KEEPING COLLEGE WITHIN REACH: EXPLORING STATE EFFORTS TO CURB COSTS

HEARING

BEFORE THE

SUBCOMMITTEE ON HIGHER EDUCATION AND WORKFORCE TRAINING

COMMITTEE ON EDUCATION AND THE WORKFORCE

U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS

SECOND SESSION

HEARING HELD IN WASHINGTON, DC, JULY 18, 2012

Serial No. 112–65

Printed for the use of the Committee on Education and the Workforce

Available via the World Wide Web:
www.gpo.gov/fdsys/browse/committee.action?chamber=house&committee=education
or
Committee address: *http://edworkforce.house.gov*

U.S. GOVERNMENT PRINTING OFFICE

74–975 PDF WASHINGTON : 2012

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 THE WORKFORCE

JOHN KLINE, Minnesota, *Chairman*

Thomas E. Petri, Wisconsin
Howard P. "Buck" McKeon, California
Judy Biggert, Illinois
Todd Russell Platts, Pennsylvania
Joe Wilson, South Carolina
Virginia Foxx, North Carolina
Bob Goodlatte, Virginia
Duncan Hunter, California
David P. Roe, Tennessee
Glenn Thompson, Pennsylvania
Tim Walberg, Michigan
Scott DesJarlais, Tennessee
Richard L. Hanna, New York
Todd Rokita, Indiana
Larry Bucshon, Indiana
Trey Gowdy, South Carolina
Lou Barletta, Pennsylvania
Kristi L. Noem, South Dakota
Martha Roby, Alabama
Joseph J. Heck, Nevada
Dennis A. Ross, Florida
Mike Kelly, Pennsylvania

George Miller, California,
Senior Democratic Member
Dale E. Kildee, Michigan
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
Rush D. Holt, New Jersey
Susan A. Davis, California
Raúl M. Grijalva, Arizona
Timothy H. Bishop, New York
David Loebsack, Iowa
Mazie K. Hirono, Hawaii
Jason Altmire, Pennsylvania
Marcia L. Fudge, Ohio

Barrett Karr, *Staff Director*
Jody Calemine, *Minority Staff Director*

SUBCOMMITTEE ON HIGHER EDUCATION AND WORKFORCE TRAINING

VIRGINIA FOXX, North Carolina, *Chairwoman*

John Kline, Minnesota
Thomas E. Petri, Wisconsin
Howard P. "Buck" McKeon, California
Judy Biggert, Illinois
Todd Russell Platts, Pennsylvania
David P. Roe, Tennessee
Glenn Thompson, Pennsylvania
Richard L. Hanna, New York
Larry Bucshon, Indiana
Lou Barletta, Pennsylvania
Joseph J. Heck, Nevada

Rubén Hinojosa, Texas
Ranking Minority Member
John F. Tierney, Massachusetts
Timothy H. Bishop, New York
Robert E. Andrews, New Jersey
Susan A. Davis, California
Raúl M. Grijalva, Arizona
David Loebsack, Iowa
George Miller, California
Jason Altmire, Pennsylvania

C O N T E N T S

KEEPING COLLEGE WITHIN REACH: EXPLORING STATE EFFORTS TO CURB COSTS

Wednesday, July 18, 2012
U.S. House of Representatives
Subcommittee on Higher Education and Workforce Training
Committee on Education and the Workforce
Washington, DC

The subcommittee met, pursuant to call, at 10:05 a.m. in Room 2175, Rayburn, Hon. Virginia Foxx [chairwoman of the subcommittee] presiding.

Present: Representatives Foxx, Biggert, Roe, Thompson, Bucshon, Heck, Hinojosa, Bishop, Miller, and Altmire.

Staff Present: Katherine Bathgate, Deputy Press Secretary; James Bergeron, Director of Education and Human Services Policy; Adam Bennot, Press Assistant; Casey Buboltz, Coalitions and Member Services Coordinator; Heather Couri, Deputy Director of Education and Human Services Policy; Cristin Datch, Professional Staff Member; Amy Raaf Jones, Education Policy/Counsel and Senior Advisor; Barrett Karr, Staff Director; Brian Melnyk, Legislative Assistant; Krisann Pearce, General Counsel; Dan Shorts, Legislative Assistant; Alex Sollberger, Communications Director; Linda Stevens, Chief Clerk/Assistant to the General Counsel; Alissa Strawcutter, Deputy Clerk; Tylease Alli, Minority Clerk; Kelly Broughan, Minority Staff Assistant; Daniel Brown, Minority Policy Associate; Jody Calemine, Minority Staff Director; Ruth Friedman, Minority Director of Education Policy; Megan O'Reilly, Minority General Counsel; and Julie Peller, Minority Deputy Staff Director.

Chairwoman FOXX. A quorum being present, the subcommittee will come to order.

Good morning and welcome to our subcommittee hearing. We are fortunate to have a distinguished panel of higher education experts here today, and I would like to thank these witnesses for joining us.

In recent months, the issue of rising college costs has shifted to the forefront of our national discourse, and rightly so, as millions of young people struggle to manage school debt and to find job opportunities in the lagging economy. Annual tuition and fees at public universities have increased 72 percent since 2001, and the cost of private institutions and 2-year degree programs have similarly increased. Meanwhile, the student debt load recently surpassed $1 trillion, exceeding total outstanding credit card debt for the first time in history.

Clearly there is a problem that needs to be addressed, but it cannot be solved solely at the federal level with Washington bureaucrats acting as master puppeteers. That has been tried over the last decade, and it hasn't worked. Federal support for higher education increased 155 percent over the last 10 years, yet tuition has continued to rise. In these fiscally challenging times, if government subsidies aren't producing more affordable education in the current system, we cannot just keep writing bigger checks. Instead, we need to look to States and postsecondary institutions for creative solutions to the college cost conundrum.

In a previous hearing, this subcommittee explored ways some colleges and universities are working to streamline costs and reduce the burden for students. Grace College and Seminary President Dr. Ronald Manahan described the value of accelerated degree programs that allow students to graduate in less time. Colorado Mesa University President Tim Foster explained how his school's innovative work study program has been beneficial to students and the school's bottom line.

Today, we will learn about State-led initiatives to tackle the college cost problem. As our economy continues to falter, it is no secret many States are hard-pressed to match the levels of support they have appropriated to higher education in previous years. Despite these challenging circumstances, some State officials are developing inventive programs and policies that provide students more affordable options on the path to a postsecondary degree.

For example, Indiana and Pennsylvania have successfully implemented "pay for performance" funding structures in which States set aside a certain percentage of funds for higher education programs with the best retention, completion, and placement rates. As one of our witnesses will discuss today, the benefit of "pay for performance" is two-fold: Not only do these structures offer colleges a financial incentive to raise the bar, they also provide another layer of accountability to ensure limited taxpayer resources are being used wisely.

Recognizing that not all learning occurs in a traditional classroom setting, colleges and universities in Minnesota and Vermont now offer assessments for prior learning. These tests determine whether the knowledge a student has obtained through previous education and work experience merits college credit. And when these tests are implemented for each student, they help eliminate instructional redundancies and spare students the cost of courses that would attempt to teach them skills they already possess. Other States, such as Ohio, require all public universities to offer accelerated degree programs that provide students the option to earn their degrees in less time than the traditional 4 years, thereby saving money.

To help lower the tuition bill, some students opt to take courses at a less expensive community college and then complete their degree program at a public 4-year institution. Officials in some States, including Louisiana, Florida, and my home State of North Carolina, have acknowledged the fiscal practicality of this approach in implementing comprehensive articulation agreements to make it easier for students to transfer credits to another public institution within the same State. We are fortunate today to have a witness from the Louisiana Community and Technical College System who will discuss how students are benefiting from these agreements.

Before I yield to my colleague, Ruben Hinojosa, I would like to make one thing clear: I know all of us have the best intentions when it comes to helping students afford a college education, and we all agree debt should not be a foregone conclusion in higher education. However, we must not forget heavy-handed federal regulations often yield results contradictory to their aim, weighing down States with another layer of burdensome red tape. Instead of leveraging new mandates on States and institutions, we should encourage innovation by continuing to highlight the successful efforts being made at the State and local level.

I look forward to a productive discussion with my colleagues and our witnesses on ways States are working to keep college within reach for more students.

I now recognize the ranking member, Mr. Hinojosa, for his opening remarks.

[The statement of Chairwoman Foxx follows:]

Prepared Statement of Hon. Virginia Foxx, Chairwoman, Subcommittee on Higher Education and Workforce Training

Good morning, and welcome to our subcommittee hearing. We are fortunate to have a distinguished panel of higher education experts here today, and I would like to thank these witnesses for joining us.

In recent months, the issue of rising college costs has shifted to the forefront of our national discourse—and rightly so, as millions of young people struggle to manage school debt and find job opportunities in the lagging economy. Annual tuition and fees at public universities have increased 72 percent since 2001, and the cost of private institutions and two-year degree programs have similarly increased. Meanwhile, the student debt load recently surpassed $1 trillion—exceeding total outstanding credit card debt—for the first time in history.

Clearly there is a problem that needs to be addressed, but it cannot be solved solely at the federal level with Washington bureaucrats acting as master puppeteers. That's been tried over the last decade, and it hasn't worked. Federal support for higher education increased 155 percent over the last ten years, yet tuition has continued to rise. In these fiscally challenging times, if government subsidies aren't producing more affordable education in the current system, we cannot just keep writing bigger checks. Instead, we need to look to states and postsecondary institutions for creative solutions to the college cost conundrum.

In a previous hearing, this subcommittee explored ways some colleges and universities are working to streamline costs and reduce the burden for students. Grace College and Seminary President Dr. Ronald Manahan described the value of accelerated degree programs that allow students to graduate in less time, and Colorado Mesa University President Tim Foster explained how his school's innovative work study program has been beneficial to students and the school's bottom line.

Today, we will learn about state-led initiatives to tackle the college cost problem. As our economy continues to falter, it's no secret many states are hard-pressed to match the levels of support they've invested in higher education in previous years. Despite these challenging circumstances, some state officials are developing inventive programs and policies that provide students more affordable options on the path to a postsecondary degree.

For example, Indiana and Pennsylvania have successfully implemented "pay for performance" funding structures, in which states set aside a certain percentage of funds for higher education programs with the best retention, completion, and placement rates. As one of our witnesses will discuss today, the benefit of "pay for performance" is two-fold: Not only do these structures offer colleges a financial incentive to raise the bar, they also provide another layer of accountability to ensure limited taxpayer resources are being used wisely.

Recognizing not all learning occurs in a traditional classroom setting, colleges and universities in Minnesota and Vermont now offer prior learning assessments. These tests determine whether the knowledge a student has obtained through previous education or work experience merits college credit. And when these tests are implemented for each student, they help eliminate instructional redundancies and spare students the cost of courses that would attempt to teach them skills they already possess. Other states, such as Ohio, require all public universities to offer accelerated degree programs that provide students the option to earn their degree in less time, for less money.

To help lower the tuition bill, some students opt to take courses at a less expensive community college and then complete their degree program at a public four-year institution. Officials in some states, including Louisiana, Florida, and my home state of North Carolina, have acknowledged the fiscal practicality of this approach and implemented comprehensive articulation agreements to make it easier for students to transfer credits to another public institution within the same state. We are fortunate today to have a witness from the Louisiana Community and Technical College System who will discuss how students are benefitting from these agreements.

Before I yield to my colleague, Rubén Hinojosa, I'd like to make one thing clear. I know all of us have the best of intentions when it comes to helping students afford a college education. And we all agree debt should not be a foregone conclusion in higher education. However, we must not forget heavy-handed federal regulations often yield results contradictory to their aim, weighing down states with another layer of burdensome red tape. Instead of leveraging new mandates on states and institutions, we should encourage innovation by continuing to highlight the successful efforts being made at the state and local level.

I look forward to a productive discussion with my colleagues and our witnesses on ways states are working to keep college within reach for more students. I now recognize the ranking member, Mr. Hinojosa, for his opening remarks.

Mr. HINOJOSA. Thank you, Chairwoman Foxx.

I would like to thank our distinguished witnesses for joining us today to discuss State-led efforts to curb college costs, as the chairwoman made in her opening remarks. I am also eager to learn more about the strategies that a number of States are taking to maintain affordability, accessibility, diversity, and student success in higher education.

As ranking member of this subcommittee, I am deeply concerned that college costs continue to rise at unprecedented levels and of the ever-increasing amount of debt that students are being burdened with. According to the Consumer Financial Protection Bureau, total outstanding student loan debt surpassed $1 trillion late last year.

As costs to educate have increased, students have been forced to shoulder the additional cost burden. In 2012, student tuition made up 43 percent of higher education spending. According to the State Higher Education Executive Officers Association, that is a fact. By contrast, in 1986, student tuition comprised only 23 percent of higher education spending. To make matters worse, State funding per full-time equivalent student declined 23 percent in inflation-adjusted dollars over the last 10 years.

In the past several years, Democrats have taken bold steps to address rising costs through increased transparency and investments in federal aid.

With the passage of the Student Aid and Fiscal Responsibility Act, known as SAFRA, in the year 2010, the Democratic-led Congress provided $36 billion in additional Pell Grant funding, as well as $2.55 billion in targeted investments for Historically Black Colleges and Universities, better known as HBCUs, as well as for Hispanic-Serving Institutions, known as HSIs, Tribal Colleges and Universities, Predominantly Black Institutions, Asian American and Native American Pacific Islander-Serving Institutions to bolster STEM education.

It is important to note that HBCUs and minority-serving institutions like I enumerated are some of the most affordable colleges and universities in our nation's higher education system.

Most recently, the passage of the Moving Ahead For Progress in 21st Century Act kept interest rates on need-based student loans from doubling in July of this year, saving 7.4 million students an average of $1,000 in borrowing costs over the life of their loan. I would also like to underscore that the Obama administration has redoubled efforts to increase transparency of college costs through additional institutional reporting requirements and new tools for consumers to better understand the costs and financial aid.

Clearly, federal investments in higher education are critical to student success. This is especially true for low-income, for first-generation college and minority students. At the same time, States and colleges and universities must do their part to keep college affordable, promote on-time graduation, and create and strengthen articulation agreements that help students transfer credit and earn their degrees.

While this is a tall order, I am confident that State leaders and institutions, as are being represented today by our panelists, can do more to rein in college costs without sacrificing quality, without sacrificing equity, and diversity.

