

Testimony before the House Committee on Education and Labor
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“The State of Higher Education:
How Students Access and Finance a College Education”
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Mr. Chairman and Members of the Committee:

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

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

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

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

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

Higher Education Cost and Funding Trends

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

College costs have typically risen at twice the Consumer Price Index, and often faster than health care expenditures, according to the U.S. Department of Labor. Tuition costs, as a percentage of the average family's paycheck, are increasingly upward of 25 cents on the dollar.

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

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

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

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

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

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

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

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

New Policy Options

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

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

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

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

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

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

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

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

Thank you.