatever it is, you weight that, and small cuts sometimes carry high risk, and legislatures do not do that.

You know, we just made this commitment of some $20 billion in various ways to higher education, and yet we can see that if we continue this pattern, that advantage will be nullified rather rapidly, and so I think that the idea of trying to construct a partnership here where we cannot just keep putting money in at the top—you know, the idea that you respond to Mr. Tierney that you might have a partner—what did you call it? A Pell grant? A shadow? Or the one that follows the Pell grant? The original from the——

Mr. ALEXANDER. Yes. Cost of education allowances.

Chairman MILLER. Yes, but we now live under a pay-as-you-go system, so I have to come up with billions of dollars to once again try to get you, the states, to meet their public obligation to their public institutions. I do not think that we can do that, and that is why we have these other ways of dealing with it, with the maintenance of effort or supplanting or whatever regulations we put in place.

I think to more and more members of Congress that is starting to look like a wise decision. Otherwise, we are on a fool’s errand. We just keep shoveling coal in at the top, and they just keep taking it out the bottom, and that is not working out for the families we represent, and it is certainly not working for the use of federal tax resources.

Having said that, that is the easy part. Constructing it is the difficult part because you do not want to start harming individual institutions or students, and it sort of leaves out of the equation the privates in this one because we are talking about the obligation of the states.

And I just do not know if you want to elaborate on this, but, you know, we in this committee have been struggling with this for a number of years, and after you get past transparency, there are not many levers left unless you move to a larger maintenance of effort idea.

Mr. ALEXANDER. I would say a couple of things have certainly evolved perhaps the way that they were not supposed to. The federal government 40 years ago was supposed to augment states, not become the primary revenue supplier through grants, loans and tax credits, and for the first time in the history of American higher education, the federal government now is at $90 billion in tuition-based assistance, while the states are at $85 billion. So they have passed the states. The states have not been keeping up with their obligation. That is certainly true.

Anecdotally, when I was in the State of Kentucky, I was standing in the parking lot, and the speaker of the state senate of Kentucky leaned over to me and said, "Why should we give you more resources when you can just get it through federal loan and grant programs?"

This is an interesting comment because it basically said, "I am going to get re-elected by not helping you, but you can help yourself by increasing tuition," ultimately getting students in greater debt, pushing students into greater debt.

I think more legislatures are understanding this is an easier out than many of their other obligations.

And with regard to private sector, there are many private institutions out there who have also remained true to serving low-income students and large numbers of low-income students. Those are generally your lower-cost private institutions also, and they could also be included in this federal program that creates cost of education allowances to help them educate, retain and graduate those students.

If I could add, my greatest concern is that the incentives work in the opposite fashion right now, and universities are quickly fleeing their responsibilities to low-income students all over the United States. We see it from Maine to the State of Washington, and if you have followed these trends over the last 20 years, the only two states who really have increased their Pell grant eligible students substantially throughout the state systems have been states with large demographic changes, like Texas, New Mexico, Florida and California. So it is a national issue of national significance.

Chairman MILLER. Thank you.

Mr. Castle.

Mr. CASTLE. Thank you, Mr. Chairman, and thank you very much for the hearing.

And thank all of you.

I am particularly interested in this subject, and I have several questions. I would like to get into the actual costs themselves.

I see, Mr. Bassett, for example, in this enhancing affordability and accessing independent higher education chart all the good things that some of these schools are doing, and I look at the schools, and I wondered if any of us could get in most of these schools. I mean, we have Amherst and Brown and Columbia, Davidson, Stanford and Harvard and Princeton or whatever. It is nice that those schools are doing it, but I am also concerned about the vast majority of our kids who need education.

I am one who believes that we should educate every child possible in this country for economic reasons and maybe societal reasons in general, and the question I have is directly to the actual costs of all three of you, and as either heads of organizations or as heads of schools or whatever, you have had some exposure to this, but I am interested in innovations that may be going on that could save costs.

I just jotted down some things: for example, using retired professors. Every one of us in this room could talk about some professor who is probably 70 years old now who was really extraordinary when we there who probably on a per diem or per hour basis would be willing to come back.

Are there volunteers available? We use them in political campaigns? Are there coaches who would volunteer to some degree? What about alternative energy, going to solar and those kinds of things? I mean, various ideas out there that perhaps could help with these costs because I do not care how you cut it, the costs of higher education have gone up faster than the cost of living in this country.

We need simply to deal with this, and maybe this is one way we can deal with it. Are there innovative ideas out there that have either been tried or could be tried that we could be looking at that you have run across or tried yourself or whatever? Any one of you.

Ms. WELLMAN. I think the short answer is yes, and one of the things we are working to do is identify those examples of effective management practices that have reduced costs and, at the same time, gotten more kids to and through college.

Course redesign has been tried, and it is very successful in a number of colleges to increase the students' success in first-year programs. The programs are less expensive. The students learn more. They retain more. They graduate more.

There have been a lot of colleges that have done good things with energy conservation, and if you look at it nationally, there are good numbers and a good track record on cost reduction in energies. There is administrative savings and information systems savings.

The biggest changes are going to come when we are able to look at different ways of using instructional staff to put more full-time faculty in classes for the freshman and sophomore year and get those students retained and on to graduation.

We fund our systems now in a kind of lopsided way. There is more money per student spent the farther the student gets in the career, and if we are going to be smart about being cost effective and increasing attainment, we can move money around to really increase productivity without compromising costs. It can be done.

Mr. CASTLE. Thank you.

Mr. BASSETT. I think that most of the colleges I am familiar with have done a number of these things, certainly energy reduction, reducing temperatures. I mean, my university was proud to get the first gold rating from LEEDs on a new building in the City of Worcester, but that is part of a larger energy commitment we have made to save money there. Using retired faculty, yes, and often it does reduce costs, but it is at the margins. It is not something that is going to have a big impact.

Ms. Wellman's point about instructional costs, though, is not an unimportant one, and a lot of the less fortunate savings maybe right now we are doing come from less expensive per student teaching at the lower levels. If we start taking that as seriously as we should, it could potentially increase costs so we have to be creative in how we build that in.

But consortial arrangements and purchasing, state arrangements, such as one they have, I believe, in Wisconsin that Representative Petri helped set up for savings—those colleges that operate in a very tight market have to be looking at all these things. What we may need is a better information-sharing system, a best practices communication system where we could all more efficiently share new ideas with each other for cutting some of those costs.

Mr. CASTLE. Dr. Alexander, do you have any thoughts on this? You have about 30 seconds.

Mr. ALEXANDER. Just briefly, in California, we have some environmental restrictions that force us to do a lot of these things at much earlier times from the cars we buy, fuel-efficient hybrids to solar panels to all our new buildings being green buildings. So we are moving in this direction. Sometimes sustaining things initially and working on sustainability initially costs you more up front and, actually, the savings do not come for 10 or 15 years down the line.

I have 11 unions on my campus that, and using part-time or retired faculty does sometimes get into that, but we continue to grow as an institution, and our expenditures are relatively flat, and we serve about 1,300 to 1,500 new students every single year, and our campus is pretty crowded.

So we are doing everything we can to serve those students as efficiently and effectively as possible, and we will continue to look for ways to do that as well.

Mr. CASTLE. Thank you.

I thank the panel.

Chairman MILLER. Thank you. The gentleman's time has expired.

I was just looking at new information put out by the Public Policy Institute in California this morning, and it said that, "In Californians' minds, the state's economic vitality is closely tied to higher education, with 76 percent calling the state's college system very important to California's future. It is the belief of most residents, 68 percent, that the state's economy will need a higher percentage of college education workers in 20 years."

They recognize that these institutions are economic engines for the future of the state, and yet 43 percent say they are very worried and 32 percent say they are somewhat worried about being able to afford college for their youngest child. So they recognize this as an asset to the state, and yet they have this anxiety about whether they are going to be able to participate in the benefits of that asset.

And I think sometimes you know, when we see the state legislatures—and I know there are economic cycles in states—walking away from this on the assumption that, well, you can just make it up in tuition, that is what creates that anxiety.

Mr. Courtney, you are recognized for 5 minutes.

Mr. COURTNEY. Thank you, Mr. Chairman.