In closing, I want to say that if students can afford the cost of their college education they are more likely to lead healthy and prosperous lives and use their degrees to contribute to our nation's workforce and economy.

I look forward to hearing from today's witnesses on how States and institutions can work together and help all students afford the cost of a high-quality postsecondary education, and I thank you.

With that, I yield back.

[The statement of Mr. Hinojosa follows:]

Prepared Statement of Hon. Rubén Hinojosa, Ranking Member, Subcommittee on Higher Education and Workforce Training

Thank you, Chairwoman Foxx.

I would like to thank our distinguished witnesses for joining us today to discuss state-led efforts to curb college costs. I am eager to learn more about the strategies that a number of states are leading to maintain affordability, accessibility, diversity and student success in higher education.

As Ranking Member of this Subcommittee, I am deeply concerned that college costs continue to rise at unprecedented levels and of the ever-increasing amount of debt that students are being burdened with. According to the Consumer Financial Protection Bureau (CFPB), total outstanding student loan debt surpassed $1 trillion late last year.

As costs to educate have increased, students have been forced to shoulder the additional cost burden. In 2012, student tuition made up 43.3% of higher education spending, according to the State Higher Education Executive Officers Association (SHEEO). By contrast, in 1986, student tuition comprised 23% of higher spending. To make matters worse, state funding per full time equivalent student declined by 23% in inflation adjusted dollars over the last decade.

In the past several years, Democrats have taken bold steps to address rising costs through increased transparency and investments in federal aid.

With the passage of the Student Aid and Fiscal Responsibility Act (SAFRA) in 2010, the Democratic led Congress provided $36 billion in additional Pell grant funding and $2.55 billion in targeted investments for Historically Black Colleges and Universities (HBCUs), Hispanic-Serving Institutions (HSIs), Tribal Colleges and Universities (TCUs), Predominantly Black Institutions (PBIs) and the Asian American and Native American Pacific Islander-Serving Institutions to bolster STEM education.

It's important to note that HBCUs and Minority-Serving institutions are some of the most affordable colleges and universities in our nation's higher education system.

Most recently, the passage of the "Moving Ahead for Progress in 21st Century Act" kept interest rates on need-based student loans from doubling in July, saving 7.4 million students $1,000 in borrowing costs over the life of their loan. I would also like to underscore that the Obama Administration has redoubled efforts to increase transparency of college costs through additional institutional reporting requirements and new tools for consumers to better understand costs and financial aid. Clearly, federal investments in higher education are critical to student success; this is especially true for low-income, first-generation college, and minority students. At the same time, states and colleges and universities must do their part to keep college affordable, promote on-time graduation, and create and strengthen articulation agreements that help students transfer credit and earn their degrees.

While this is a tall order, I am confident that state leaders and institutions can do more to rein in college costs, without sacrificing quality, equity, and diversity.

If students can afford the cost of their college education, they are more likely to lead healthy and prosperous lives and use their degrees to contribute to our nation's workforce and economy.

In closing, I look forward to hearing from today's witnesses on how states and institutions can help all students afford the cost of a high quality postsecondary education.

Thank You.

Chairwoman FOXX. Thank you, Mr. Hinojosa.

Pursuant to committee rule 7(c), all subcommittee members will be permitted to submit written statements to be included in the permanent hearing record. Without objection, the hearing record will remain open for 14 days to allow statements, questions for the record, and other extraneous materials referenced during the hearing to be submitted in the official hearing record.

[An additional submission of Mrs. Foxx follows:]

EXCELSIOR COLLEGE,
July 24, 2012.

Hon. VIRGINIA FOXX, *Chairwoman,*
House Higher Education and Workforce Training Subcommittee, 1230 LHOB, Washington, DC 20515.

DEAR CHAIRWOMAN FOXX: Per our conversation, I am grateful for your accommodation to include my supplemental testimony as part of the official record for your recent hearing titled "Keeping College Within Reach: Exploring State Efforts to Curb Costs" which was held on Wednesday, July 18, 2012.

Excelsior College is most grateful for your commitment to keeping college costs low and for your great work on behalf of higher education.

Sincerely,

JOHN F. EBERSOLE,
President.

Prepared Statement of John Ebersole, LPD, President, Excelsior College

Chairwoman Foxx and Members of the Committee, I am grateful for the inclusion of my testimony as part of the official record on the hearing titled "Keeping College Within Reach: Exploring State Efforts to Curb Costs."

In addition to the ideas and concepts presented to your committee during its recent hearings on college affordability, I would like to add the following:

1. Improve the credit transfer process. It is inefficient and costly to require students to repeat course work simply because they satisfied a particular degree requirement at a different institution. In academic year 2010-2011, Excelsior College (a regionally accredited, non-profit, adult-serving institution created by the Regents of the State of New York in 1971) enrolled about 12,500 new students. On average, these adult students presented five transcripts for review and evaluation. From these, Excelsior accepted over 600,000 credits toward Excelsior's established degree requirements as approved by the State of New York. At our tuition rate of $355 per credit, Excelsior saved these students, their families, employers and the American taxpayer over $200 million, in one year alone.

2. Accept credit for non-collegiate instruction that has been reviewed by the American Council on Education, such as military and corporate training.

3. Accept credit for prior learning that has been assessed by such credible entities as the Council on Adult and Experiential Learning (CAEL), for work and life experience.

4. Accept credit earned through such psychometrically valid, nationally normed, assessments as those of The College Board (CLEP), the Educational Testing Service (DSST), and Excelsior College (Excelsior College Examinations and UExcel Exams).

5. Offer instruction on a year round basis. This would both reduce living costs by one year and allow graduates to enter the workforce a year earlier. While most traditional institutions offer a summer program, they often do not recognize the credits earned toward degree requirements. This is inefficient and driven by business considerations, rather than academic quality, in most cases.

6. Consolidate libraries. In the digital age, it is no longer necessary to maintain large inventories of books and journals at every institute of higher education. A single, full-service library can support the students of multiple institutions, as Johns Hopkins now does for a number of online institutions, including Excelsior College. Imagine the savings if all public institutions in a given state were serviced by a single, online mega-library, with the staff and technology to support all of the state's public higher education institutions.

7. Reduce or consolidate state and federal regulations that have been imposed on higher education, using some form of cost-benefit analysis or needs test. Since the 2008 reauthorization of the Higher Education Act, the American Council on Education states that 150 new regulations have been imposed on higher education. Each of these requires expending staff time to review, evaluate applicability, ensure compliance and provide reporting. Frequently, these regulations are required of all institutions to solve a problem created by a few. For instance, the abuse of credit hour criteria by two institutions has resulted in a national definition of "credit hour" that cannot be used by online education providers and flies in the face of efforts to move from "inputs" to "outputs" (results) as a means of determining return on investment.

Compliance with "state authorization" regulations has cost my institution over $300,000 in its first year. The requirements proposed by the "Military and Veterans Educational Reform Act of 2012" (Senate Bills 2179, 2006 and 2241) will cost Excelsior College another $200,000, if enacted as proposed. This $500,000 that my institution will need to pay, on a recurring basis, becomes more than $2 billion when multiplied by the approximately 4,600 regionally accredited institutions that will need to comply. Administrative expense, the primary category of cost created by new regulations, is growing at a rate 3 to 4 times greater than for academic staff or faculty. These positions are for risk managers, compliance officers, legal counsel and government affairs staff. Their salaries are a significant part of the cost that the nation is experiencing in rising tuition expense.

8. Provide incentives for institutions to reduce their costs. Excelsior College is home to the largest pre-licensure nursing program in the nation with approximately 14,000 associate degree-seeking students. It is a "career ladder" program that only admits persons with existing clinical experience such as licensed practical nurses, paramedics and military corpsmen. Our School of Nursing has been designated, three consecutive times, as a Center of Excellence in Nursing Education by the National League for Nursing.

Yet, none of the students in this particular degree program are eligible for Title IV financial aid because this low cost, competency-based model has been deemed an "independent study program" by the Department of Education and is, therefore, excluded from Title IV participation.

However, if Excelsior moves this accredited program from its current competency-based model, where the costs are a few hundred dollars per assessment, to an online instructional model, increasing the cost to over $1,000 per course, the program would become federal aid eligible. Similarly, recent Congressional discussions of the Pell Grant program have led to consideration of a new "total cost of attendance" formula for online students that actually penalizes those who attend low tuition programs.

9. Reduce "residency requirements" for adult students. Many traditional institutions require that all graduates earn at least 30 units from their institution, regardless of available transfer credit, as well as complete their final work at that school. Some institutions even require that all of the final 30 units be in "residency." For mobile adult students this may mean that they have to complete more than the 120 semester units typically required for a bachelor's degree. Such students, for example, may come to an institution with more than 100 units available for transfer, but still will need to complete at least 30 more to earn their degree because of lack of transfer acceptance and residency requirements.

10. Make greater use of online technology. After nearly 30 years of evaluation, most objective observers have come to the conclusion that there is "no substantive difference" between outcomes achieved online and those attained in a classroom. As a result, nearly two-thirds of all accredited institutions are now offering at least some credit-bearing programs online. This includes some of the most prestigious institutions in the world. Yet, many of these still attempt to ease on-campus classroom shortages through the construction of costly new buildings rather through the "blended" use of online technology, combining online with on-campus class sessions. The capacity of existing space could be doubled or tripled depending upon the number of class meetings which would occur with virtual interactions in addition to those conducted face-to-face.

11. Provide greater access to college courses to high school seniors. The 12th year of secondary education is often referred to as "a wasted year." This need not be the case if seniors are expected to complete college-level, general education courses (breadth requirements) as part of their final year. While some do take College Board AP courses for this purpose, there is insufficient availability or support for these programs to create the kind of "running start" that will benefit college completion and real cost reduction. With the plethora of high quality Open Education Resource courses increasingly moving online and validation of learning assessments that are available, access can be easily expanded.

12. Combine Open Education Resource (OER) courses with nationally reviewed and approved assessments to award low cost degrees. By vetting that OER material which maps directly to subject matter assessments that are readily available from ETS, The College Board and Excelsior College, students can study independently (or with tutors) with assurance that their studies and the assessments are aligned. For those who have discipline and motivation to satisfy degree requirements in this fashion, the cost of a bachelor's degree can be as little as $10,000 for someone with little or no prior credit, or considerably less for those with accumulated transfer credit.

Excelsior College is proud of the fact that it has adopted and perfected a variety of tools for assessing prior learning and for applying these to rigorous State of New York degree requirements. Over the College's 40 years it has graduated nearly 150,000 individuals, primarily adult learners, with a quality degree. It has done this at an average cost per student, per year, of $1,600 according to 2010 IPEDS data.

Thank you for this opportunity to address your subcommittee.

Chairwoman FOXX. It is now my pleasure to introduce our distinguished panel of witnesses.

Mr. Scott Pattison is the Executive Director of the National Association of State Budget Officers, the professional membership organization for State budget and finance officers. Prior to his current role, Mr. Pattison served as Virginia's State budget officer for 4 years, headed the Regulatory and Economic Analysis Section of the Virginia Department of Planning and Budget, and served on the Virginia Debt Capacity Advisory Board.

Ms. Teresa Lubbers became Indiana's Commissioner for Higher Education under Governor Mitch Daniels in 2009 following a 17-year career as a Republican member of the Indiana State Senate. During her tenure in the legislature, she chaired the Education and Career Development Committee.

Mr. Stan Jones is the current President and founder of Complete College America. He has been involved in higher education for three decades, serving as Indiana's Commissioner of Higher Education, a State legislator, and a senior adviser to former Governor Evan Bayh.

Dr. Joe May is the President of the Louisiana Community and Technical College System, the management board for the State's 14 public 2-year institutions. Prior to joining the system in 2006, Dr. May was Senior Vice President for Best Associates, a private equity group in Dallas, Texas, where he provided operational leadership for new higher education ventures.

Before I recognize you to provide your testimony, let me briefly explain our lighting system. You will have 5 minutes to present your testimony. When you begin, the light in front of you will turn green; when one minute is left, the light will turn yellow; and when your time has expired, the light will turn red, at which point I ask you to wrap up your remarks as best as you are able. After you have testified, members will each have 5 minutes to ask questions of the panel.

I now recognize Mr. Pattison for 5 minutes.

STATEMENT OF SCOTT PATTISON, EXECUTIVE DIRECTOR, NATIONAL ASSOCIATION OF STATE BUDGET OFFICERS

Mr. PATTISON. Thank you, Chairwoman Foxx, Ranking Member Hinojosa and members of the subcommittee. Thank you for inviting me to appear today on behalf of the nation's State budget and finance officers.

Since 1945, NASBO has been the professional organization for the State budget officers; and I commend the subcommittee for examining this important issue of keeping higher education costs within the reach of all Americans. Today, what I would like to do is briefly provide you a fiscal context for continued examination of this important issue.

Since the beginning of the most recent recession, the State fiscal landscape has dramatically changed, as I think most of you know. The bottom line is State revenue and State funding will be slower growing than usual, and therefore there will be very stiff competition for every dollar that the States have. For the last 3 fiscal years, for example, State budget growth is running at about half of what it used to run prior to the recession in terms of growth, and we expect that slower growth to continue. In fact, many economists use the term "the new normal," and we at the State level are certainly experiencing that.

Demand for funding for everything from Medicaid, health care, K-12 education, prisons, transportation, and, of course, higher education is extremely high; and the bottom line is there simply won't be enough money to go around. So, therefore, in this new funding environment, now more than ever, public higher education officials, institutions, State government, in fact, every level of State government, local government, federal government, will need to work together to figure out how to improve access and performance while spending resources wisely and efficiently and, yes, frankly, figuring out how to cut costs.

Because of balanced budget requirements and other restraints, it is true that the proportion of State funding for higher education has indeed decreased over the past decade and that over the years the State funding for higher education has been rather volatile and up and down. However, I do want to note that State funding has increased for higher education even in this environment; and, interestingly, when fiscal times are good, an examination of the data demonstrates that States are actually more generous to higher education on average than to other parts of State government.

But, unfortunately, when you look at the data during recessions and downturns, States are less generous to higher education. And part of that is higher education has alternative sources of funding and so, from a practical standpoint, for better or for worse, there is an ability to cost shift, which certainly occurs.

I want to note that the proportion of State funds going for higher education went from about 11 percent in 2001 down to 10 percent in fiscal year 2011, and a lot of this is due to the increased spending on Medicaid and K-12 education. And, even so, State funds to higher education have increased in nominal dollars in the last decade by about 50 percent.

