

“Barriers to Equal Educational Opportunities:
Addressing the Rising Costs of a College Education”

Hearing of the House Committee on Education and Labor
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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 online, 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 its 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.

- X From 1994-95 to 2004-05, grant aid provided by private colleges increased 150 percent, more than twice the rate of tuition (71 percent).
- X 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.
- X The median increase for health care costs at colleges was 9 percent in 2005-06, according to the College and University Personnel Association.
- X 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*.
- X 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:

- X 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.
- X Outsourcing campus services, such as grounds and facilities maintenance, alumni relations operations, residence hall management, billing and other back-office functions, and bookstores.
- X Turning to environmentally friendly systems to lower energy consumption; streamlining staff; and consolidating offices and programs to enhance efficiency.
- X 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.

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