Dr. Bassett, in your handout, you had some examples of colleges that are doing different ideas or, you know, pointing out different ideas in order to make college more affordable, and there were a couple of colleges that have actually eliminated using loans and just replacing them with grants—Amherst, Baylor, Brown University. Are they able to do that just because they have large endowments? I mean, what are they doing right there that allows them to do something that extraordinary?

Mr. BASSETT. Yes. [Laughter.]

All of the rest of us would like to do that because it is tremendous P.R. I would say it is large endowment. It is also a larger percentage of the students able to pay full tuition, again, the two sources of revenue being their endowment and gifts and tuition.

Clark, I find, has the smallest percentage of families making over $100,000 of any lead private in New England, and, therefore, we may have the smallest percentage of full-paying students of any of the group of schools we compare ourselves with.

I would love to be able to say, like Harvard, like Amherst, no more loans, grants if you need it. We would try to come as close as possible to that, but we cannot get all the way there ourselves, and I think that is true of 95 percent of the colleges.

Mr. COURTNEY. I kind of figured it was like that.

Mr. BASSETT. Yes.

Mr. COURTNEY. And, Mr. Alexander, the other two witnesses have sort of expressed their opinion about the question of whether or not increasing Pell grants has an effect of pushing up tuition. I do not think you have actually weighed in yourself specifically this morning on that. I am just curious whether or not you wanted to at least go on record as far as what your thoughts are on that.

Mr. ALEXANDER. On the record, I will say I have studied this issue for quite some time as well, and I have seen virtually every report that referenced this area, and Pell grants are the least cost sensitive or price sensitive of all the grant programs. They are more income sensitive, which is wonderful.

When you move into the other programs, when you move into SEOG, when you move into the federally subsidized loan programs, when you move into the unsubsidized loan programs, and when you take into account state individual grant programs which are highly cost sensitive to the extent that many of them even have been started under the guise of tuition equalization programs, I would say that is not the case with most of the other programs, and it does tend to give institutions that have higher inflated sticker prices more aid or qualify their students for more aid, but that is outside of the Pell grant, and those are the other programs that exist.

Mr. COURTNEY. You made a reference to the fact that New England was one of the places where the public support at the state level has been a little weak, and coming from Connecticut and being a former state legislator, I can plead guilty to that assertion because I think it is clear that that has occurred and there has been a corresponding increase in tuition.

I think the chairman is right that having been a former state legislator, when you are doing budgets and you are aware of the fact that, you know, whether it is child and protection services or Medicaid budgets, if you are going to lose money, you tread carefully whereas, obviously, it does seem like an ATM card when you are looking for ways to sort of balance the budget.

But I am still sort of waiting to get that specific suggestion about, you know, how you implement that maintenance of effort sword over a state legislature. I mean, what do you threaten them with if they do not adequately fund this part of state government?

Mr. ALEXANDER. Well, you have the carrot and the stick circumstance, and I am concerned, too, that down the road, if we do not address this issue, we are going to be back at this table every 5 years like we were in 1997, the college costs commission 4 years ago when I was here representing Kentucky and what we were doing.

I think that there are lessons to be learned on how we have funded schools and poor students in Title 1 and how we have not supplanted state resources in Title 1 funds for K through 12 education. We have not even ventured down this road, and, in fact, we do a better job at even knowing where our low-income students are in our K through 12 sector than we do in higher education.

We have institutions who do not want to talk about their Pell grant eligible numbers and who do not want to talk about their income levels of the students that they serve, and they may give a lot of money and a lot of aid to a small number of students, which looks good for the small number of students, but with the nation with 25 percent children in poverty who are all going to need some form of access to higher education, I think a much more comprehensive system that rewards institutions based on state appropriation levels and sets it by tax effort, could actually encourage states like Connecticut, states like Colorado, quite frankly, who is a rich state that does very little to nothing for higher education. They simply rely on out-of-state students to come in and fund public higher education.

I think that you could devise this quite easily, a system that rewards states or pulls lower-funded states up from lower areas or puts pressure on them to keep funding or put more money into higher education while at the same time rewarding those states that continue to fund publicly accountable systems of higher education in terms of keeping costs low, like North Carolina and California.

Chairman MILLER. Mr. Petri?

Mr. PETRI. Thank you very much, Mr. Chairman. I just have two questions of the panel, and the first one actually, Mr. Bassett, referred to briefly. I was going to mention that for the last 6 years or so, myself, Mr. Obey and others from Wisconsin have been working with our organization called WAICU—that is the Association of Independent Colleges and Universities—in an effort to help them consolidate backroom functions. Universities or colleges are a series of small businesses and they do not really need to replicate a lot of things back office that can be consolidated without merging the front and instructional classroom experience where it is not appropriate.

They have done that with information technology, computer programs, with health care, I think, the dining halls and energy purchases and a number of other areas. Significant savings have been realized, and I just wonder if you would care to comment on that, whether that is a fruitful area. Is that being done in other states, or is this something that is only unique to Wisconsin?

Mr. BASSETT. It is being done. If done, it is done at a local consortium level. For example, we have 13 colleges in the College of Worcester Consortium, public and private, and a lot of those things are being combined, the back office, maybe not as far as they could go, but having both public and private at times in a state can limit the number of things you can put there.

But the committee that I am now chairing in Massachusetts looking at public higher education in the state is beginning to raise that question about the public system in general, that there are all kinds of consortial savings that lie out there for combining some of the back-office operations that they have not yet begun to do in the public sector generally.

So I think whether or not it is a public-private combination or public sector or just the private sector, there are a lot of things that those, as you say, small businesses can be doing that can lead to savings that are savings of efficiency and not as I was speaking before cost cuttings that will reduce quality. None of these things will reduce autonomy and they will not reduce quality either.

And I think what we need again is a way of sharing our best practices around the country as to what exists out there that we can emulate and learn from each other.

Mr. PETRI. One other area is dealing with federal financial aid itself, and each school has staffs trying to learn all this. It actually can be done quite simply. The private financial guarantee agencies have kind of resisted that because one of the ways they have signed up colleges is to provide some of the services as a benefit to the colleges. The direct loan program does not do that. But this is an area where significant savings or efficiencies can be realized, and it actually will help save the federal taxpayer a little money if they adopt a more efficient program.

My time is limited. Let me just switch to another subject that I did not hear mentioned that does, I think, drive up costs in many instances, or at least disrupts the normal planning process, maybe for good, maybe for bad, and that is the accreditation process, and I wonder if you could comment on whether accreditors place arbitrary burdens or policies that might be outdated or burdensome or even appropriate on institutions and whether the accreditation process is driving up costs in America.

We all should be looking at it as a way of trying to, you know, make sure we have quality, but that we do not just let different people put their agenda in and say, “You have to build this building or put in that library” or whatever it is because some particular part of the university takes over and hijacks the whole process.

Mr. BASSETT. Actually, it is a good question. I thought it was going to go in a different direction. I thought you were going to ask what has been the increase to budget caused by state and federal regulations, which is not accreditation but sometimes those factors do increase costs also.

Accreditation, generally speaking, I think, is probably one of the least expensive qualitative controls per hour in the sense that most of the accrediting agencies are working with an awful lot of volunteer consulting help coming from administrators and faculties in universities and associations.

Whether it is the five regional accrediting bodies in America or whether it is the many, many professional accrediting bodies for nursing and law, physical therapy and everything else, there is—of course, most of this usually begins with a self-study, which does take resources to do, but asking the very questions that Congress and the Secretary have been asking us, how effectively are we operating as an institution. An outside body visits and comes up with a report, which, while it creates a bottom line of accountability, also provides a great deal of help to the institution in improving itself.

So it is not clear to me at this point that accreditation is one of the excessively expensive operations that universities and colleges pay for, if they believe in accountability, but my colleagues may have other perspectives on that.

Chairman MILLER. The gentleman's time has expired. I have 11 members waiting for——

Mr. Andrews?

Mr. ANDREWS. Thank you.

I would like to thank the chairman and the committee for having the hearing.

I think that one of the things I hear most frequently from my constituents is their stress and worry about the very high cost of paying for higher education, and this is a problem that needs to be approached by looking at data, and I think we have had three excellent witnesses this morning to help us do that.

I have some questions and maybe if there is some data that we have not heard about, I could learn where to find it.