I also want to note you can use statistics in many different ways, as we all know, but State governments still remain a very critical and important source of funding for public higher education. In fiscal year 2010, for example, 53 percent of the general operating educational expenses were supported by State funds. And we shouldn't overlook that capital spending from the State is extremely important. States for years have issued billions of dollars in bonds to fund public university capital projects.

Now, as I mentioned, higher education for States is important and popular; and so when the resources are there, they tend to be more generous than average for them. But, unfortunately, resources are cut more during downturns. As a result, funding for higher education at the State level, again because of balanced budget requirements and other constraints, tends to be rather volatile.

But going forward there is going to be a need for a new approach to higher education finance. With resources scarce, as I mentioned, State officials are going to increasingly expect improved efficiency and tying funding at higher education to outcomes and results. Because there is simply not enough money to go around for all of the areas of State government like Medicaid, health care, K-12, and so forth.

In addition, and you are seeing some of this and we are going to hear more about this today, but you need to see more of an adoption of innovative reforms, changes in financing structure, so that you are tying funds to performance and results.

One of the things I know over time a general concept I want to mention is the importance of providing States with flexibility so that they can allocate their resources based on the need and evidence and not have constraints such as maintenance of effort requirements, which provide disincentives for providing maybe a big bump in funding during a particularly good year.

So NASBO commends the subcommittee on their attention to this very crucial and timely issue. Obviously, it is extremely important. So I want to thank you very much for the opportunity to testify today on behalf of the 50 State budget officers. Thank you.

[The statement of Mr. Pattison follows:]

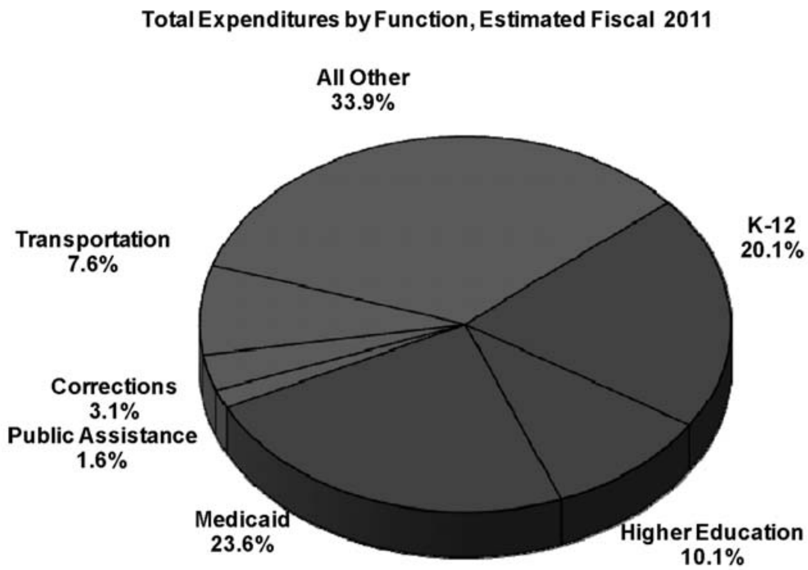
Prepared Statement of Scott D. Pattison, Executive Director, National Association of State Budget Officers (NASBO)

Chairwoman Foxx, Ranking Member Hinojosa and members of the Subcommittee, thank you for inviting me to appear before you today on behalf of the budget and finance officers of the nation's 50 states and territories. For over 60 years, the National Association of State Budget Officers (NASBO) has been the professional membership organization for state budget and finance officers. As chief financial advisors to our nation's governors, NASBO members are influential decision makers in state government. They guide their states in analysis of budget options and formation of sound public policy.

Fiscal Outlook: A New Era for State Budgeting

The state fiscal landscape has changed dramatically in recent years. Even with a recovering economy, the fiscal environment for state higher education support is expected to be very different and much more constrained compared to past decades. State budgets continue to be impacted by the recent recession, and funding for all areas of state government, including higher education, is expected to be constrained. This is because future state spending is likely to grow more slowly than in past decades, meaning that resources will continue to be limited for years to come. At the same time, the demand for funding continues to rise in a number of high-priority program areas, particularly Medicaid. As a result, competition for state funds is and will continue to be stiff, leaving support for traditional higher education funding arrangements possibly permanently and unalterably different from the past.

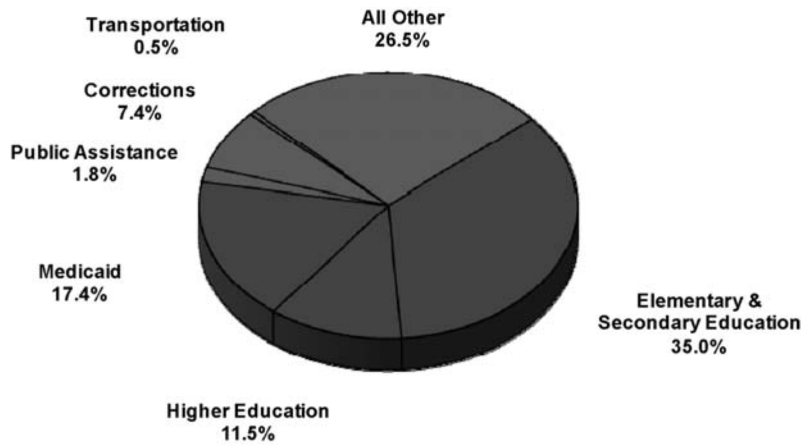
The fiscal challenges facing state governments are largely tied to the fact that a few program areas consume very large shares of state budgets. As shown in the figure below, elementary and secondary education and Medicaid—the two largest state expenditure areas—together consumed nearly 44% of all estimated state expenditures for fiscal 2011.



Source: NASBO 2010 State Expenditure Report

The relative size of these two spending areas is even more prominent when just looking at expenditures out of states' general funds, which are states' own source funds over which they have more control and discretion. As shown below, in fiscal 2011, K-12 and Medicaid expenditures were estimated to account for over half all state general fund spending. Both areas are generally top funding priorities for states, leaving state officials with limited room in their budgets to make program adjustments to close gaps when necessary. Thus, in severe revenue downturns, state officials face constituent and political pressures to avoid K-12 education and Medicaid budget cuts, forcing difficult choices and spending cuts—at times severe—to other areas of state spending, in particular higher education.

General Fund Expenditures by Function, Estimated Fiscal 2011

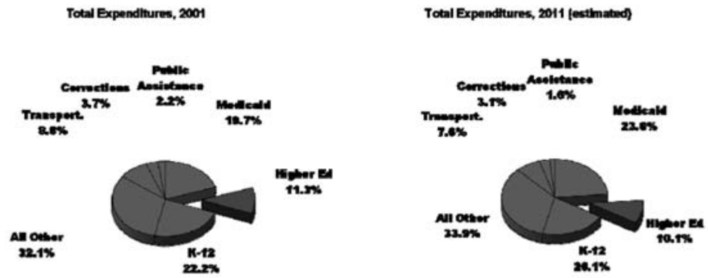


Source: NASBO 2010 State Expenditure Report

According to NASBO's Spring 2012 Fiscal Survey of States report, state fiscal conditions are projected to continue slowly improving in fiscal 2013, although general fund expenditures and revenues remain below pre-recession levels in many states.[1] The national economic recovery is causing aggregate state tax collections to increase, prompting general fund expenditure growth and a further restoration of budgetary reserves. Governors' recommended spending plans deliver a relatively positive outlook for many states, but valid concerns persist with slowing general fund expenditure growth rates compared to fiscal 2012, constrained revenue growth and a lingering high unemployment rate. Such concerns ensure budgetary challenges will continue for states in fiscal 2013 and possibly beyond. Thus, though revenue growth could help mitigate the funding squeeze and restore more resources for critical areas that were cut during the recession, the fiscal situation will entail budgetary decisions that must balance the recent rise in Medicaid costs over the past two years with increased demand for education and other state services. In this new funding environment, now more than ever, public higher education institutions and state officials will need to work together to improve access and performance while spending resources wisely and cutting costs.

Recent trends in public higher education finance

Higher education is in stiff competition for state funds and its share of the budget has certainly been affected by significant funding increases for large and high priority budget items like health care programs, especially Medicaid. This can be seen in the figures below.

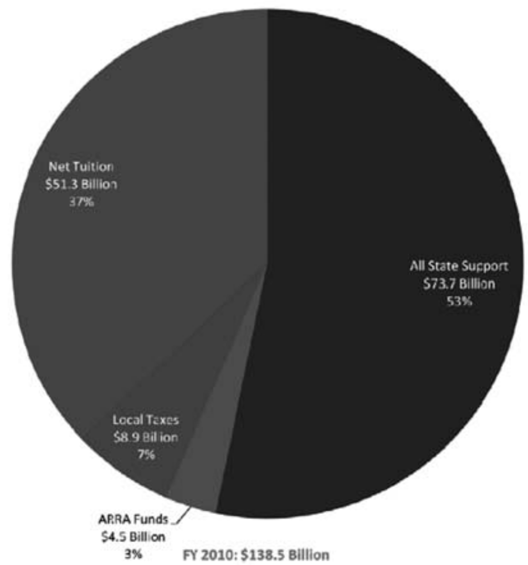


Source: NASBO 2010 State Expenditure Report

The proportion of state budget dollars directed towards higher education has only decreased slightly over the past decade; however, total state spending on higher education has increased steadily over time (48 percent between fiscal 2001 and 2011, without adjusting for inflation),[2] except during recessionary periods. On the surface this may appear positive, but the actual cost of acquiring a degree from the public higher education system has gone up significantly more, placing an ever greater reliance on tuition dollars. According to College Board, published tuition and fees for four-year public universities and colleges increased by 72 percent, after adjusting for inflation, over roughly the same time period (from 2000-2001 to 2010-2011 academic years). In nominal terms (without adjusting for inflation), four-year public institution tuition and fees increased by 117 percent.[3]

And yet, state governments have in the past and continue to be a tremendously critical source of funding for public higher education institutions. While public university presidents often claim that state funds may make up a small percentage of their institutions' budgets, these statistics can be misleading, since they include all parts of the institution's budget, including hospital and other expenditures that the state has no part in subsidizing. State dollars comprise a much larger share of these institutions' yearly expenditures on educational activities—or on what the Delta Cost Project refers to as "education and related" (E&R) expenses per student. Using this measure, the national average state subsidy for higher education in 2009 accounted for 48% of E&R spending per student at public research institutions, 51% at public master's institutions, and 68% at community colleges.[4]

State, Local, and Net Tuition Revenue Supporting General Operating Expenses of Higher Education
U.S., Fiscal Year 2010, Current (unadjusted) Dollars



Source: SHEEO State Higher Education Finance FY 2011 Report

Using a different metric, the share of general operating expenses of higher education institutions supported by the state was 53% for fiscal 2010 according to the State Higher Education Executive Officers (SHEEO), as displayed in the pie chart below.

In addition to this assistance, states have also historically and annually provided enormous financing assistance for capital projects at public universities. States often issue bonds for public university capital projects.

Funding for public higher education has been volatile over time. States usually are generous to higher education in good fiscal periods, only to cut significantly during severe revenue downturns. In fact, state funding to higher education experiences outright declines during recessionary periods. For instance, state spending for higher education was nearly $62 billion in FY 2002, but dropped slightly to $61.6 billion in FY 2003 and was down to roughly $60 billion in FY 2004. Affected again by the latest recession, state funds (that is, excluding federal assistance) spent on higher education fell by 0.8% between fiscal 2009 and fiscal 2010; however, when federal funds are included in the calculation, total state higher education expenditures went up by 0.8% in this period due to increased federal assistance resulting from the American Recovery and Reinvestment Act. Recessions have led to an unfortunate—and almost unique—cycle of state funding for higher education. A long-time budget director in Ohio and Illinois, the late Hal Hovey provided analysis in the 1990s about this volatile cycle in state budgeting. According to Hovey, states use higher education as a "balance wheel" during economic downturns. Essentially, states cut higher education funding in bad fiscal times (allowing significant tuition increases to make up for the reductions) but then dramatically increase higher education spending when state revenues rebound. A group convened by the National Center for Public Policy in Higher Education (NCPPHE) put it more starkly when they said in a 2009 statement, states "follow past patterns of responding to revenue shortfalls by shifting the financial burden [of higher education] to students and their families and by shutting out undergraduate students. Even when growth returns, states will still face structural budget deficits." [5]

More recently additional data on this issue of cyclical funding for higher education has been analyzed by William Doyle of Vanderbilt University and Jennifer Delaney of the University of Illinois at Urbana-Champaign. The two authors analyzed data on state support for higher education between 1979 and 2007 and demonstrated the volatility in higher education funding. Echoing Hovey's point, they write, "When state revenues are low, higher education is an attractive option for heavy cuts because it has the ability to collect fees for its services (an ability lacking in most other state spending categories). When states revenues are high, higher education is a politically attractive area on which to spend money."[6] This past recession has been no different with declines in state support for higher education (along with significant cuts to nearly all parts of state budgets) and increases in tuition.

Moving towards a new approach to state higher education finance

On a nominal basis, state spending growth has averaged 5.5 percent annually over the last few decades.[7] Economic forecasts for slower growth—the new normal—make this scenario unlikely to continue. Based on governors' recommended fiscal 2013 budgets, state spending is expected to increase by just 2.2 percent,[8] and average spending growth may actually be closer to 3 percent to 4 percent on a nominal basis for years to come, in line with slower national economic growth. Consequently, even if states want to be generous to higher education, they may not be able to be. With resources even scarcer, state Governors and lawmakers are going to be asking administrators tough questions about state-supported programs and this will include higher education. State officials will be reluctant to provide funding increases unless they know how the money will be spent wisely and that there will be an improvement in program performance.

State officials, for example, will be less patient with universities that have empty classrooms for significant portions of the day, or that cannot accommodate all of the students who want a particular course. State officials also will be less patient with institutional duplication. Too often, each separate institution within a public university system wants to do what its peers are doing, leading to extensive duplication. When the institutions are able to complement each other rather than duplicate, funds can be allocated more efficiently. Increases in appropriations for the institutions will need to lead to increased performance in some way.

According to College Board, over the past five years, average posted tuition and fees at public four-year higher education institutions increased at an annual growth rate of 5.1% after adjusting for inflation.[9] Granted, in some cases universities are simply replacing lost state dollars, but state officials still want to understand whether this is always necessary and when institutions should seek to be significantly more efficient. One major concern among state officials was raised by a recent study that found that much of the new incoming revenue to institutions was not necessarily spent on educating students or producing degrees. There needs to be a serious commitment among state and education policy leaders to set specific goals, align spending with those goals, improve degree productivity and improve public accountability. Goals need to be based on the public's needs not necessarily on the interests of individual public institutions.

Funding has rarely been tied directly to results and performance in the case of higher education but the scarce resource environment at the state, and ultimately at the federal level, may cause this to change. More and more officials are focusing on the importance of accountability. There will be opportunities in the states to adopt different approaches to this dilemma and in fact there are some examples to examine. At the same time, certain obstacles impede states from tying spending to performance, such as the Maintenance of Effort (MOE) provision of the 2008 Higher Education Opportunity Act. With this requirement in place, states have less flexibility to allocate resources based on need and evidence, and furthermore have a disincentive to make a large or one-time increase in higher education spending in a given year.

The bottom line is: Money will be tight for all areas of state government. The ability of states to fund higher education at previous growth rates may be limited and in many states not possible. The old pattern of making up for significant cuts with generous increases to higher education when good times return may no longer be possible. With resources so scarce, state officials will increasingly expect improved efficiency and funding tied to outcomes and results. Working with university systems, state officials can improve the situation by determining ways to provide more predictable revenue to higher education. At the same time, public university officials will need to understand and acknowledge the "new normal," and determine ways to improve efficiency and performance.

NASBO commends this subcommittee on their attention to this critical and timely issue. Our organization also recognizes the importance of state higher education finance and is very interested in strategies to reform the system to make it work better for all. In light of this, among many other projects, NASBO is partnering with the Bill and Melinda Gates Foundation to have state budget officers engage in an open dialogue on the critical issues associated with higher education finance. This effort will culminate in a final report offering best practices and recommendations in this area. Ultimately, we expect these efforts and the efforts of many other groups to lead to the adoption of changes to higher education finance to make it more closely tied to successful outcomes.

Thank you again for the opportunity to testify here today on the subject of higher education finance and share the perspective of the nation's state budget officers.

ENDNOTES

[1] National Association of State Budget Officers. The Fiscal Survey of States. (June 2012).

[2] National Association of State Budget Officers. State Expenditure Report. (2002; 2010).

[3] The College Board, Annual Survey of Colleges. (2011).

[4] Delta Cost Project IPEDS database. www.deltacostproject.org.

[5] The National Center for Public Policy and Higher Education. The Challenge to States: Preserving College Access and Affordability in a Time of Crisis. (March 2009).

[6] Delaney, Jennifer. A. and William R. Doyle. "The Role of Higher Education in State Budgets." The Challenges of Comparative State-Level Higher Education Policy Research. Kathleen M. Shaw and Donald E. Heller (Sterling, Virginia: Stylus, 2007). 55—76.

[7] National Association of State Budget Officers. The Fiscal Survey of States. (June 2010).

[8] National Association of State Budget Officers. The Fiscal Survey of States. (June 2012).

[9] The College Board. Trends in Higher Education Series: Trends in College Pricing 2011. (2011).

Chairwoman FOXX. Thank you very much, Mr. Pattison.

Ms. Lubbers, you are recognized for 5 minutes.

STATEMENT OF TERESA LUBBERS, COMMISSIONER FOR HIGHER EDUCATION, STATE OF INDIANA

Ms. LUBBERS. Chairwoman Foxx, Ranking Member Hinojosa, and members of the subcommittee, thank you for the opportunity to testify today. My name is Teresa Lubbers, and I serve as Commissioner of Indiana's Coordinating Board for Higher Education. My testimony will provide a brief overview of Indiana's efforts to lower student costs and enhance success by improving college affordability and productivity.

Indiana is ripe for reform in higher education. The State currently ranks 40th in the nation in postsecondary attainment. Capitalizing on that need to reform, the Indiana Commission for Higher Education has adopted an aggressive strategic plan, "Reaching Higher, Achieving More." Ultimately, our goal is quite straightforward: to ensure that more students complete postsecondary credentials on time and at the lowest possible cost.

Indiana has fared no better than most States in containing the costs of postsecondary education over the past two decades. Hoosier students borrow an average of $27,000 to finance a college degree, and Indiana's student loan default rate has increased by 35 percent over the past 3 years.

Indiana has weathered the recent recession far better than nearly any other State; and thanks to Governor Mitch Daniels and the State's General Assembly, Indiana's funding for higher education operations has remained essentially stable. In the past decade, Indiana's allocation for financial aid has actually increased by 90 percent, and during the current biennium it has grown by a generous 4.5 percent.

Indiana's tuition has increased by nearly 100 percent over the past decade, while Hoosier per capita personal income has grown by only 27 percent. In response, the General Assembly mandated that the commission set targets for tuition and fees at the public institutions.

To their credit, Indiana's public colleges adopted measures that lower cost, including decreasing summer tuition, guaranteeing on-time graduation, and increasing aid based on student performance.

Affordability is also a function of time spent in remediation, excessive credits taken, and credits lost through transfer or poor academic advising.

Indiana has focused on five opportunities for limiting higher education costs.

The first, as has been mentioned, is performance funding. Indiana's performance funding formula has evolved since 2003 to prioritize degree completion, on-time completion, the success of at-risk students, and the production of credentials that support Indiana's economy. Indiana allocated 5 percent of overall State support for institutions to performance funding in the past budget and is committed to increasing the percentage in the years ahead.

The second opportunity is creating innovative educational models. As an example, Western Governors University Indiana allows students to advance in their degree programs as they master the material rather than through credits earned or seat time.

The third area focuses on accelerated credentials. Ivy Tech Community College enables some students to earn a 2-year degree in 10 months, while Purdue University's balanced trimester schedule will allow students to obtain a 4-year degree in 3 years.

Currently, 90 percent of Indiana's college degree programs exceed 120 or 60 credits. Ball State University has led a statewide return to the 120-credit-hour standard, while recently enacted legislation mandates that all public institutions provide justification for degree programs that exceed the standard.

A fourth opportunity is optimizing credit transfer. We have developed a core transfer library of courses that transfer seamlessly among public and many private colleges. Additionally, Indiana mandated a general education core, which will transfer as a block among the State's public institutions.

Finally, Indiana seeks to increase the transparency of return on its educational investment. Students need to know that, while all degrees matter, some matter more in terms of earning, employment prospects, and job security. Already, the commission has supported the development of a college cost estimator and will launch a return on investment calculator to convey the value proposition of investing in higher education.

I will conclude with some reflections on the shared responsibility which must characterize the discussion of educational affordability as we move forward.

The past two decades have witnessed a perfect storm within higher education and the economy. Cost growth among postsecondary institutions has been fueled by the extraordinary institutional investments in technology, facilities, employee benefits, and student support staff.

The recent economic downturn has caused many States to reduce their spending on postsecondary operations. And students themselves are not without culpability. Completion rates have stagnated, more students supersede normal graduation timelines, and many practice less than sound judgment in borrowing and spending. This perfect storm has resulted in triple-digit percent increases in tuition and fees and runaway increases in student debt. Reversing this trend must be a responsibility shared among States, institutions, and students.

While today's hearing focuses on some cost considerations, a word of caution is warranted. Neither Indiana nor the nation can suffer the long-term consequences of building a productive, affordable system of higher education that diminishes academic quality. Ensuring affordability at the expense of academic rigor would be a hollow victory indeed. To avoid doing so will take thoughtful, collaborative action and metrics to promote quality learning and accountability.

I am grateful to the members of committee for convening this important discussion and thank you for this opportunity to testify.

[The statement of Ms. Lubbers follows:]

Prepared Statement of Teresa Lubbers, Commissioner, Indiana Commission for Higher Education

Chairwoman Foxx, Ranking Member Hinojosa and members of the subcommittee, thank you for the opportunity to testify on the important subjects of affordability and cost containment within higher education.

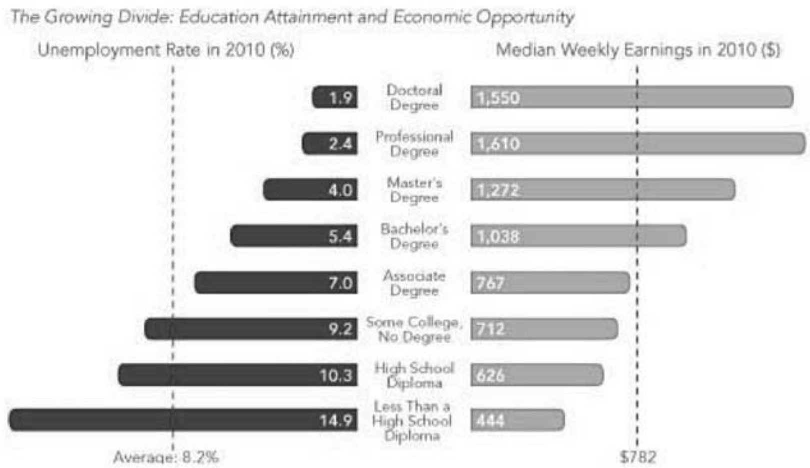
My name is Teresa Lubbers, and I serve as commissioner of the Indiana Commission for Higher Education. The commission is a 14-member public body, created in 1971 to define the missions of Indiana's public colleges and universities; plan and coordinate the state's postsecondary education system; and ensure that Indiana's higher-education system is aligned to meet the needs of students and the state.

My testimony will provide a brief overview of the commission's goals for college affordability and productivity; the current cost of higher education in Indiana; and how those costs have increased over time. I will describe actions the Commission for Higher Education and its partnering state institutions of higher education have recently undertaken to contain, and in some cases reduce, the cost of education to Indiana residents. I will also mention briefly additional steps that are planned or currently in progress to advance the goal of making postsecondary education affordable to all Hoosiers. In particular, I will focus my comments on five areas that the commission considers to have great potential in limiting the cost of postsecondary-credential attainment to students and to taxpayers. Those five areas are: performance-based funding, innovative educational-models, accelerated credential-completion, optimization of credit transfer, and transparent means for students and parents to calculate the return on their investments in postsecondary study.

Reaching Higher, Achieving More

Indiana is ripe for reform in higher education. The state currently ranks 40th in the nation in higher education attainment. Less than a third of Indiana's four-year college students graduate on time, and just over half graduate after six years. Only 4 percent of the state's two-year college students complete their credentials on time, and merely 12 percent graduate within three years. More than two-thirds of students attending the statewide community college require remediation in math, English, or both.

With the recent economic downturn, the imperative to increase Indiana's postsecondary attainment was never clearer or more vividly impactful on the lives of the state's workforce. As the graph below describes, the unemployment rate of Indiana workers by educational attainment is inversely proportionate to their average weekly earnings. Generally, Hoosiers with postsecondary credentials have weathered the recession far better than their less-well educated neighbors; and the higher the educational attainment, the more secure the job and the greater the income.



Source: Bureau of Labor Statistics, 2010

While Indiana's postsecondary attainment lags the national average, and has done so historically, the will and call to improve are strong. More Hoosiers than ever before recognize that a college credential is their passport to opportunity and prosperity, as evident in the recent growth in postsecondary study. Within the past five years, enrollment at Indiana's statewide community-college has increased by double-digits, and it has witnessed a remarkable 57 percent increase in associate degree production. Moreover, the postsecondary-enrollment rate of recent high school graduates is moving in a positive direction, now at 67 percent. Increasingly, Indiana's economy demands better-skilled workers. The Bureau of Labor Statistics projects that by 2018, Indiana will have 500,000 job vacancies requiring postsecondary credentials, compared to only 325,000 with high school diplomas. Indiana's legislature is equally committed to improvement, having enacted broad-sweeping reforms to improve the state's K-12 system, while actually increasing the allocations of state funds for financial aid during the recent economic downturn.

With the need to reform and the commitment to do so at hand, in March 2012, the Indiana Commission for Higher Education adopted a new strategic plan, titled Reaching Higher, Achieving More. The development of a new plan reflects the evolving environment of higher education, including employer demands for higher-skilled workers, the imperative to ensure quality in the credentials produced, the need for quicker and alternative pathways to credential attainment, and the fact of ever-increasing costs of tuition and fees.

To respond to that evolving environment, Reaching Higher, Achieving More envisions a higher-education system grounded in three overarching principles. The system must be student-centered, recognizing the changing needs and demographics of Indiana students and placing students at the center of all reform efforts. It must be mission driven, recognizing Indiana's diverse landscape of public and private postsecondary institutions, each with a distinct but integrated role within the system. It must be workforce aligned, recognizing the increasing knowledge, skills and credential attainment needed for individual lifetime-employment and to ensure Indiana's economic competitiveness.

To advance the principles embedded in Reaching Higher, Achieving More, and to honor the evolving environment of higher education, the plan calls for action by the commission and by Indiana's public universities in three key areas: completion, productivity and quality. Specific recommendations are set forth to increase credential attainment, generally, as well as on-time graduation rates. The plan supports improvements to remedial education; a focus on improved secondary-postsecondary alignment; and increases in dual-enrollment courses and other means of accelerating credential completion. It calls upon the colleges and universities to collaborate more fully on instructional delivery, to expand joint-purchasing agreements, and to establish annual targets for savings. And the document seeks reform in the allocation of state financial-aid awards, facilitated transfer of academic credit, and comparable assessments of program quality. While many and aggressive, the objectives contained within the plan are well reasoned; some are reflective of the very best practices in higher education nationally, while others are truly innovative in concept and approach.

Ultimately, the goal of Indiana's environmentally-responsive, integrated system of higher education as envisioned in Reaching Higher, Achieving More is quite straightforward: to ensure that more students complete postsecondary credentials on time and at the lowest possible cost.

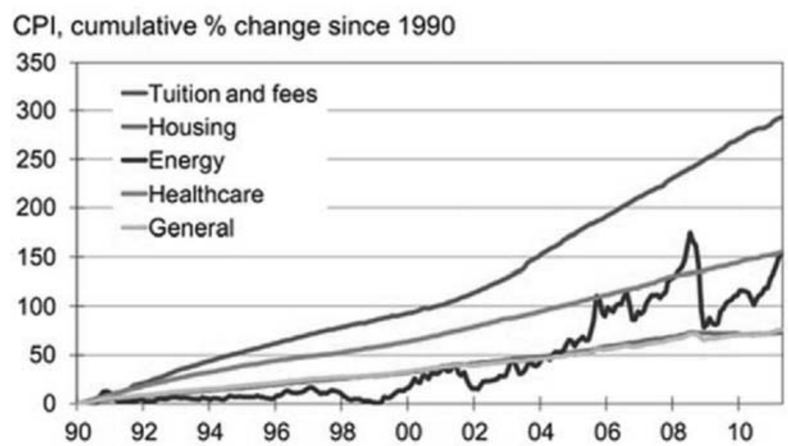
Indiana's Educational Costs and Financial Aid

Indiana has fared no better than most states in containing the costs of postsecondary education over the past two decades. Too many Indiana families must borrow large sums to pay for higher education. In fact, Hoosier students borrow an average of $27,000 to finance a college degree, and according to the U.S. Department of Education, Indiana's student loan default rate has increased by 35 percent over the past three years.