What percentage of students in American higher education pay the sticker price? That is to say net of Pell grants or any institutional scholarships or grants, what percentage of American students either borrow or write a check for the whole amount themselves? Do we know?

Ms. WELLMAN. Not off the top of my head, but I bet you roughly 60 percent or more get some form of financial aid at the higher number——

Mr. ANDREWS. So my hypothesis would be that the relevant price comparison should not be the top line. The most relevant price comparison for a student is the bottom line of what he or she must borrow or write a check for to go to school.

The second hypothesis: I think that there is a misconception that there is not much price differential in the marketplace for people to choose. In other words, all schools cost about the same. I do not think that is true. Are there data available that compare the price range for what I would call similar schools? And I would, I guess, President Bassett this question.

Not all NAICU schools are alike, I understand that, but many of them are smaller, private, 3,000-4,000-or 5,000-student schools that focus on liberal arts or similar areas. Are there data on the price ranges for those kinds of choices?

Like in my state, Drew University is a member of your association, as is Fairleigh Dickenson, I believe, and they are fairly similar schools. Are there data on the price range that one can choose from among types of schools like that?

Mr. BASSETT. I do not have the figure at my fingertips, but I believe if you go to the new U-CAN Web site, you could probably do a study of the 700-plus colleges that are involved on that Web site and do a study of the small liberal arts colleges in a certain part of the country, both for sticker price and for net tuition price.

Mr. ANDREWS. And can any of you tell me if there are data that express the range of price? I mean, if you buy a mid-size car, right, I guess it ranges from a low of $27,000 to a high of $45,000, $50,000, depending upon what you put in the vehicle. Is there a similar discussion of the range of prices for similar categories of institutions?

Mr. BASSETT. Probably, although even among the liberal arts privates, there would be different categories depending on where they are in the market, I think.

Mr. ANDREWS. Well, let me test another hypothesis and ask each of the three of you to respond to this. One of the reasons why tuition inflation has outpaced regular inflation is that there is this considerable amount of cross-subsidizing going on where students who cannot otherwise afford to go to the school are having their tuition cross-subsidized in the form of institutional aid by other students.

Now I do not say that accusatorially. I think that is a good thing, but when we talk about, you know, other institutions pay higher health insurance bills, higher heating bills, higher energy bills, how come you are at 6½ percent and they are at 2 percent? Well, one of the reasons is that one of the areas that make up that difference is money that the school is collecting from students' tuition and then allocating it toward institutional aid.

Here is my question: What percentage of the difference between tuition inflation and regular inflation can be attributable to institutional aid that is covering for what we are not doing in Pell grants and states are not doing in state budgets?

Mr. BASSETT. The answer would vary somewhat from college to college depending on the kind of endowment they have to put into the need-based scholarships for students. If they do not have a large endowment for that purpose, then it would be a larger percentage of that gap you are talking about that is being covered by the tuition that others are paying. If you have a huge endowment that can cover that need-based scholarship aid, that extra money is probably going into hiring extra chemistry professors and having a better laboratory.

Mr. ANDREWS. Ms. Wellman, are you familiar with any answers to that question?

Ms. WELLMAN. We can get the data. I do not have it in my head. I want to say it is the average discount, the gap between what revenue from sticker and what is obtained for spending, is close to 40 percent.

Mr. ANDREWS. It is a lot of money.

Ms. WELLMAN. Yes, it is a lot of money.

Mr. ANDREWS. Mr. Alexander?

Mr. ALEXANDER. This is not true for most public institutions. It is a little different for public institutions, especially when we do have our rates posted and the ranges within our own institutions. Then we get into out-of-state issues, which most students have to go into the individual states.

But one-third of every dollar that we increase in our fees, in our tuition in the State of California, it is mandated that we put into state grant institutional aid. If we increase $250, roughly $80 to $90 of that will go into an institutional aid that then we actually distribute within the CSU system to different students——

Mr. ANDREWS. I appreciate it. I see my time has expired——

Mr. Chairman, I would just say that I am glad the committee is looking at this—I think what we have created here is a situation where we have an implicit student tax where some students pay a higher fee to go to school to help their brother and sister students, which I think is a good thing, but we have to ask ourselves whether that is the most progressive and fair way to pay for that. Perhaps the system that raises more in Pell grants and public aid that is based on a more progressive and all-inclusive means of raising revenue is a fairer way to do that.

I yield back.

Chairman MILLER. Mr. Bishop?

Mr. BISHOP OF NEW YORK. Thank you, Mr. Chairman. Thank you very much for holding this hearing.

I want to go back to this issue of cost drivers that we were talking about before. Ms. Wellman, perhaps you can help me, but when I worked with these numbers every day, these were approximately the case, that about 60 percent to 70 percent of an independent institution's annual expenditures were in salary and fringe, about 10 percent in operation and maintenance of plant, maybe about 5 percent in debt service, maybe about 15 percent in unfunded student aid. Are these approximately right?

Ms. WELLMAN. Its individual license can vary, but, yes, it sounds about right.

Mr. BISHOP OF NEW YORK. Okay. So, if we are going to focus in on the issue of holding the line on price, the most fruitful area for trying to hold the line on expense would be in salary and fringe, correct? And we already have a situation in which the sticker price is less than the cost of providing the educational service to the student. So we have a real dilemma here.

We also have a situation that is layered with complexity. Higher education is labor intensive. We know that. There is also an enormous amount of competition, particularly in the independent sector. There is also an enormous growth in discounting, particularly in the independent sector, so it is very difficult to chart, if you will, the right path.

And what we are struggling with is, as the chairman said, we are putting money in at the top end, $20 billion more for Pell, and, hopefully, that will go a long way towards helping needy students attend, but what is the best role for the federal government to play beyond sharing of best practices in terms of helping institutions deal with this personnel cost issue? I mean, is there a role for the federal government to play?

Ms. WELLMAN. My reaction is two—one is data. The federal government can make data about spending much more accessible, make it more readily benchmarked, get it in the hands of governing boards and institutions and state legislators so that the conversation is not just once every 5 years, but ongoing, about where you are spending your money, where you can do a better job. This is a topic that is way too shrouded in technical detail and not accessible, so the feds have a role to play there.

The feds also have a role to play in tackling the root causes of increases in spending on benefits. One of the biggest areas of growth in spending is health care benefits, and you know that conversation, and I will not belabor it here. It goes well beyond the jurisdictions of most education committees or budget committees, and it is a complicated topic because everybody lives with the consequences and nobody controls it. But if the federal government could get the rate of increase in health care costs down, that would make a huge difference.

Mr. BISHOP OF NEW YORK. Okay. Dr. Bassett?

Mr. BASSETT. Congressman, you put your finger on a main issue. Personnel costs are an enormous part of the budget, and even though all of those other factors have gotten more expensive, still a large part of our budget comes from education being so labor intensive.

I would love to come up with creative ideas to allow a professor, for example, to work with more students per professor than they do now, while still keeping the quality of the student-student and student-faculty interaction at the level that we all would want in going to college, rather than it simply becoming a kind of factory there.

I think health care costs are one factor there. There may be, however, certain kinds of pedagogical advances we can work together on that will help us change some of those ratios because I agree, 10 years from now, it may not be us back here, but somebody is going to be back here raising those same issues.

But it is so personnel intensive, the value of higher education is personnel intensive, that unless we can find some ways to make ourselves more efficient on the personnel side—and I say that knowing this can lead to reduced quality—we are not going to get our arms around this completely.

Mr. BISHOP OF NEW YORK. I have very little time left. But, Dr. Alexander, you have made several comments this morning about the importance of focusing on needy students and seeing to it that low-income students represent the first priority, both of the federal government and, I believe, the state governments.

Given that, can I just ask for your opinion? We have moved now to a merit-based component to Pell, some, I think, $400 million. I am not sure what the number is in the current year. What is your thought on that? Is that the best use of a federal resource, to add a merit-based component to Pell, or would that money be better spent on additional need-based aid?

Mr. ALEXANDER. I think there is a merit-based movement in the United States that I think is also a backlash to the public and private tuition increases, and you are seeing this backlash in many forms, in HOPE scholarships in the State of Georgia. I know we have a presidential candidate who is advocating a national merit-based scholarship. I am very concerned about this direction as a nation, and many governors have been elected on the platform of merit-based scholarships and developing merit-based scholarships.