It is true that Indiana has weathered the recent national recessionary-period far better than nearly all states, attributable to sound fiscal management and prudent spending cuts across state agencies. Credit is due to Indiana's political leadership, Governor Mitch Daniels and the state's General Assembly, for their extraordinary efforts to sustain postsecondary funding during a period of significant economic turmoil. Whereas most states have trimmed, and many have eviscerated, their appropriations for public institutions, Indiana's higher-education funding has remained essentially stable in terms of direct-dollars.

Moreover, recognizing the ever-increasing importance of college access, Indiana has nearly doubled its appropriation for student financial-aid over the past decade. State student-support has increased by 90 percent, and remarkably, the appropriation has grown by $23 million during the current biennium—a generous 4.5 percent increase. Importantly, Indiana's financial-aid program is primarily needs-based, focused on Hoosiers who would otherwise be challenged to pay the cost of postsecondary study. And since Indiana grants-in-aid follow the students, whether they enroll in public, private or proprietary institutions, students are free to choose the school that best fits their needs.

Nationally, much recent debate has centered on the role of tuition and fee increases in college affordability. The graph below describes tuition increases in comparison to other cost-sectors. Over the past twenty years, tuition and fees have grown nearly 300 percent, while other cost-sectors have increased by a fraction of that rate. That tuition and fees have outpaced increases in healthcare costs is especially remarkable, given the substantial national-outcry about healthcare affordability.



Source: Moody's Analytics

Indiana faces the same concerns. Despite Indiana's efforts to sustain higher education appropriations and increase funding for student financial-aid, state dollars simply cannot keep pace with the year-over-year cost increases among postsecondary institutions. The table below describes the increases in tuition and fees at Indiana's public institutions over the past decade, as compared to changes in Hoosier per-capita personal income and the consumer price index. The average tuition and fees at Indiana's public colleges have increased by nearly 100 percent over the past decade, while Hoosier per-capita personal income has grown by 27 percent and inflation by 24 percent. To address this dramatic increase, the legislature has mandated that the commission set targets for tuition and fees at public institutions and requires each institution to hold an open hearing on proposed increases.

2001-2011 Freshman Tuition and Fees--Indiana's Public Institutions of Higher Education

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Total Decadal Increases
Overall Average	$3,354	$3,566	$4,149	$4,741	$4,933	$5,183	$5,504	$5,777	$6,061	$6,373	$6,675	
Annual % Change	3.7%	6.3%	16.4%	14.3%	4.0%	5.1%	6.2%	5.0%	4.9%	5.1%	4.7%	99%
2-Year Instituion Average	$2,263	$2,263	$2,611	$2,769	$2,908	$3,066	$3,232	$3,396	$3,568	$3,725	$3,896	
Annual % Change	0.0%	0.0%	15.4%	6.1%	5.0%	5.4%	5.4%	5.1%	5.1%	4.4%	4.6%	72%
4 Year Institution Average	$3,510	$3,752	$4,369	$5,023	$5,223	$5,486	$5,829	$6,117	$6,417	$6,751	$7,072	
Annual % Change	4.1%	6.9%	16.4%	15.0%	4.0%	5.0%	6.3%	4.9%	4.9%	5.2%	4.7%	101%
Consumer Price Index	177.1	179.9	184.0	188.9	195.3	201.6	207.3	215.3	214.5	218.1	220.2	
	2.8%	1.6%	2.3%	2.7%	3.4%	3.2%	2.8%	3.8%	-0.4%	1.6%	1.0%	24%
IN Per-Capita Personal Income	$28,028	$28,476	$29,484	$30,528	$31,141	$32,667	$33,645	$34,894	$33,323	$33,981	$35,550	
	2.1%	1.6%	3.5%	3.5%	2.0%	4.9%	3.0%	3.7%	-4.5%	2.0%	4.6%	27%

Source, IN Per-Capita Personal Income data: Bureau of Economic Analysis

To their credit, Indiana's public postsecondary-institutions have begun to adopt measures that directly lower their costs of tuition and fees. While some measures are quite straightforward, others seek to cut costs while also incentivizing student achievement.

- Indiana University, Ball State University and the University of Southern Indiana have lowered their summer-session tuition and fees by as much as 25 percent.
- Vincennes University has instituted the "Middle-Income Hoosier Scholarship," which provides semesterly tuition reductions to income-qualified students who maintain a 2.5 grade-point average. Students who graduate within five semesters receive a $250 refund.
- Indiana State University has launched the "Sycamore Graduation Guarantee," which guarantees eligible students that they will be able to complete a bachelor's degree within four years. If not, they will be able to enroll in remaining courses tuition free.

While direct reductions in postsecondary tuition and fees are certainly welcome, it is widely recognized that college costs, and therefore affordability, are also a function of more indirect variables. The correlation between cost and time spent by students in a course of study is clear. By delaying college completion, time spent in remedial courses, a superabundance of academic-credits taken, and academic credits lost through transfer or poor academic-advising all contribute to inflated student costs. In fact, these factors diminish the likelihood of completion all together; and low completion-rates surely increase institutional costs. Moreover, if students' expected return on their educational investment is not transparent or evident, they will be less likely to make good, cost-conscious educational choices, and may not make them at all.

In recognition of the impact of these more indirect drivers of postsecondary costs, the Indiana Commission for Higher Education and its partner postsecondary-institutions have committed to a series of reforms as articulated in Reaching Higher, Achieving More. Among them, five opportunities for action are particularly noteworthy for their potential to lower the cost of college completion.

Performance-Based Funding

The commission believes that funding for our state's colleges and universities should be tied to key values and needs, especially higher graduation rates and credentials that lead to greater economic opportunity for students and the state.

Historically, support for Indiana's public colleges and universities had been determined by set increases in state funding, based on the number of students enrolled in a given year and adjusted for inflation. In other words, the more students enrolled, the greater the funding colleges received, without respect to how many students actually graduated. A performance-based funding formula represented, therefore, a significant shift from past practice.

Indiana's performance-funding formula was first enacted in 2003 as an incentive to increase the level of research conducted at the public institutions of higher education. In the intervening years, the formula continued to evolve, expanding upon its incipient research-focus to place priority on degree completion, on-time completion, and the success of at-risk students. Indiana allocated 5 percent, approximately $61 million, of overall state-support for institutions to performance funding in the 2011-13 biennial-budget.

As Indiana plans for its next biennial budget, new performance criteria have been established. The refined performance-funding formula complements the existing foci by rewarding successful remediation strategies, establishing targets for credit-attainment, and incentivizing institutions to produce graduates in fields that support Indiana's economic-development goals. To honor mission differentiation among the state's colleges and universities, and to support their individual priorities, each institution may also designate a unique metric to be included in its performance formula. The new criteria fit within three high-level foci of performance:

Completion Metrics

- Overall Degree Completion—Includes one-year certificates, associate degrees, bachelor degrees, master's degrees and doctoral degrees.
- At Risk Student Degree Completion—Includes one-year certificates, associate degrees and bachelor degrees. Applies to Pell recipients at the time of graduation.
- High Impact Degree Completion—Includes bachelor degrees, master's degrees and doctoral degrees in STEM-related fields. STEM is defined as Science, Technology, Engineering and Mathematics, based on national standards. This metric applies only to research campuses.

Progress Metrics

- Student Persistence Incentive—Provides an incentive for students successfully completing a set number of credit hours. Two-year institutions are rewarded for students earning 15, 30 and 45 credit hours; four-year, non-research campuses are rewarded for students earning 30 and 60 credit hours. The metric applies only to community colleges and non-research four-year institutions.
- Remediation-Success Incentive—Provides an incentive to two-year institutions for students who successfully complete a remedial course and subsequently complete a gateway college-level course in math and English.

Productivity Metric

- On-Time Graduation Rate—Provides an incentive for increased on-time graduation rates at two- and four-year institutions. On-time graduation rate is considered four years for four-year institutions and two years for two-year institutions.

Institutional Defined Productivity Metric—This metric is defined by each institution and submitted to the commission for approval. The metric must align with the strategic plan of the institution and focus on reducing the cost of attendance to the student. Although differing by institution, the goal is to rewarding institutions for improving productivity in some manner.

Indiana is widely recognized as a national leader for advancing an effective performance-based formula for higher education funding, and it is a practice we advocate for consideration among other states, as well. With the staunch support of Governor Daniels and members of the General Assembly, Indiana has made performance funding a foundational principle of public support for our higher-education system, and the state is also committed to increasing the percentage of overall institutional support allocated through performance in the years ahead.

Innovative Educational-Models

Increasingly, Indiana's college students are a diverse group from all ages and backgrounds who are working (often full time), commuting to campus, and balancing their academic work with family obligations. The changing demands of Hoosier students requires new approaches to the delivery of higher education, embracing flexibility and expanding options that support student learning at the time, place and pace that best fits an individual's unique needs and circumstances. Within Indiana's system of public postsecondary institutions, several innovative models meet those changing demands.

Western Governors University-Indiana fills a unique role among higher-education institutions. WGU-Indiana is a fully-online university that allows students to advance in their degree programs as they master the material rather than through credits-earned or time-spent in class. WGU-Indiana's competency-based approach caters specifically to working adults, enabling motivated students to earn bachelor and master's degrees faster and at lower cost than they could otherwise. Moreover, WGU-Indiana offers the state's community college graduates full transfer-credit for prior coursework, an application fee waiver, and a 5 percent tuition discount.

Ivy Tech Community College also employs a competency-based approach through its Ivy Institute of Technology. The Institute delivers academic programs that are structured around industry-recognized certifications in such high demand areas as manufacturing, computing technology, and logistics. The 30-week programs are offered as a single progression of skill acquisition within a fixed daily class schedule of 6 hours per day. The self-contained instructional day includes all academic activity, allowing students to engage in evening employment, if necessary. The curricula are delivered through self-paced, computer-based instruction, and are facilitated by a content-expert, certified faculty. At the completion of the program, students earn a certificate of completion and are eligible to sit for one or more nationally-recognized certification exams.

In addition to these competency-based models, Indiana actively encourages the state's colleges and universities to award credit for prior learning. Through competency-based assessments that evaluate the knowledge and skills individuals have mastered in their work and related experiences, students earn credit, thereby shortening the length of their formal studies.

Taken together, these and other innovative educational-models are providing more options for students to complete postsecondary studies, while ensuring academic quality.

Accelerated Credential Completion

Recognizing that time is the enemy of completion, the commission increasingly emphasizes on-time and accelerated degree completion. In addition to the on-time completion component of the performance funding formula noted previously, several of the state's postsecondary institutions are implementing alternative course-delivery and scheduling options that enable students to earn an associate degree in one year and a bachelor's degree in three years.

Ivy Tech Community College's Associate Accelerated Program (ASAP), a highly-structured associate degree program enables students to earn a two-year degree in 10 months. The accelerated program is intensive, applying rigorous interventions to address remediation needs and requiring students to be on campus 40 hours each week for coursework and group study. Designed specifically for students from low-income households, the ASAP program targets students during the critical transition period from high school to college. As participants in ASAP, students are encouraged to think of college as a job, and to that end, they are provided with a stipend of $5,200 per year, which covers living expenses and encourages them to make coursework their first priority. This focus also ensures that students learn critical soft skills, including the importance of arriving on time, staying on schedule, and working collaboratively with others.

Purdue University is transitioning to a balanced trimester schedule in an effort to streamline students' path to graduation and to increase institutional operating-efficiency. Offering a third semester each year will allow students to complete a four-year degree in as little as three years, saving students both time and money in the process. When fully implemented, Purdue estimates that the trimester initiative could provide $40 million in additional revenue for the university and would support better use of classrooms, residence halls and other campus facilities during the summer months.

Eliminating excessive credit requirements is another effective strategy for supporting on-time and accelerated degree completion. Credit requirements have steadily increased nationwide over the years, and currently, nearly 90 percent of Indiana college degree programs exceed the historical standard of 120 credit hours for a bachelor's degree (four years of full-time attendance) and 60 credits for an associate degree (two years of full-time attendance). Ball State University has led a statewide return to the 120 credit-hour standard for all bachelor's degrees offered by that institution. Further, recent-enacted legislation mandates public institutions to provide justification for degree programs that exceed the standard, and establishes an ongoing audit-process that empowers the commission to enforce the statute.

Building on this recent progress, Indiana is currently exploring related on-time and accelerated completion incentives for students. Possible policy directions include encouraging full-time students to take 30 credit hours per year and potentially capping state financial aid for students who accumulate excessive credits.

Optimization of Credit-Transfer

College becomes more affordable when students are able to transfer without losing credit, take courses from less expensive colleges before transferring, succeed after transferring with a strong foundation for subsequent coursework, and easily access reliable information about their transfer options. To these ends, Indiana has, over the past ten years:

- Created a statewide comprehensive community college system;
- Undertaken curricular innovations;
- Facilitated ways high school students can earn college credit; and
- Utilized technology to inform students about transfer opportunities.

Indiana has the only statewide community college system that is accredited as a single institution. Such an approach facilitates transfer of credit, providing a single curriculum and common syllabi for each credential statewide. Moreover, transfer agreements with four-year institutions are more readily maintained; and the community college's accreditation as a single institution promotes system-wide quality.

For nearly a decade, the Commission for Higher Education has worked with the state's institutions of higher education to develop a legislatively-mandated Core Transfer Library (CTL) of some 85 courses. All courses in the CTL transfer to all public institutions, and many private colleges participate in the CTL on a voluntary basis, as well. To supplement the CTL, the commission worked closely with the Indiana General Assembly during the last legislative session to establish a common statewide-transfer general-education core, which, when completed, will transfer as a block of 30 credits to any of the state's public institutions. Notably, the general education core is to be based on a set of competencies—what students are able to know and do—rather than a standard set of distribution requirements of credits. The legislation also calls for a common course-numbering system to reduce confusion among institutions and students, alike.