I think, actually, the best use of funds, I believe, at this time is to create what I have been mentioning earlier today and discussing, is to create ways to reward the institutions and states for maintaining their commitment to public missions, which means enrolling, supporting, retaining and graduating low-income students, and I do believe that until we really address this issue that we are only going to see marginal gains down the road for higher education, and we will have another committee meeting at some point down the road.

Mr. BISHOP OF NEW YORK. Thank you very much.

Chairman MILLER. Okay. Mr. Sestak?

Mr. SESTAK. Thanks, Mr. Chairman.

My first question—I think both the chairman and I walked in while he was talking—may have already just been addressed here, but to make sure—2 weeks ago, I met with about a dozen presidents of universities and colleges in my district for a second meeting on the cost growth because it is what I heard throughout the campaign when I ran.

And their statement was not unlike yours, Mr. Alexander, that we really need to grow need-based states, so to speak, you know, where the federal government's role here truly might be a carrot, yes, but a stick where the money in the grants or the loans, whatever we give to the states, actually forces them to focus more upon the lower income, the needs, and they say that because it was a mixture of private and public universities and colleges. There has been in my state of Pennsylvania a movement of those who can afford private, you know, going to state where they can more readily afford it.

And so is that what you are talking about, is that it is conducive to the states to get more money or to get money only if X amount is going to needs-based. Now I know in my state we have so much set aside, but it is not near what it might be. Is that what you are suggesting?

Mr. ALEXANDER. Well, this is where the Pell grant differentiates from a lot of state need-based programs. The devil is in the details of these need-based programs. The Cal Grant B, for example, is very income-based. The Cal Grant A is perceived as a needs-based program, but is a very merit-based program.

I think one mistake we make in higher education is not assuming that $85 billion in state appropriations are not need-based support for students to keep costs low because that is truly, I think, the biggest issue, the biggest issue for us, and the dollars that the state puts into——

Mr. SESTAK. I apologize. You said it better than I did, is that the attraction to federal monies is that their appropriations is going towards need-based more. Is that correct?

Mr. ALEXANDER. I am sorry?

Mr. SESTAK. The incentive from federal legislation might be that the $85 billion that they are appropriating is more focused on need-based because, if it is not, they would not get X amount. There would be an attraction in the federal law.

Mr. ALEXANDER. Well, it should be as state appropriations are supposed to protect equal opportunity and to make sure costs are staying low. That is the main purpose, to offset those costs and to make sure that public institutions do not grow, escalate their increasing costs for higher education.

So, in many ways, it was devised, state appropriations, for higher education. Initially, it was—certainly in California until the 1980s—to provide free education for as many people as possible. So protecting those resources and ensuring that states remain committed to those resources is, I think, the biggest concern for the public sector.

Mr. SESTAK. But you can do that by helping to make federal aid dependent upon focusing more of their $85 billion towards need-based. Is that wrong?

Mr. ALEXANDER. You can, and, you know, this is not precedent setting, by the way. The SSIG program was started to encourage states to adopt need-based programs in 1972 when only six states would allow them because of constitutional issues of public-private mixes, and rapidly 50 states quickly adopted them within the next 10 years.

The difference now is that many of those need-based programs, some would argue might be more institutional need as opposed to student need, and the cost of attendance or the sticker prices that drive a lot of that aid can be fluctuated and can advantage higher-cost institutions and students who pick higher-cost campuses as opposed to focusing in more need-based areas based on students and access and real need and income.

Mr. SESTAK. Ms. Wellman, in your testimony, you talked about incentivizing from the federal levels student attainment, and my limited understanding is that—and you kind of focus on not just getting them into college, but making sure they graduate—the best predictor of completing college is actually the income level of the family and if the parents have a college degree.

And so I was taken by your testimony, it is just not getting them there, but how do you get them through, because if you are lower income, there is less success. Has anyone thought financially about a stepped type of an approach in aid so that if you complete your freshman year, there would be a more attractive loan grant or whatever to the second year, the third year and the 4 years, or that does not play in the field that you are——

Ms. WELLMAN [continuing]. For the year first step was financial aid programs to front load grants, to provide the greatest assistance at the freshman year, or to increase granting aid as the student progresses through the degree. So——

Mr. SESTAK. Any studies of how well that does——

Ms. WELLMAN. I am not aware——

Mr. SESTAK [continuing]. Particularly the one where you attract them to the next year?

Ms. WELLMAN. I am not aware of one being systematically implemented with the goal of getting students through to graduation. In fact, I believe the tendency, the general pattern is for students to move away from grant increasingly toward grant-loan mixes as they move through their degree.

And I think that one would want to look not just at student aid packages to encourage students to move through, but institutional financing strategies to move students through. You would want to do it on both sides.

Mr. SESTAK. Thank you.

Chairman MILLER. Mr. Hare?

Mr. HARE. Thank you, Mr. Chairman. Thank you for holding the hearing.

I have mentioned the City of Galesburg, Illinois, many times here. It is my home town, and it is a community that lost 1,600 jobs when the Maytag plant went to Mexico.

The challenge that I have is ensuring that the workers receive training and other assistance that they need to find new employment, you know, equal to the wages that they had, and, unfortunately for these workers, like many nontraditional students, they must balance, you know, school, family, part-time, full-time work, and the federal student aid process, like FAS, tends to steer colleges towards offering programs that make it difficult for nontraditional students to access and complete college.

So my question for the panel would be—one question would be—what changes do you think we can make in Title 4 of the Higher Education Act to help dislocated workers and other low-income adults have access to college?

Ms. WELLMAN. You know that better than anybody.

Mr. ALEXANDER. I think you are correct in asserting that the programs were really never designed to help those types of students. We need to carefully analyze the limitations and barriers of displaced workers, adult learners, part-time students and students where the families that are working full time. We do need more student-friendly programs of that kind, both by state programs as well as in federal discussions and federal directives.

The only way we are going to start addressing these large-scale numerical issues that I think that we are all dealing with and starting to slip in OSCD and just about everything is to address the adult worker issues, displaced worker issues and adult learning opportunities and graduate learning opportunities even from community college to graduate school.

Mr. BASSETT. One of the strengths of American higher education, one of the special strengths, is that it is just about the only country where if you do not begin college at 18, you still have a chance to begin college at 32, but that is only part of the workforce need that really you are addressing there. There are people that come back. They need retraining.

We need to think about this on a statewide and regional basis, how we are really meeting our workforce needs with our educational system there and particularly for the older worker, and I think President Alexander is right. Some of these things were not set up with that in mind, and we need to rethink them.

Mr. HARE. Thank you.

Dr. Wellman, has the Delta Project looked into the costs and trends of higher education in rural communities? You know, I represent a large rural area, and I would imagine that these areas struggle with unique challenges that may not be seen in other parts, especially in terms of access or availability, resources and outreach. Could you speak about specific data for students who live in rural or geographically isolated areas? What does the data tell us and how can Congress address the challenges of the population to people in the rural communities?

Ms. WELLMAN. I do not know. I do not know, and we can find out. We just put the data together to allow us to answer exactly questions like this. So we will look at that, and I will tell you what we find.

Mr. HARE. Okay. That would be great.

I am sorry. Go ahead.

Mr. ALEXANDER. Having been president of a rural institution in Western Kentucky for 4 years, there are significant differentiated issues in travel. The administrative costs, when most of the rural schools have about half the student enrollment that larger schools have, the economies-of-scale issue—larger institutions in more urban areas will have more resources for a number of reasons, and many of those rural areas also have to reach out into other communities through extended campus creations to address many of the issues that you just began to talk about in the first question.

Mr. HARE. Just one final thing, I would be very interested if maybe you could get back with me or at some point maybe we could talk about—when we were talking about the first question, some of these programs for dislocated people—those are the kind of workers that are coming back into the workforce—because it is really difficult for them, and, you know, their lives have been turned upside down, and we are trying to get them back up on their feet, and they have health care to deal with and families and everything that goes with losing your job, and so if there is anything I can do to help or some ideas that you have and you can get them to me, I would love to have them and maybe we could proceed from there.

So thank you very much, Mr. Chairman.

Chairman MILLER. Mr. Yarmuth?

Mr. YARMUTH. Thank you, Mr. Chairman.