To increase public transparency in credit transfer, the commission maintains a comprehensive TransferIN website that helps students to understand how completed courses transfer between colleges and to avoid wasting time and money on duplicative coursework. Students are also able to determine how a specific course they are contemplating will transfer to another institution, if at all.

Indiana has also worked to provide students with more opportunities to complete college-level coursework while in high school. By statute, each Indiana high school must offer a minimum of two dual-credit and Advanced Placement courses, and the state has made a concerted effort to expand the numbers of students completing these rigorous courses. From 2006-2011, Indiana increased the percentage of high school graduates passing AP exams from 7.5 percent to 14 percent, while dual-credit course-taking increased by 317 percent to include more than 43,000 students. To support affordable access to dual credit courses, state law also gives the Commission for Higher Education the authority to limit the cost charged to students by the Indiana's public colleges and universities. For 2011-2013, that cost was capped at $25 per credit hour. The commission has also put in place quality-control mechanisms to ensure that dual-credit courses are truly college-level courses.

With these reforms, Indiana has made important strides in ensuring the fungibility of coursework between a less-expensive community college and a four-year institution. Students who begin their education at a community college will be able to transfer their credits seamlessly to four-year schools. Likewise, four-year students who discover a community college or a different university to be a better fit, will not lose academic credit. These efforts will undoubtedly help make college more affordable to students and lead to greater student success.

Transparent Return on Education Investment

As the cost of postsecondary education rises, students and their families are increasingly called upon to finance tuition and fees through personal savings or student loans. As noted above, the average Hoosier student now graduates with $27,000 in college debt. In making investments in college study, students and families alike, increasingly seek assurance that they will realize a return, in employment opportunity, in job security and in financial remuneration.

Although there is no single measure, data point or piece of evidence that will fully satisfy that need for assurance, a number of sources of information can be assembled to help students and their families make good investment choices. One important data point is presented in the chart on page two of this document, describing the inverse proportionality between unemployment risk and wages produced as academic attainment increases. A multiplicity of data demonstrate the truism that while all postsecondary degrees matter, some matter more in terms of postgraduate earnings-level, employment prospects, and job security. Other data attest to the differential quality of education among institutions, demonstrating that the same degree, earned from disparate institutions, frequently results in widely-varying employment prospects and salary levels.

The whorl of these data points and other information about postsecondary outcomes begs for improved aggregation, accessibility and transparency; and sound advice on appropriate debt-levels should be part of the calculus. The goal of this ambitious project is support for students and their families in appreciating the value proposition in higher education—in making reasoned and informed judgments about their financial investments in postsecondary study and understanding the value of what they stand to yield from them.

The Commission for Higher Education has embarked on such a project to bring that information into a one-stop, user-friendly, easily-accessible format for Hoosier. When complete, the utility will allow students to discern their interests and values for a professional career; to identify those careers that best fit their aspirations and financial goals; to discover which academic programs and postsecondary credentials lead to that career; to learn which institution meet their personal and academic needs, and those of employers; to obtain precise information about available financial aid; and to understand how their own monetary contributions should best support their education.

Indiana has already made good progress on the project. Learn More Indiana is a communication and outreach initiative that guides students through a series of questions and exercises designed to help them plan, prepare and pay for postsecondary studies. Planning includes completing the Indiana Career Explorer interest and values inventory and investigating universities and colleges with the College Navigator developed by the Institute of Education Sciences. The Preparing section counsels students in good study habits and leads them to explore careers through information provided by the United States Department of Labor. And when it comes to Paying, students are directed to the commission-supported College Cost Estimator, a robust tool that uses family-specific income information and demographic data to predict, quite accurately, their anticipated costs at any Indiana college or university.

Within the coming months, the assistance already available at Learn More Indiana will be supplemented by a Return on Investment Calculator. The calculator will frame the value proposition inherent in higher education, generally, as well as the anticipated returns on making specific choices about college major, degree type, institution and cost. Moreover, the commission has begun scoping a prescription, likely in the form of a percent on post-graduation earnings, that will provide students and their families solid advice on appropriate debt-levels for their postsecondary education.

The commission anticipates that, equipped with fuller information about their interests, institutional quality, major-to-career options, employment prospects, financial aid and borrowing, students will be empowered to make the good decisions about their postsecondary study and will understand that a sound and appropriate financial commitment will produce lasting dividends.

Summary

I will conclude with some reflections on the shared responsibility which must characterize the discussion of educational affordability as we move forward.

The past two decades, right up to the present, have witnessed a perfect storm within higher education and the economy. Cost growth among postsecondary institutions has been fueled by the emergence of widespread information-technology and the need to make extraordinary capital investments to facilitate learning and to support administrative needs. Many universities have made costly investments in residence halls, fitness centers, and other high-visibility facilities, as well as student support staff, in an on-going race to attract students who place a premium on such amenities.

Concomitantly, evolving employer demand for a highly-skilled workforce has required more students to seek postsecondary study, placing further pressure on institutions to expand their offerings and facilities to accommodate burgeoning enrollment. Complicating these upward pressures on cost, the recent national economic-downturn has caused many states to contract their spending on postsecondary operations. Students themselves are not without culpability: postsecondary completion rates have stagnated, more students supersede normal graduation-timelines, and practice less-than-sound judgment in borrowing and spending.

The result of this perfect storm has been triple-digit-percent increases in tuition and fees, and runaway increases in student debt-load. To reverse this trend and rationalize postsecondary costs must be a responsibility shared among states, institutions and students.

Indiana has taken significant steps to contain higher-education costs and to advance the goal of making postsecondary education affordable to all Hoosiers. More needs to be done, but in adopting Reaching Higher, Achieving More as its strategic plan, the Indiana Commission for Higher Education has articulated a clear pathway forward—one that is student-centered, mission-driven and workforce-aligned—with specific, actionable goals. The commission remains grateful to have the support of Governor Mitch Daniels and the Indiana General Assembly in sustaining public investments in the operations of the state's institutions and in increasing the amount of aid available to Hoosier students.

The commission is fortunate to have the partnership of Indiana's public colleges and universities, whose leadership is active and engaged in efforts to improve postsecondary affordability. Those institutions have already begun to adopt cost-containment measures aimed directly at lowering tuition and fees. Many have implemented other affordability measures that will allow students to graduate more quickly and at reduced cost.

Now we must turn our attention more fully to the crisis of student debt. Solutions will require the development of assistance mechanisms and making information more transparent, so that students and their families can simultaneously realize the overwhelming value proposition inherent in postsecondary attainment, while understanding fully the ramifications of borrowing and the need to spend wisely.

While today's hearing focuses on cost considerations, a word of caution is warranted. Neither the nation nor the State of Indiana can suffer the long-term consequences of building a productive, affordable system of higher education that gives short shrift to academic quality. Ensuring affordability at the expense of academic rigor would be a hollow victory, indeed. It would be far too easy to develop academic programs that accelerate completion at the cost of learning, and credentials that have no value within the workplace. To avoid doing so will take thoughtful, collaborative discussion among all stakeholders in the outcomes of postsecondary education, as well as mutually-accountable, eagerly-accepted shared responsibility in making positive change.

I am grateful to the members of the subcommittee for convening this important discussion and thank you for the opportunity to contribute testimony.

Chairwoman FOXX. Thank you, Ms. Lubbers.

Mr. Jones, you are recognized for 5 minutes.

STATEMENT OF STAN JONES, PRESIDENT, COMPLETE COLLEGE AMERICA

Mr. JONES. Thank you, Chairwoman Foxx.

I am Stan Jones. I am president of Complete College America. We are a relatively new national organization, not-for-profit. We have a single purpose. That is college completion. We principally work with States, with governors, with key legislators within States. We have been funded, fortunately, by the Gates Foundation, Lumina, Ford, Carnegie, and Kellogg; and that has been our focus.

I want to approach this hearing just a little bit differently than my good friend and colleague, Teresa Lubbers from Indiana. When I was first elected to the Indiana General Assembly, being quite a bit older than Teresa, in 1974, college tuition had literally doubled in 2 years; and it was a hot issue in 1974. And Indiana enacted in 1975 a 2-year tuition freeze, the first and only time they have done that. It has been a hot issue ever since. And Chairwoman Foxx very correctly outlined the situation that States are facing, that this country is facing and its students are facing very well.

But I would like to take a different look at this tuition affordability issue. If we think that college is increasingly expensive for students, it is even more expensive for students who don't graduate; and half those that start at 4-year colleges don't graduate. Two-thirds of those that start at community colleges don't graduate. That is crippling. Those students are more than twice as likely to be in default on their student loans, twice as likely to go into bankruptcy.

What is even more expensive, as well, is what we think of college as a 4-year enterprise. Actually, it takes most full-time students 5 years to graduate. It takes most students going to community colleges that are going full time not 2 years, not 3 years, but 4 years to graduate.

So you think about tuition at a community college, you might think about doubling it. If you think about it at a 4-year institution, it is at least 20 percent more. We only have about a third of the students going to 4-year colleges that graduate on time. So when we talk about these things, we have to talk also about the price of failure, about students who don't graduate and students who take too long.

One of the contributing factors that I see, and that Congressman Miller has introduced some legislation on, is transfer of credit. It simply doesn't work in many States. Everybody is working on this problem.

Students also accumulate too many credits. Typically an associate degree, instead of being 60 hours, the average student gets 80 hours; and typically a 4-year student, instead of 120 hours, it takes 135 credit hours to graduate. And many of these credits are inefficient credits. So—not enough students graduate and it takes too long and they accumulate too many credits.

What are States doing? They have been pretty aggressive, as my colleague has pointed out, in terms of performance funding, in terms of 120-hour credit caps, in terms of more on-time pathways, in terms of attacking remediation. We have about 60 percent of students that start at community colleges, start taking remedial courses, courses they just literally passed in high school, a very expensive proposition. So these strategies are being put in place.

Rethinking what a full-time student is. If we think a full-time student is 12 credit hours, they are already on the 5-year plan, not the 4-year plan. So States are working toward getting more students on 15 and 16 credit hours a semester so they can graduate in a timely way.

What is important here, and I guess what I would like to say to you, is the federal government can provide more transparency. Right now, we don't report graduation rates for Pell students. Even though we spend literally billions of dollars a year on Pell students, that is not part of the federal database. We don't report graduation rates on part-time students. Right now, they represent 40 percent of all the students going to college in this country. We don't report graduation rates on adult students, who increasingly are an important part of the economy for all these States. So transparency is very important as part of what the federal government can do.

But also importantly, this country has been hugely successful on our access agenda. We have record-breaking enrollment in the middle of this recession, more students going to college than ever before, the freshman class is more representative of this country than ever before in respect to Latinos and African Americans than ever before. But if you look at graduation day, we have lost many of those demographics by graduation day, and less than half of the students that start finish.

So we would like the federal government to rethink that this should not only be an access agenda with student loans, with Pell grants, with college access, but also a success agenda. How can we better model State programs and federal programs to respect progress toward degrees, on-time graduation, higher graduation rates?

So thank you very much for having me. It is a pleasure.

[The statement of Mr. Jones follows:]

Prepared Statement of Stan Jones, President, Complete College America

Executive Summary

• A new American majority of students is emerging on college campuses. These students must often delicately balance long hours at jobs they must have with the higher education they desire. Approximately 40% of all American college students today feel they can only manage to attend part-time. And just one-quarter of American college students attend full-time at residential colleges.

• Even though this emerging majority has fundamentally different needs, American higher education in general has been slow to change, continuing to deliver courses and programs designed decades ago and best suited for full-time, residential students.

• To achieve the substantial gains in college completion America must have to compete, we must reinvent American higher education. To do so, requires significant shared responsibility by all stakeholders, including government. More of the same will not do.

• Historic data has proven that time is the enemy of college completion: the longer it takes to graduate, the less likely one is to do so. And more time on campus means more is spent on college, adding high costs as another cause for dropping out.

• Time, choice and structure are the essential optics through which all higher education reforms must be viewed in order to maximize the likelihood of graduating more of today's students.

• Successful, large-scale programs and systems around the country have proven that by utilizing informed choice and structured delivery, students can successfully balance jobs and school—and are much more likely to graduate.

• States, as the leading investors in higher education, have the power and authority to demand more from higher education—and they have a moral obligation to do so.

• By utilizing the NGA/CCA Common College Completion Metrics, yawning gaps in current data collection will be filled and states will be empowered with new tools to hold higher education accountable and inform reform design.

• Congress can seize key opportunities to encourage states, incent needed reforms, and signal its clear interest in more college graduates, not just enrollments.

Introduction

Measured on the first day of classes each fall, higher education in America appears to be a roaring success. In most communities, our campuses are bursting at the seams with eager students. More important, colleges have nearly erased racial gaps in enrollment: According to a 2003 US Department of Education report, 83% of whites pursue higher education in the first eight years after high school—and 80% of blacks and Hispanics do the same.

We have clearly convinced almost all of our young people that for good jobs and a brighter future there is one irrefutable fact: high school isn't high enough. Our colleges provide most of the open doors and essential ladders to the greater opportunities and higher achievement young people desire.

There's no disputing that a generation or more of sustained efforts—while unfinished—have yielded impressive gains in access. But, access without success is an empty promise—and a missed opportunity with severe economic consequences for students, states and our country.

With so much at stake, how is America doing? Barely more than half of full-time students graduate with 4-year bachelor's degrees in six years—and fewer than three in ten pursuing 2-year associate degrees at our community colleges graduate in three years! Sadly, part-time students graduate at even lower rates.

To make matters worse, a closer look on graduation day reveals that those eventually receiving degrees look very different than the student body on the first day of class: the hopes raised by nearly equitable enrollments are crushed by long persistent gaps in achievement and completion.

Given projections that two-thirds of all jobs in 2020 will require advanced training or education, we simply have no choice: We must get more of our students—from all walks of life—to graduation day.

Many argue that it is the significant cost of higher education that is the greatest obstacle to student success. If we simply cut tuition and fees, they claim, our country can significantly boost college graduations.

While it is true colleges must become more efficient and tuition more affordable, we will not regain our intellectual leadership in the world without new policies, legislation and strategies to reduce the time it takes students to complete degrees and certificates.

Historic data has now proven that time is the enemy of college completion, not just tuition. Today's college students are dramatically different than those of the past: most now commute to campus, balancing jobs, school and often family.

Yet higher education has done little to adjust to the changing needs of this new majority. The result: students are spending longer than ever in college. The longer it takes, the more life gets in the way, and the less likely it is that one will ever graduate. More time on campus means more is spent on college, adding high costs as another driver of dropping out. Simply put: time is money.

A New Reality for an Emerging Majority on Campus: Time is the Enemy

Why does America have such abysmal completion rates? Of the many reasons offered, one compelling fact stands above all others: Today, most students balance the jobs they must have with the higher education they desire.

Today's college student is a far cry from the American archetype of the 19 year-old college kid who lives on campus, attends full-time, doesn't work, and gets most of his bills paid by Mom and Dad. In fact, only 25% of college students in our country today attend residential schools.

What's the new reality? According to a recent study by Public Agenda, nearly half of students at 4-year schools work more than 20 hours a week. At community colleges, 60% are at jobs more than 20 hours a week, and a quarter of these stressed out students are working more than 35 hours. Nearly 40% of all of our college kids attend part-time. Roughly a quarter of them have children of their own to support. And yet they still find a way to come to college to pursue better lives.

With so much at stake, today's students need to finish their studies as soon as possible to get on with life. They need clear pathways to quality degrees and career certificates in order to land the good jobs they desperately want. And they must have predictable schedules they can count on in order to balance jobs and school. Why is this so important? Because the more time college takes, the more life intrudes. And when more life intrudes, fewer students complete college.

The Completion Cornerstones: Time, Choice and Structure

For years, adding time and more choices have been our answers. Semester long, multiple-level remediation courses, limitless periods of exploration before declaring a major, and midnight courses are all examples of well-intended efforts to try and meet student needs. When coupled with other policies like additional credit requirements or transfer rules that don't readily recognize credits earned at multiple campuses, the result has been to lengthen the time to degree for many students—or hinder degree completion altogether.

The numbers make it clear: When it comes to college graduation, time is the enemy. According to federally collected data in 2008, only 29% of full-time students at public 4-year institutions graduated on time. After the fifth year of pursuing a Bachelor's degree, 19% more graduated.

Now consider the sixth and eighth years after enrollment: Only 6% then 3% more students made it to graduation day, respectively. Giving students more time to graduate does not yield many more graduates. Why? Simply put, life gets in the way.

Today's students need less time on campus, fewer confusing choices and more structured schedules. Time, choice and structure are the key issues to address the needs of today's students and the optics through which efforts to boost completion must be viewed.

Directed Choice Yields More Graduates

More time and uninformed choice work against college completion. To understand why, we must again consider the nature of today's college students—and human nature, in general.

Respected researcher and educator, James Rosenbaum, of Northwestern University, and his colleagues have found that students at 2-year colleges in America, which now make up nearly half of all college kids today, often lack the know-how to direct their own progress. Further, their work revealed that although students "are assumed to be capable of making informed choices, of knowing their abilities and preferences, of understanding the full range of college and career alternatives, and of weighing the costs and benefits associated with different college programs, our analyses show that many students have great difficulty with such choices." The fact that on average one college guidance counselor is matched with 700 students in this country doesn't help the situation.

While public 2-year colleges design their programs and procedures based on faulty assumptions about the capability of their students to make informed choices, Rosenbaum found that their private counterparts often do not. According to him and his fellow researchers, many private 2-year colleges—with identical student bodies containing large numbers of low-income and minority students who did poorly in high school—shift academic planning responsibilities to themselves, "devising procedures to help students succeed even if they lack the traditional social prerequisites of college." And it works: Rosenbaum found that the private 2-year schools in his study graduate significantly more students than their public peers.

How do they do it? The private 2-year colleges in the study offered students "package deal" plans for accomplishing their specific academic and career goals in a clear length of time. Instead of charting their own paths by navigating daunting catalogs overflowing with choices, students make the "big choice" of a desired career or academic discipline and then the colleges make all of the "little choices" for them by utilizing structured programs that move students to degrees in the shortest time possible. (See Appendix A to review Rosenbaum's findings.)

Before assuming that only private colleges can accomplish this, consider the tremendous success of the past twenty years at the public Tennessee Technology Centers. Part of the Tennessee Board of Regents system, the statewide Technology Centers have been regularly accomplishing graduation rates of 75% or higher and job placement rates above 85%.

Their approach shares many common elements with private schools: Students sign up for whole programs, not individual courses. They are clearly told how long the program will take to complete, the likelihood of success, and the total "all in" costs. There are plenty of "big choices," but the "small choices" are directed, streamlined and packaged to cut down on confusion and the chance of mistake.

So, this isn't about public versus private 2-year schools. It's about divining an uncharted course through a catalog of undirected choices on one's own versus fully informed choices with clear expectations and benefits.

Nor is it just about college students—it's about what the abundance of choice does to the human brain. In one famous study, subjects became nearly paralyzed when presented with 24 choices of fruit jams. While 60% helped themselves to samples, only 3% could ever decide which jam to buy. By reducing the choices to just 6, researchers observed that nearly a third of the 40% who sampled the jams made a purchase. Whether choosing jams, bath soaps, investment plans, or college courses, directed choice can be a great benefit to consumers.

As important as direction, the best choices are those most closely aligned with intentions: Students come to college in pursuit of better lives, higher-paying jobs and clearer paths to accomplish their goals. They simply seek the fastest, most affordable route to do so—and most don't enjoy the luxuries of endless time and resources to get there.

Add Structure to Achieve the Full Potential of Reforms

By choosing to think differently about choice, colleges can meet the needs of more of today's students and share in the success that comes with more graduates. But, combining directed choice with new structures for academic delivery unleashes the full potential of reforms to boost college completions.

To understand why, return again to what it's all supposed to be about: students. It's clear that too many students work too many hours. That's unlikely to change unless college suddenly becomes a lot more affordable.

So, let's consider again the lives of young adults who try to keep it all going. At almost all colleges, courses are scheduled all over the weekly calendar. In a student-centered culture, would programs be designed that required an 8:00 a.m. class on Monday, a 2:00 p.m. class on Tuesday, 11:00 a.m. on Wednesday, etc.? Of course not.

Instead, what if programs were designed utilizing more structured scheduling? Students could attend classes every day, five days a week, from 8:00 a.m. to noon or from 1:00 until 5:00 p.m. Full-time attendance would now be possible for many more, dramatically shortening the time it takes to graduate. And finding time for jobs in such a predictable daily routine is no longer a challenge.

When presented with this concept, students are incredulous. "That would be a dream come true," they have told us. Here again, the dream is actually a tried-and-true reality.

Not only do the hugely successful Tennessee Technology Centers help direct student choices, they also structure academic delivery in just this way. Three-quarters or more of their students earn career certificates in twelve to eighteen months going full-time, five days a week, from 8:00 until 2:00. Every year over 12,000 students move through the multiple Technology Center campuses and nearly all of them head straight into jobs.

Structure also produces some added bonuses that should not be overlooked. Compressed class schedules create stronger linkages between faculty members—and cohort-like connections between students. Professors not only interact more often, they also tend to create team approaches to teaching the students they share. And students often move through programs as a group, strengthening their ties and support of one another.

But, structured scheduling only works for vocational education and career certificate programs, right? Wrong. The City University of New York (CUNY) has a program (ASAP) for accelerated completion of associate degrees that is so successful the system will soon open an entire campus designed to utilize block scheduling, student cohorts, directed choice, embedded remediation and reinvented supports. Why make this kind of significant investment in the midst of a budget crisis? Because it works so well: ASAP students graduate on-time at more than twice the rate of their peers.

Time, choice and structure: to significantly boost college completions, turn the broken dreams of dropouts into the bright futures of graduates, fully seize the opportunities for our country that overflowing campuses provide, and make America the world leader again in college attainment, we must keep our collective focus on these three touchstones. They are universal truths arrived at in the best way: by seeing the true nature of our college students today—and opening our minds to accept that to help them succeed—a success that America is counting on—we must reinvent American higher education.

States Must Lead the Way

The stakes are high. That's why we must recognize that higher education institutions themselves are not the only players. One key participant that has too long been on the sideline of higher education reform is state government.

Given that our country has suffered these low graduation rates for a generation or more, it is clear that—in spite of our best intentions—doing more of the same will just get us more of the same. Higher education now must have the committed and shared partnership of all key stakeholders. America—now 12th in the world in college attainment and falling—does not have the luxury of time to wait. States must step forward and help lead the way.

There are many compelling reasons for governors, state legislatures and higher education system leaders to assume leadership on this agenda:

- *State Authority*

While state-appointed or elected citizen boards directly govern public institutions, ultimately states are responsible for all public colleges and universities. State goals and state leadership created college systems and expanded open access four-year institutions over the past 50 years; state leadership and support will be necessary to enhance and sustain their effectiveness in improving college completion in the 21enhance and sustain their effectiveness in improving college completion in the 21enhance and sustain their effectiveness in improving college completion in the 21

- *Majority Investor*

By a wide measure, state taxpayers provide the greatest funding for institutions, especially community colleges and open access four-year institutions. No other stakeholder is better positioned than state governments to ensure that public investments are wisely utilized to maximize opportunities for the future economic success of their states.

- *Systemic, Scalable Change*

States are the best positioned to ensure reform across systems and campuses by setting goals, establishing uniform measures, and monitoring progress. They can also serve as the most efficient clearinghouses of best practices, allowing for rapid scaling of successful reforms.

- *Accountability*

With so much at stake economically, states must hold themselves, students, and institutions accountable for success. States have leverage over both governance and the funding mechanisms needed to achieve higher levels of completion.

- *Transparency*

Institutions have strong incentives to shape reporting to mask failure and avoid confronting problems. States are much more likely than individual institutions to share and publish data to drive reform.

- *Economic Development*

Higher education attainment is inextricably linked to future economic success. State leadership will ensure stronger linkages between each state's economic needs and higher education delivery.

- *Mobility of Students*

Today's students move across campuses and systems to attain credentials. Coherent state policy and integrated state strategies are essential for assuring ease of transfer and efficient completion of academic programs.

States in Action: Complete College America's Alliance of States

When it comes to state leadership, there is great reason for optimism. Today, more than half of the states have joined Complete College America's Alliance of States. To do so, Governors and their higher education leadership had to make four key commitments:

1. Establish statewide and campus-level college completion goals,
2. Adopt the NGA/Complete College America Common Completion Metrics in order to measure progress and hold institutions accountable for results (see Appendix B),
3. Create comprehensive statewide and campus-level college completion plans, and
4. Move significant legislation and policies to remove unnecessary obstacles and speed student success.

As of this writing, 30 states have made these commitments and are now working as members of the Alliance of States to design and implement strategies that will significantly boost the number of their citizens with college degrees or other credentials of value.

Essential Steps for States

Complete College America recommends several significant policy levers that states can utilize to enhance the likelihood of student success and college completion, including shifting to performance funding, reducing time-to-degree, transforming remediation, restructuring academic delivery, and making career certificates count, among others. Please see Complete College America's Essential Steps for States documents for more specifics on what states can do today (Appendix C).

Actions Congress Can Take Now

1. Restructure federal investments in higher education to reward states and institutions that implement new strategies and structures to significantly boost college completion, including measures to shorten time-to-degree. As an example, the Community College and Career Training Grants program should incent states with unified community college systems and/or community college consortia to restructure delivery to help working students. As shown above, proven models exist that can be replicated and scaled by states and consortia.
2. Embed robust progress and completion metrics in all federal higher education policies and statutes. The NGA/CCA Common College Completion Metrics can serve as a strong starting point. These comprehensive metrics allow for accurate state-by-state and institutional comparisons and fill in yawning gaps in current data collection, enhancing opportunities for accountability and empowering all stakeholders with new tools to inform reform design.

Conclusion

Commitments like those made by our Alliance States give us great reason for optimism—and a clear path forward. With a little more help—and a lot of common sense—students, their families, taxpayers, and all Americans will share in the benefits of more individuals completing college.

Complete College America applauds the President and Congress for efforts to make America first in the world again in college completion. And we stand ready to assist in efforts to reinvent higher education to meet the needs of the new emerging American majority of college students. Thank you for this opportunity to be of assistance in this vital effort.

Chairwoman FOXX. Thank you very much.

I would now like to recognize Dr. May for 5 minutes.

STATEMENT OF JOE MAY, PRESIDENT, LOUISIANA COMMUNITY AND TECHNICAL COLLEGE SYSTEM

Mr. MAY. Thank you, Madam Chair, Ranking Member Hinojosa, and members of the committee. I am honored to be with you today and to represent not only the State of Louisiana and our community and technical colleges but also community colleges across the nation. The Louisiana Community and Technical College System is comprised of 14 colleges, which last year served 111,000 students.

As well as being the President of the Louisiana Community and Technical College System, I also am President and represent a new group, an organization called Rebuilding America's Middle Class, which represents about 100 institutions across the country that have joined together to ensure that federal policies support the ability of individuals to acquire the skills needed for today's jobs.

More than ever, as was said in opening testimony, the road to economic security runs through higher education and through specifically community and technical colleges. Over the last 5 years, Louisiana, like most of the nation, has seen reduced State funding and yet increased interest. In fact, our enrollment has grown by 55 percent, while we have seen decreased State support of almost 37 percent during that same period of time. And while the changing funding model creates challenges, I believe it is in times like this that community and technical colleges shine.

In Louisiana, through merging colleges, eliminating redundant programs, aligning programs with market demand, consolidating information technology systems, sharing backroom operations like payroll and auditing services, we are saving almost $30 million a year that we are applying to meet students' needs as compared to 4½ years ago.

One of the greatest opportunities for keeping costs low is to encourage more students to begin their postsecondary career at a community or technical college. Because our colleges are close to where students live and work, they are lower cost and offer high quality programs, they are an outstanding value for students planning to transfer to a university and earn a baccalaureate degree.

While this has been an obvious benefit of attending community colleges, for many students the transfer process itself has been a nightmare. In fact, in Louisiana, in the past if a student earned an associate's degree at a community college and transferred to a public university, the student would on average lose between 21 and 24 semester credit hours.

The solution to this problem was clear: develop a statewide transfer agreement to ensure that students can transfer without losing credit, regardless of which institution they choose to attend.

Today, students can enroll at any community college in Louisiana, earn the Louisiana transfer degree, either an associates of art or associates of science degree, and transfer to LSU or any of the 14 State universities with junior status. Thus, for the first time in the history of our State, 2-year college advisers can actually encourage students to earn the associates degree.