And I would like to offer my welcome to Dr. Alexander and tell him we miss him in Kentucky. Thank you for everything you did.

And for those who are not as familiar with you as we were in Kentucky, he took an institution in great need of help and elevated it to a considerable height.

So thank you for your service to Kentucky.

One of the things that I am curious about because we heard earlier in the discussion the issue of proprietary schools—and I guess from kind of a very uninformed position, you would say, "Well, there are schools that know how to make money out there," because there are profit-making schools out there, and you said the data was not very good on proprietary schools, but what is it about proprietary schools that allows them to control costs—I guess maybe this is a softball and a free shot, if you want to take it—allows them to at least control costs apparently better than non-profit institutions do.

Ms. WELLMAN. I am on the board of a proprietary school so I can speak to that model, and I think it is a typical one. It is a very different cost model than in a public or a private institution. The institution and the delivery system are very different. Faculty are used only for those things that only faculty will do well. They are used to teach.

There is a much stronger complement of professional staff that put a lot more into student services and counseling. Students are given fairly aggressive curriculum plans and expected to stick to them, so the curriculum is more rigid and standardized. They use data. If students get in trouble, they get in touch with them fast.

So they are very bottom-line oriented, they watch how they spend their money like a hawk, and their most expensive investment is in faculty are used only for the purposes that only faculty will do, whereas in other institutions, faculty are expected to provide a whole host of services, including curriculum development.

In the proprietary sectors, the curriculum is developed centrally, modified by the faculty, but it is a very different cost model.

Mr. YARMUTH. Well, I guess my follow-up would be for both the other members of the panel, is to what extent, if any, are those models applicable to the nonprofit sector, and is that something that institutions are trying to examine?

Mr. BASSETT. We are learning about how the for-profit sector works, the proprietary sector works. They are often very focused in ways that most of your universities are not focused on, certain kinds of curricula. They do not have the breadth. They, obviously, do not have the research dimension that some universities have as well. A whole set of student services—some, they do spend time on. Others, there is not that sense of the larger student, the whole student that colleges focus on.

I am interested in learning from any sector I can, whether it is the for-profit educational sector or the business sector generally or other countries, but I think some of it is new enough so there is very little longitudinal kind of data available as to how effective they are. So we will keep our eyes open and learn what we can and use what is applicable.

Mr. ALEXANDER. If I could add just, first of all, it is interesting that these institutions are the most reliant on the student aid when you look at percentages of students getting it and acquiring amounts and percentages.

Secondly, they rely on part-time faculty, quite simply. I think Phoenix has 10 full-time faculty members. I think that makes, what, a 10,000 to 1 faculty-student ratio. We are in some ways moving in that direction, and the College Board study showed recently that in the last 20 years, public and private higher education have gone from 53 percent full-time faculty to 40 percent full-time faculty. So, in some ways, we are already moving in that direction.

We have not assessed the consequences of it, some good, some bad. In addition to that, the for-profit sector picks fields that they think they can succeed in and make a profit on. I am still waiting for the for-profit universities to produce 500 engineers a year. It is an expensive field of study that our nation needs very badly in very high-demand fields. Nursing, other medical services, other high-demand fields might not make them as much money. I know in the Cal State University system we produce 9,000 engineers a year for the economy of California. The high-demand fields are being neglected in some of those areas as well.

Mr. YARMUTH. Probably a problem with philosophy, too.

One quick question—I hope it is a quick question—one of the statistics I saw in the testimony was that the percentage of students who are on Pell grants actually graduating is relatively low, and I have some legislation actually to try to help create a grant program to provide support services for Pell grant recipients. How much does that noncompletion rate, that turnover of students, add to the overall cost of the system? Is it a factor in cost?

Mr. ALEXANDER. It is a very big factor in terms of remedial education that we provide for students, in terms of advising structures that we provide for students, and we are so heavy on Pell grant eligible students on our campus, with, as I mentioned, nearly 40 percent, it costs us a lot of money to particularly get them from freshman to junior year, and it takes a lot of attention because they are coming from schools where they have not had the backgrounds in many ways, and we have to get them college ready.

We are working with our public schools even prior to getting to college, which costs resources for us, to get them college ready even prior to coming to the institution. So this is a very costly item. We know it is costly in K through 12 schools. We have never really recognized it, though, in terms of what does it cost the institutions to get these students from freshman year to senior year or transfer junior year to senior year.

Mr. BASSETT. I agree. It costs an awful lot. There are two reasons why students do not continue and complete college. One is financial. The other is the rigor of their high school education. They come in unprepared. They do not stay. Either it takes remedial help or they do not stick with it, and that is something we cannot ignore, is the connection between the K through 12 education issues and higher ed.

Chairman MILLER. Mr. Payne?

Mr. PAYNE. Thank you very much. Thank you for having this very important hearing, and I hope we can really come up with some ways that we can give more support to the whole question of costs.

You know, there are a number—I missed most of the testimony, but did hear the HOPE scholarship mentioned about and I hear a lot of acclaim given to the HOPE scholarship because it is sort of merit, and a youngster doing all right in Georgia really has access to these schools.

However, if you evaluate the HOPE scholarship, which is not based on income—the money comes from lottery and other kinds of gaming that, unfortunately, the lower end of the community participates in, and, as we all know, people that are doing worse sort of are looking to try to make that big win, and so a disproportionate amount of people who cannot afford the lottery play it.

However, a person who might make $100,000 a year, $200,000 a year as a couple or whatever, their child can take a test and get the HOPE scholarship, a person who might have gone to some other school and paid the tuition, but why not stay in Georgia—they have some good colleges—and let the public pay, let these people who play the lottery pay for my education? You know, I have not looked at it and, if I am wrong, tell me.

And how do you see the kid who goes to the schools where all the children are left behind, so to speak? How do they compete, even though I understand the score is based on that school? However, once they get into the college, the diluted education from the poor schools are going to have the person wash out probably because they are going to be unable to maintain the scholastic level that they need.

Maybe the one that mentioned the HOPE scholarship might want to deal with that. I am just curious.

Mr. ALEXANDER. I think the merit-based scholarships have a couple distinctive elements. In states that readily have a drain brain impact, like Kentucky, prior to the merit-based scholarship. It does have greater value to a state that has traditionally lost many of its students and many of their investments from kindergarten through high school. For states that have not been losing them, it puzzles me why they were incorporated in the first place.

With regard to how they are financed, I think that in states that truly need them to keep the brain drain from leaving, then perhaps they should be funded through a much more progressive system. The use of lottery money to provide resources to merit-based scholarship programs perhaps is the most regressive funding structure we have ever adopted in American higher education.

Mr. PAYNE. Thank you very much. I agree with you. Of course, that is why I asked the question.

My last question: It was mentioned by you, Ms. Wellman, in your written testimony that—you point to productive problems at colleges and universities that create higher costs. Number one, could you just quickly define the productivity problems, and how do you think that this problem arises and what does it mean to the institution?

Ms. WELLMAN. The short definition of a productivity problem is that we do not know how to reduce spending without compromising quality or access, and in order to meet the goal of increasing attainment without compromising quality or reducing access, we have to think about the production process very differently and getting students through to the degree, and there are ways to do that if we make the focus on degree attainment and resource use to get the student to the degree. It is not about cutting costs. It is about using the money to accomplish degree attainment.

Mr. PAYNE. And just finally on that HOPE scholarship, the original purpose of HOPE-type scholarships, the one that they have in Georgia, is primarily to try to keep Georgia students in Georgia or keep Kentucky students in Kentucky that they do not go to other states and remain there or to stay there at the end of the day, more or less. That is what it was supposed to be.

Mr. ALEXANDER. Was Georgia a net loser of students prior to the program?

Mr. PAYNE. Right.

Mr. ALEXANDER. Okay.

Mr. PAYNE. Yes. Well, I really do not know, but I suppose they were and that may be one of the reasons that they did it.

All right. Thank you, Mr. Chairman.

Chairman MILLER. Mr. Scott?

Mr. SCOTT. Thank you. Thank you, Mr. Chairman.

A question was asked about the proprietary schools, but it is my view they have a different message, a different mission. They are focused on getting a specific job. You come in, you get trained, you get a job. And it is just focused on that. They change the situation when they feel like it. They do not have tenured professors, academic freedom, research, college life, all the extracurricular activities and everything. And essentially it is just more expensive to educate the entire person holistically than train somebody for a job, and, actually, you are just getting what you are paying for, and you make your choice.

I guess the question along those lines—I guess for Mr. Bassett and Mr. Alexander—we have shortages in certain career fields. Are you not fulfilling those positions because they are more expensive to do? Do you find that you are, because of financial considerations, having to have more slots in less expensive fields rather than the more demanding fields?

Mr. BASSETT. I do not want to speak for President Alexander, but I think he has tried to say that he is addressing those needs, actually, in areas like engineering and nursing.

I think most universities are trying to address those needs in terms of their own capacity to do so. We do have a problem in education in America where fewer and fewer American students seem to be going into science and engineering to begin with, and, therefore, companies are hiring more and more of their engineers from India or China or somewhere else, and that is an issue we have to take back to K through 12 as well as higher ed.

But I think in the nonprofit sector, both publics and privates do try to address the workforce needs in those areas up to their capacity. If they do not have the funding in areas to add engineering programs that they need to or nursing programs or teacher programs—we are certainly not attracting enough people into teaching, at least high-quality people into teaching—I do not think there are many universities that would not try to help solve that problem if they have the capacity to do so, but I defer to my colleague here.

Mr. ALEXANDER. Well, I think you have begun to address these, I think approximately so, creating incentives, the Teach grants, the SMART grants. The SMART grants are, I think, funded at about twice of what is being spent on them because we are not getting students in the SMART grants, but the Teach grants, I think, will help. We are already using Teach grants.

I guess the question is: We know it is far more expensive to educate an engineer than it is a journalist or a historian. We in California are not differentiated by state appropriations either. But I can say from our perspective that we are working as hard as we can to meet these high-demand fields and to provide the workforce for California through these areas.

The one challenge that we have that was brought up a little earlier, Congressman Petri brought up, was accreditation. Some accrediting bodies like high demand because it means high salaries. So engineering insists that our engineering students need 5 years of college education to get through the engineering curriculum. You need 5 years to become a speech pathologist, to be certified as a speech pathologist. Thus, our public schools suffer by not having enough speech pathologists, and our health care agencies suffer by not getting enough speech pathologists into the arena.

Sometimes we face some internal issues within ourselves within academe to keep that demand at a very high level, while, at the same time, we are trying as rapidly as possible to get more students into these areas so that we can provide the needs for society.

Mr. SCOTT. Thank you.

I have heard substantial a number of low-income students do not go to college because they cannot afford it. What would the Pell grant have to be to eliminate the financial barriers for low-income students getting to college?

Well, let me ask another question. [Laughter.]

Mr. ALEXANDER. We range from $3,000 a year to $50,000 a year now. The range is quite expansive.

Mr. SCOTT. Let me get another question in. I think Mr. Bassett indicated some colleges have endowments. Others do not. Is there any way through technical assistance or otherwise that we could help colleges build their endowment?

Mr. BASSETT. Help colleges build their endowments?

Mr. SCOTT. Right.

Mr. BASSETT. They are doing a pretty good job of building them right now, I would say. You know, the question came up as to whether colleges should be forced to spend more of their endowment or something like that. Endowment and annual giving, like tuition, are all part of a revenue stream that you are trying to put into manage your college there.

I think the biggest change that has happened in fundraising and seeking endowments is how the public sector has found the need to create foundations to try to build their own endowments and build their annual funding stream, both to improve quality and to make up for the lack of state funding there.

I think if the tax policies are not in place to encourage people to give to endowments, we probably are disincentivizing people from increasing college endowments. But at the moment, I think most colleges are working very aggressively to increase endowments.

Mr. SCOTT. Well, thank you, Mr. Chairman. I think he just came out in opposition to the repeal of the estate tax, but I was not quite sure. [Laughter.]

Chairman MILLER. Mr. Hinojosa?

Mr. HINOJOSA. Thank you, Mr. Chairman.

My first question is directed at Dr. Bassett. Should private colleges and universities participating in the federal student aid programs be obligated by Congress to enroll a certain percentage of Pell grant recipients?

Mr. BASSETT. Should those private colleges be required to—I did not get the last part.

Mr. HINOJOSA. Should they be required to enroll a certain percentage of Pell grant recipients?

Mr. BASSETT. Well, to some extent, of course, the number of Pell grant recipients that we enroll depends on the number of Pell grant potential recipients that apply, and assuming that the same qualitative standards are used for them as would be used for all of the other students, we would be enrolling and funding with our own private scholarship dollars up to the level of need all of those students. The only thing we could not do is to require people that do not want to come to our college to apply.

Mr. HINOJOSA. No, you do not have to require, but you could recruit. You can recruit down in South Texas where the population is about 84 percent Hispanic and where we have schools that are listed in the top 100 best high schools in the country. But if these private schools do not go out, which they never do—the only ones that really go out there to recruit are more of our public universities.

Mr. BASSETT. Well, I would love to have more of those students come to Clark University. I cannot speak for all of the other privates. As I think I said earlier, we probably have a smaller percentage of families making over $100,000 than any of the other privates with which we compete for students. So we are happy recruiting those students.

It gives us also greater diversity, which is one of our primary goals, is to increase the economic diversity, the ethnic diversity, the international diversity on campus. So that would be very much in line with our philosophy.

Mr. HINOJOSA. Well, we have a large pool, and many, especially the girls, wind up staying somewhere close to home because many of their parents prefer to see them stay within the region. But if somebody comes out and recruits and gives them all sorts of information, maybe that could be turned around.

Mr. BASSETT. We will be there.

Mr. HINOJOSA. My next question is for Ms. Wellman. Some public and private institutions have pursued a strategy of charging higher tuition to be able to fund higher institutional aid. In your view, what is the impact of this type of policy on the enrollment of low-income, first-generation college students?

I cannot hear you.

Ms. WELLMAN. Good question. I think it is a different experience in different institutions. In general, the upper-income students respond better to that than low-income students. But it is a mixed bag.

Mr. HINOJOSA. Yes, Mr. Alexander?

Mr. ALEXANDER. I thought I would never see the day when a public university would actually charge all students the full out-of-state rate and then turn around and give what they call in-state institutional aid scholarship awards to everybody who lives in the state to offset the difference between the two. But that happened about 3 years ago at Miami University in Ohio.

I think this is a dangerous trend, and I think it is devastating for low-income students, and it chases them into jobs earlier than they should be, and it just limits their opportunities in ways that we still have not done enough studies to fully understand.

Mr. HINOJOSA. Thank you for that advice.

Mr. Alexander, since I have your attention, Title 3 and Title 5 institutions educate a large percentage of low-income minority students. I can tell you that easily 60 percent of all Hispanic students are in HSIs, and that is a fact. These institutions tend to be low cost and low resourced. Could you please elaborate on how your proposal for a cost of education allowance could benefit students at these minority institutions of higher learning?

Mr. ALEXANDER. I believe it would benefit those institutions, and it would also create incentives for other institutions to start enrolling those students as well, and that is, I think, two-faceted.

The first is that those institutions need additional resources, and if this program had been adopted initially in 1972, we probably would not see as many institutions that have moved away from low-income student populations as we have today. That incentive is very important to help those institutions not only enroll, but to retain and succeed with those students.

We are an HSI at California State University, Long Beach, and 16 of our 23 universities are HSI institutions. We know how important those resources are and the programs that we need to put in place to help those students succeed on our campus. They cost money. We need help in providing those types of avenues and resources for those students.

And just like in the K through 12 sector, we know at the federal level that these students require more additional and augmented assistance, and it would be a very good day for us to see when the federal government also recognizes additional assistance to those institutions that are committed to——

Mr. HINOJOSA. We recognize it, and we are trying and, hopefully, when we do the reauthorization of higher ed, there will be a component where Title 5 will have a Part B for encouraging Hispanic students to get into the graduate programs, master's and Ph.D.

Do you see how you could utilize that state money that we would put out so that we could get more students? In many cases, some have 5 years experience and they just need a little bit of help to get into the master's or the Ph.D. programs.

Mr. ALEXANDER. It certainly would help and, I think, as we work to educate more and as we work to increase—we were sixth in the nation in number of Hispanic students graduating from our institution. We do have hundreds and hundreds of more students seeking graduate opportunities that are Hispanic, that are African-American, Asian-American, Cambodian and others. These resources are very important for us to help provide the type of programs that encourage them to pursue higher levels of educational attainment.

Mr. HINOJOSA. It is good to hear that.

Thank you, Mr. Chairman.

Chairman MILLER. Thank you.

Mr. Wu?

Mr. WU. Thank you, Mr. Chairman.

On those occasions when I ask questions, they are genuine questions and they are very short to permit long answers, and I just want to say in advance that this time I intend to talk because I want to talk about three very different topics and then invite your comment on any of the three.

First of all, the issue of outreach about financial aid, the most well-attended events that I have done in my congressional district are about college financial aid. Parents and students come. There is an insatiable demand for information about how to get college financial aid, and, you know, I could do college financial aid fora all the time, I mean, just do nothing else, but there are other things that a congressman needs to do at home also.

So I would just encourage you all to do aggressive outreach about what college financial aid is available because so many people just do not know what is available, and programs may exist. They do not do any good if people do not know about them.

Number two, a potential source of nongovernmental revenue for college financial aid, not within the jurisdiction of this committee—we almost got this passed in 1999—is an H-1B Visa proposal that couples high-tech workers with college financial and does so in the following way: If you are IBM and you want a H-1B worker, you come to an accredited college or university, you plunk down an amount of money equal to the then maximum Pell grant, you get a ticket from the college. The college is obligated to use 100 percent of that money for financial aid. There is no administrative fee to be drawn out from that. You take the ticket to ICE, and you get your worker in 15 days.

Companies typically spend $100,000, $150,000, $200,000 to recruit a worker. To pay an additional $5,000 per year to get their H-1B worker is not a big deal for most of these high-tech companies, and the expedited processing has not worked in many other arenas at Immigration. I believe it would work in this instance because it turns out that roughly 80 percent of H-1B workers, I think, are already in the United States at American institutions, and all the background checks can be done because the person is available to be checked up on.

This was a way of leveraging federal dollars and increasing college financial aid, making H-1B visas more palatable by coupling it to educating American students.

And third and last point, as we approach HEA reauthorization, just as our college financial aid outreach programs are our most well-attended programs in my congressional district, the most mail that our office has ever gotten has been our work on the textbook pricing issue. Mr. McKeon and I asked for a GAO study on textbooks, and it turns out that materials and books average out to close to $1,000 a year per student, and if you are attending Harvard or Georgetown, $1,000 may not be a whole lot more money, but if you are at Portland Community College or at a CSU, $1,000 is a significant question.

This is a matter of access and fairness because the reason why the issue came to our attention is because students got on the Internet and they found that the same book that is available at their bookstore for $150, you could get at Amazon U.K. for $50, and you can order it, ship it, and save a lot of money.

Now a lot of different—and as I said, we have gotten more mail and email traffic on this issue, and we have gotten it not from my congressional district——

Chairman MILLER. You are going to give them about a minute here to respond.

Mr. WU [continuing]. But we have gotten it from all over the country. Professors have a role to play in this. If they put out their syllabus early, then they can order. Students have a role to play in this. Bookstores have a role to play in this. And the publishing industry has a role to play in this.

The red light has gone on, but if the chairman will indulge the witnesses in commenting on any of the——

[Laughter.]

Mr. WU. I will stop at this point.

Mr. BASSETT. I was going to start the response by responding to your comment on financial aid outreach because I think the student that comes from a first-generation college family and less wealthy is four steps behind at the beginning than the student coming from a college-educated family and probably going to a high school with a number of guidance counselors. The first student may have one guidance counselor for every 600 students.

I would love to see either a nonprofit or some other agency set up specifically to help, going beyond what is in U-CAN, and I know we have our Web site, which is very important here, in helping to provide some of that personalized guidance counseling on what is the right fit for this student with the right college. So, on that issue, I am with you 100 percent.

Mr. ALEXANDER. I guess I get the textbook issue then. Okay.

It is a complicated problem. Right now in the CSU, we are looking at ways of rental textbooks. We are looking at textbooks, and we need actually the help of the Congress to put pressure on publishers to put their versions online in affordable ways for students. Not only online, but I think there are only three or four publishers that are controlling basically the whole market of textbook production. We are quite frequently accused of getting lots of money from these textbooks in our own bookstore, and our margins are virtually nonexistent.

It is a very controlled market. Our faculty do play an important role in getting our faculty to start using alternative sources, getting them to use Internet sources and others. It is a complicated problem that we are all moving into, but with your attention on this issue, we can certainly put some pressure on the publishers.

They do not necessarily want to put all this online because they lose a lot of money, too. So the more that you could work with us on this agenda would be very important because it is over one-third of our entire cost of education.

Chairman MILLER. Thank you.

Thank you, Mr. Wu, for your questions.

And we are giving a lot of attention to the textbook issue in the consideration of the HEA.

Ms. Wellman, in your testimony on page 6, you refer to the transparency issue and reference Secretary Spellings' commission and you mention at the bottom there in that paragraph, "Spending information is almost completely absent from state report cards and on institutional Web sites offering consumer information. The focus," as you might expect, "remains on tuition and financial aid, not on how money is spent."

In the next paragraph, you say that "There is no evidence that the resources are going to pay for student success or increasing degree attainment, and low-income students are most at risk."

What are you telling us there?

Ms. WELLMAN. Two things. One we are not paying attention to spending, institutions are not looking hard at where the money is going, and that we can do a better job with data to get that information as readily accessible as we are now getting information about tuition and financial aid and that when we do that, it will begin a conversation within the institutions about where the money is going and whether the money is going where it needs to to enhance student success.

Chairman MILLER. How do you do that?

Ms. WELLMAN. Well, the federal government can help with IPEDS. You can do it by requesting states, as true incentive resources or the condition of receiving funds, to build accountability systems that ventilate costs, attract expenditures and that identify where the money is going.

So I think it is about transparency, and it is about documentation.

Chairman MILLER. Not to put you on the spot, but you say, "There is no evidence that the resources are going to pay for student success or increasing degree attainment." I sort of thought that was the theory of why they would show up at the campus, but——

Ms. WELLMAN. The places——

Chairman MILLER. What does the evidence tell us?

Ms. WELLMAN. The evidence tells us if you look at where spending is increasing in higher education and then ask what is that spending going is for—Do we see more degrees produced as a result? Are we seeing more students get through to graduate school? What are we buying for it?—there is zero evidence of increased degree attainment. We are not seeing evidence of poor student access increasing. The evidence about learning is not good, as you know, but—what we can tell about learning results.

So it appears to be increasing the intrinsic quality of the educational experience. These are nice places to be. Is it educationally necessary? Is it bottom-line quality? Is there a better way to do it? We think there is.

Chairman MILLER. Well, there was a suggestion—and I do not suggest that this is a prime driver—in talking to some people yesterday who are deeply involved in these issues—said that, you know, students expect a different environment. They expect health facilities, common facilities, quality-of-life facilities, if you will, on campus and campuses are judged by——

Ms. WELLMAN. I think in the high-end institutions——

Chairman MILLER [continuing]. What they——

Ms. WELLMAN [continuing]. The amenities race is part of what is going on, and yet it is a leadership responsibility if there is a will to do it, to make some choices to dial that down and to hold the line as much as possible on increasing spending and to put every dollar possible into educational quality. Otherwise, the market now is going to continue to push us in this direction. So we are spending more, and we are not necessarily getting better quality or results because of it.

Chairman MILLER. Gee, that is not very good news.

Ms. WELLMAN. Well, like anything else in higher education, it is not always true. So we can find good examples on the other side.

Chairman MILLER. Well, thank you.

Ms. WELLMAN. It is a pattern that is disturbing.

Chairman MILLER. I feel much better now. [Laughter.]

Well, it is a very serious concern, I think, because it sort of goes to the question, "What is it you are buying with this expenditure of taxpayer dollars?" People work very hard to pay those taxes, you know, and so I think would think what we are trying to facilitate here is the attainment of that degree, hopefully accompanied by the most knowledge available in that period of time, and you are suggesting that the trend is, in fact, going in the other direction.

Ms. WELLMAN. The trend——

Chairman MILLER. That is a very troublesome trend, I would think, for the shareholders who are financing those institutions, and it also looks like a trend where, I mean, conceivably, I guess you could end up losing market share because if you make it more difficult to get degree attainment or it is not happening, I guess people will make other choices. I do not know.

But, right now, you would not have the information available to know whether you would want to pick another system that may be more efficient, more resources dedicated to your attaining the degree.

Ms. WELLMAN. Yes. It would require a cultural change to create——

Chairman MILLER. Most people think, you know, that that is the mission of the system, don't they? They would think the mission of the system is degree attainment and the resources necessary to do so.

Ms. WELLMAN. Well, yes, sir.

Chairman MILLER. I do not know. I mean, maybe I am wrong. Maybe we——

Mr. ALEXANDER. I think if you——

Chairman MILLER. Buyer beware. I do not know.

Mr. ALEXANDER. I mentioned earlier I think if you just aggregate this data and the expenditures, you will find out who is doing a good job and who is not, and you will find out real quickly who is serving more students. You will find out which institutions are actually chasing perhaps what we call prestige maximization. I think the data is there to understand how these expenditure trends have grown and have not grown. It is not consistent throughout the United States.

Ms. WELLMAN. Yes.

Mr. ALEXANDER. There are many systems that are doing a very good job with more students than they have ever had and they have graduated more students than they have ever done. I know we graduated more students than any other system in the history of American higher education last year with 90,000 graduates. Others are doing well, but I think these data are very important in understanding where you can point your finger and understanding who actually is serving these public needs in greater ways.

Mr. BASSETT. If I may take a little different slant on it, our retention rate and graduation rate have both improved recently. I have made at least four different kinds of investment to try to make that happen: an investment at Center for Excellence in Teaching and Learning which has worked with faculty on teaching; an investment in an advisor to work specifically with first-generation and minority students to improve their retention rates; an investment in making more of our kind of part-time teachers full-time so they are always there for students. I also know that the incoming students have been a little stronger during that period.

What I do not know is which of those four things made a significant impact on our improved retention and graduate rate. It is hard to disaggregate them to learn exactly what made a difference. So it is not easy to do the kind of research always that we need to do on this, too.

Chairman MILLER. Do you want to say anything?

Well, thank you——

Yes, David? [Laughter.]

Mr. WU. Very briefly in the preparatory materials for this hearing, there is reference to sticker price and net price, and this is impressionistic, but I have seen this happen a lot. When the sticker price is really high, you know, even though more than 50 percent of students might have an institution where they would be getting financial aid, I think a lot of people self-disqualify, and I do not know how you get around that, you know, because if you wind up advertising net prices, you know, the parents who are paying full-price might not be very happy, but somehow getting that information out is a very, very important thing.

Ms. WELLMAN. I agree.

Mr. ALEXANDER. I think that actually we have come a long way from when this first was part of the discussion 4 years ago. The CSU has in this document our net price, our sticker price and our net price, and we have it for every CSU institution, and we are going to make it available to every family member in the State of California, and we encourage other institutions, and we encourage you to ask these type of questions of institutions as well.

Mr. SCOTT. Will the gentleman yield?

Mr. WU. Yes.

Mr. SCOTT. You have sticker price, net price. You also have cost, which is another figure. Do you publish that, too?

Mr. ALEXANDER. We can publish costs. We could put our $13,200 on here to demonstrate how much it costs.

Ms. WELLMAN. How much subsidy you get.

Mr. ALEXANDER. Right.

Mr. SCOTT. Because you have the endowment and the other income toward the cost to educate.

Mr. ALEXANDER. Right. Well, Ms. Wellman raised that question earlier, and we said certainly, if that is what people want to see and people want us to do, we will certainly put that on there as well.

Mr. WU. I yield back the balance of my time.

Chairman MILLER. Thank you.

Thank you very much for your testimony. I think you can see from the interest and the questions of the members that this is an issue that we clearly want to try and begin dealing with in the upcoming legislation.

So thank you, and I hope that we may be able to continue to call upon your expertise as we wind our way through these next couple of weeks. Thank you.

The committee will stand adjourned.

[The 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 on the rising cost of a college education.

On October 22, the College Board released its annual "Trends in College Pricing" report. The report confirmed what many of us have been saying, the cost of attending college is rising faster than inflation.

In what is one of the most significant accomplishments of the 110th Congress, we took a dramatic step towards making college more affordable by enacting the College Cost Reduction and Access Act (H.R. 2669). This legislation will provide $20 billion in student financial aid, making college more affordable for millions of students. As the Chairman and members of the Committee know, it raises the maximum Pell Grant award by $1,090, cuts interest rates on subsidized student loans in half over the next four years, and provides loan forgiveness to students who go into public service after graduation.

While we addressed the critical issue of affordability, we have not addressed why tuition prices continue to rise. I look forward to hearing more about the factors driving the constant increase in college tuition and hope to learn what steps Congress can take to slow or turnaround this climb in cost.

Thank you again, Mr. Chairman, for your continued attention to this critical issue. I yield back the balance of my time.

---

[The statement of Mr. McKeon follows:]

**Prepared Statement of Hon. Howard P. "Buck" McKeon, Senior Republican Member, Committee on Education and Labor**

Thank you Chairman Miller.

I'm pleased to be here this morning to discuss rising college costs, an issue I have focused on since coming to Congress almost 15 years ago.

For too many years, it seemed I was alone in my concern about ever-rising tuitions and their impact on students and families. That's why I'm so pleased that Chairman Miller has convened this hearing and joined me in asking the tough questions about how we can finally get a handle on the skyrocketing cost of a college education.

Rising college costs are a difficult issue. There are no easy answers. The higher education community is fiercely protective of its right to charge whatever it sees fit, and taxpayers are expected to foot the bill that families cannot by blindly increasing financial aid, year after year.

I learned that lesson the hard way when I first proposed a modest effort to address college costs at the federal level by shining a spotlight on excessive tuition increases. The backlash was, speaking frankly, both surprising and hugely disappointing.

Certainly some colleges and universities have taken steps to hold down costs. Community colleges in particular are a low-cost option for an increasing number of students and families. We have heard from institutions striving for greater administrative efficiencies, and even schools that allow students to rent textbooks, a small step that can save students hundreds of dollars each year. But for every story we hear about a commitment to affordability, it seems we hear dozens more about exploding tuitions.

Today's hearing is a positive sign. Finally, it seems we are reaching consensus that rising college costs are a real problem in America. I'm hopeful that we can begin turning our attention now to solutions.

Over the last four years I have refined my plan to address college costs based on feedback I have received from the higher education community. I have included provisions that recognize low-cost institutions and modified how cost increases are calculated. Ultimately, however, I do not believe it is too much to ask that students and parents be given clear, understandable information about how much tuitions are rising. And for those schools where tuition is rising rapidly, at more than twice the rate of inflation, it is reasonable for us to ask why, and what can be done about it.

It's no secret that I was disappointed this year when the majority insisted on passing financial aid reforms through a process designed for deficit reduction. I had a number of concerns about the policies in that bill, but perhaps even more than that, I believe it was a tremendous missed opportunity.

That bill added billions in additional support for Pell Grants—something I support—but it did so without any accountability for colleges and universities to do their part in the affordability equation. I fear that by inflating federal subsidies without addressing costs, we may inadvertently have made the problem much worse.

Will colleges simply raise tuition further, draining the value of our Pell Grant increases? Will states spend less on higher education, assuming the federal government has made up the difference? Will the Appropriations Committee undercut the discretionary funding base of the Pell Grant program, thereby erasing the increases we provided? I'm afraid the budget bill may have been a losing wager.

While we missed the opportunity to provide meaningful solutions to the college cost crisis earlier this year, I am hopeful that we will not make the same mistake now. As we prepare to consider comprehensive Higher Education Act legislation, I believe we must undertake a genuine effort to address college costs.

I'm pleased to have this distinguished panel of witnesses here before us. I want to thank each of you for your willingness to engage in a difficult discussion. Your involvement, and the involvement of all stakeholders, is imperative if we are truly committed to keeping college affordable.

I want to thank Chairman Miller for holding this hearing and for working with me and my staff on this important issue. I yield back.

---

[Whereupon, at 1:40 p.m., the committee was adjourned.]

○