Prior to this legislation, advisers knew that if the student earned the associates degree that he or she would take more hours than needed and spend more money than was necessary. Prior to this legislation, students were spending about $2,100 more in terms of the amount of money they needed to spend and the State of Louisiana was spending about $1,900 more per student. In addition, the Pell program was spending about $2,750 more per student than was necessary. It is estimated that, on average, students would save over $10,000 of the cost of a bachelor's degree by starting at a community or technical college and then transferring with the associate degree into a 4-year college or university.

As we streamlined the process, we also realized that one of the barriers, and it has been mentioned earlier, was the fact that we had seen the credit hour creep. Many of our programs associate degrees had gotten as high as 75 hours required to earn the associates degree. In 2010 we capped that at 60 hours, went back and reviewed programs, both to reduce time to degree and to save students dollars. On average, we have seen a $1,100 reduction in terms of the amount of money that students spend and about $792 per student in terms of what the State is spending.

As both the President of the Louisiana Community and Technical College System and the President of Rebuilding America's Middle Class, I have learned the importance of policy on impacting the ability of colleges to respond to business and industry to meet the needs of students and to rebuild America's middle class. In Louisiana, we have been successful in growing enrollment while reducing costs, improving services and enhancing quality and guaranteeing that we are relevant to the needs of today's students, business and industry and our communities.

Thank you for the opportunity to share this important story today, and I welcome your questions.

[The statement of Mr. May follows:]

Prepared Statement of Dr. Joe D. May, President, Louisiana Community and Technical College System

Thank you, Madam Chair, Ranking Member Hinojosa, and members of the Committee.

I am honored to be with you today.

My name is Joe May and I am the President of the Louisiana Community and Technical College System.

On behalf of the great state of Louisiana and Louisiana's community and technical colleges, I want to thank you and the members of the Sub-committee on Education and Workforce Training for inviting me to be part of these important deliberations.

The Louisiana Community and Technical College System is comprised of 14 colleges which last year served 111,000 unduplicated students.

Of these 14 colleges, seven have been recognized as among the nation's fastest growing colleges when ranked among colleges of the same size.

Along with being President of the Louisiana Community & Technical Colleges, I am the president of a new organization called Rebuilding America's Middle Class (RAMC).

Our almost 100 members are a group of community and technical colleges that have joined together to insure that federal policies support, rather than hinder, the ability of individuals to acquire the skills needed for today's jobs.

Our economy is in trouble. When our economy is in trouble, individuals and families struggle to find good jobs.

More than ever, the road to economic security runs through higher education and specifically community and technical colleges.

The fear of skyrocketing college costs has put the dream of a middle-class lifestyle out of reach for many Americans.

Yet, community colleges are the low cost, high value educational providers that respond to market demands.

The average annual cost per year to attend a community college is just under $3,000 compared to over $8,000 for the average price of annual in-state tuition at a four-year public college.

Author Jim Clifton points out in his book, "The Coming Jobs War," that today's global economy is engaged in a war for jobs.

As pointed out by the McKinsey publication of a few years ago, employers are also engaged in a "war for talent."

The war for jobs and the war for talent are symptoms of the same problem.

As a country, we must do more to align postsecondary programs with the needs of business and industry to enable them to be successful and to equip individuals for good paying jobs.

It is clear that while employers are fighting for the top talent in terms of knowledge, skills, and abilities in order to remain competitive in today's economy, individuals badly want those jobs.

Community colleges are the key to bridging this knowledge gap between employers and individuals.

Bringing together employers and individuals has been the story of the Louisiana Community and Technical College System.

Yet like most of the nation, funding at Louisiana's community colleges and technical colleges has not kept pace with enrollment growth.

Over the past five and a half years, Louisiana's community and technical college enrollment has grown by 55% while our state support has decreased by 37%.

While the changing funding model creates great challenges, I believe that it is in times like this that community and technical colleges shine.

As institutions, we are problem solvers that find ways to be more efficient while serving more students and meeting the needs of business and industry.

Our colleges are driven to adapt to changing economic realities because we understand that the stakes have never been higher.

In Louisiana, through merging colleges, eliminating redundant programs, aligning programs with market demands, consolidating information technology systems, and sharing backroom operations such as payroll and auditing services, we are saving almost $30 million annually.

Enrolling almost half of the nation's undergraduate enrollment, community and technical colleges have become the front line for improving student access and student success.

Perhaps most importantly, our colleges are the conduit by which employers secure the talent they need and help students get the jobs they desire.

Louisiana's community and technical colleges are proud to say:

Our colleges have no needs * * *

We quickly point out that it is people, who have needs,

Employers have needs,

Communities have needs * * *

Our colleges must use all of our resources to provide the solutions to meet the needs of people, employers and communities.

Transfer Policies

In Louisiana, we have worked hard to help students achieve their goals and objectives, ensuring that employers find the talent they need, while at the same time driving costs down.

One of the greatest opportunities for keeping cost low is to encourage more students to begin their postsecondary career at a community or technical college.

Because our colleges are close to where students live and work, are lower cost, and offer high quality programs, they are an outstanding value for students planning to transfer to a university and earn a baccalaureate degree.

While this has been an obvious benefit of attending community and technical colleges, for many students, the transfer process has been a nightmare.

In fact, in Louisiana, if a student earned an associate's degree at a community college and transferred to a public university, the student would, on average lose between 21 and 24 semester credit hours in transfer.

The solution to this problem was clear: develop a state-wide transfer agreement to ensure that students can transfer without losing credit hours regardless of which university they chose to attend.

When the Louisiana legislature debated our transfer policy, it was supported by not only two-year colleges but university faculty as well.

Referencing the transfer policy in testimony before the Louisiana Senate, Louisiana State University Faculty Senate President, Kevin Cope stated, "I urge everyone to think long and deeply about this system and how it will impact the educated person. I believe that with this legislation we finally have the chance to get it right."

Today, students can enroll at any community college in Louisiana, earn the Louisiana Transfer Degree—either an Associate's of Arts degree or an Associate's of Science degree and transfer to LSU or any of the state's 14 universities with junior status.

Thus, for the first time in the history of our state, two-year college advisors can actually encourage students desiring to transfer to complete the associate's degree.

Prior to this legislation, advisors knew that if the student earned the associate's degree that he or she would take more hours than needed and spend more dollars than necessary.

As the result of this initiative, the average student saves $2,117 while the state of Louisiana saves $1,930 per transfer student.

In addition, this means that $ 2,750 less Pell funds are needed by students who transfer to a university having already earned an associate's degree.

It is estimated that, on average, students would save over $10,000 of the cost of a Bachelor's of Arts by starting their college careers at a community college and transferring their credits seamlessly to a four-year school.

Establishing a General Education Common Core

The legislation didn't stop with policies related to student transfers, it also allowed for the development of a common general education core of 39 semester credit hours.

These courses would be the same regardless of the institution attended and would be guaranteed to transfer to all public institutions in Louisiana.

Capping Associate Degree Programs

As we streamlined the process for students, we realized that one of the transfer barriers was inconsistency with the number of hours needed to earn an associate's degree.

Over time, many of our programs had grown from the standard 60 semester credit hours to as many as 75.

This sort of credit hour creep had to be changed.

Therefore, in 2010 the Louisiana Legislature passed a bill that limited all but selective associate's degrees to 60 semester credit hours.

Reducing the number of credit hours results in a reduction in cost of approximately $1,100 to the student and their family. The state of Louisiana additionally saves $792 per student and most importantly, it reduces time to degree.

Accountability, Retention, and Graduation Rates

We also support legislation in Louisiana that holds colleges accountable for retention and graduation rates as part of the higher education funding formula, which ensures that students are getting more value for their dollar.

Common Course Numbering

Another important policy measure passed in the 2012 legislative session was a bill to require common course numbering at all 2-year and 4-year colleges.

This means that English 101 at any community college is the same English 101 at LSU or any other 4-year college in the state, ensuring that the course will transfer no matter when or where it was taken, which has not always been the case.

Conclusion

In closing, I want to mention that the Louisiana Community and Technical College provides something we call the Day One Guarantee.

Our colleges guarantee that a graduate of any of our certificate or associate degree programs will have the knowledge, skills, and abilities expected by employers on day one or we will retrain them for free.

This is about guaranteeing quality and market relevance to our graduates and our employers.

This guarantee is posted in every college and listed in every college catalog and we stand behind it.

Our goal is to ensure that both students and employers know that there is guaranteed value in every educational dollar they spend.

As both the President of the Louisiana Community and Technical College System, and the President of Rebuilding America's Middle Class, I have learned the importance of policy in impacting the ability of colleges to respond to business and industry, to meet the needs of students, and to rebuild America's middle class.

In Louisiana, we have been successful in growing enrollment while reducing costs, improving services, enhancing quality, and guaranteeing relevancy.

Thank you for the opportunity to share this important story today.

I welcome your questions.

Chairwoman FOXX. Thank you very much, Dr. May.

Thank you all very much for staying within our time constraints and presenting very cogent testimony to all of us. I am very grateful to you.

I am going to ask a couple of questions, and then I am going to list some questions that I am not going to ask you to answer today. And I know we can do this in the record without my saying them, but I want to put some issues out there for everybody to hear, not just to send them to you to answer. So I will do that and probably not use all of my time so that I can move on to some of my colleagues. But I did want to get a couple of things out.

I would like to ask Dr. May and then Ms. Lubbers and Mr. Pattison, if you know this from either your experience in Virginia or general knowledge, how much does it cost in your State, Dr. May, Ms. Lubbers and Mr. Pattison, if you know, how much does it cost to fund a student's degree? How much is your State spending?

If you don't know that, then we can get that answer from you later.

Dr. May?

Mr. MAY. In terms of the funding from the State and the cost to students to earn a 60-semester-hour associate degree, it is going to cost a little over roughly $5,500, $5,600 for tuition fees and State costs, not counting books and fees, our books, which would be in addition to that. So around $5,500.

Chairwoman FOXX. That is what the student would pay?

Mr. MAY. Yes, the student would pay about $5,500, and the State would pay roughly an equal amount to that. So the total cost of that would be about $10,000.

Chairwoman FOXX. Okay. I thought your number was a little low.

Ms. Lubbers?

Ms. LUBBERS. Our State operating per FTE is about $4,900; and the students are paying, depending on whether they are going to a community college or they are going to a 4-year institution, somewhere between a little over $4,100 for the 2-year college and more like $7,200 to $7,400 for the 4-year institution. So the State's commitment, which is down for FTE by about 16 percent over the last 3 years, is right at around $4,900.

Chairwoman FOXX. Mr. Pattison?

Mr. PATTISON. I unfortunately don't recall off the top of my head for Virginia. But I will say what is very interesting and I think a very important point is it does vary quite tremendously by State, and that brings up another issue as to why costs are so different, depending on the State.

Chairwoman FOXX. Okay. Thanks.

And, again, I will ask Dr. May and Ms. Lubbers this question, and if you would answer it as succinctly as you can: What led each of your States to recognize that you had a problem in making college affordable for students? What was the awakening in the State?

Mr. MAY. I think the awakening really came from the employers in the State. We saw two issues that were taking place. On the one hand, our companies were looking for talent to meet their needs and stay viable as organizations. On the other hand, we have seen the highest unemployment rate in a generation occur. So you have companies wanting to hire people but couldn't find them, and individuals needing jobs who weren't getting those jobs.

So what we began to look very closely at, how do we get more people in the door, recognizing that there are budget constraints that are out there. So we began to look at wastes to reduce costs to students so that even in tight budgets we could expand services. And, in fact, we have done that, having grown 55 percent in enrollment during the very time that we have seen funding reduced at the State level.

Chairwoman FOXX. Ms. Lubbers.

Ms. LUBBERS. Certainly Indiana, like most States and more than most States, needs to look at this from the standpoint of the job opportunities we have and the workforce preparation. But I think the one factor that probably has directed this more than anything else has been the 100 percent increase in tuition over this period of time.

Chairwoman FOXX. Great. Thank you.

Let me throw out again some questions that we will ask you in a more formal way. One is, do you believe higher education is subject to the whims of the economy more than other areas of State budgets? In what ways do you anticipate the structure of State funding for higher education to evolve over the next 10 years? Mr. Pattison, that is a particularly good question for you.

And I think another question, to build on what Ms. Lubbers just said, why has the cost of acquiring a degree outpaced State funding increases so dramatically?

And another question again for Ms. Lubbers and Dr. May, did you encounter pushback from institutions when the State began to discuss higher education reforms, how did you appease the concerns of the faculty, and what benefits have students and institutions realized since enacting the reforms put forward by the State?

I think we have sort of glossed over in some ways the institutional resistance to the changes that have to occur in higher education. We haven't really focused on those very much as we deal with this issue.

But thank you all very much.

I would now like to recognize Mr. Hinojosa for his questions.

Mr. HINOJOSA. Thank you.

Mr. Jones, President Obama has set a national goal that the United States will lead the world in proportion of college graduates by the year 2020. Will you elaborate on the importance of this goal, both in terms of individual prosperity as well as our nation's ability to compete in this 21st century global economy?

Mr. JONES. Well, first of all, I think it is aspirational in the sense that we used to talk about that it was good enough to get an eighth grade education, and then we focused on it was important for everybody to get a high school education. And so clearly this is generational. It is aspirational, the recognition that more students need to go to college, that that is the remaining pathway to prosperity as many of the good factory jobs just aren't there anymore.

There also have been a lot of economic reports out, one from the Georgetown Center on Education and the Economy, that clearly points to the fact that 60 percent of our workforce is going to need credentials of value, 2-year degrees, 4-year degrees, 1-year certificates. So there is both an economic imperative, nationally, internationally, as well as a generational imperative to do this.

I do want to clarify, because this is an issue that comes up all the time, when we say not everybody should go to college, I think all of us here would define "college" as being, broadly defined, not only 4-year bachelor's degrees but 2-year associate's degrees, 1-year certificates. Many of the vocational programs one might think about in terms of electrical work or plumbing, all those students go to college. So we think of it as broadly and not simply as getting a 4-year degree.

Mr. HINOJOSA. Tell me, in my home State of Texas, Latino, African American, Asian American, and Native American students already make up the majority of the students enrolled in many of our colleges and universities. Can you highlight what States are doing to ensure that these students are part of the President's college completion goal?

Mr. JONES. I think, as I said, this country, ever since the GI Bill, higher education has been about access. That has been the DNA of higher education. And we have record breaking enrollment in this very difficult time because people have decided the pathway to a better job is education. And the freshman class has more, across this country, more Hispanics, more African Americans, than ever before.

But if you look at the graduating class, a lot of the Latinos, a lot of the African Americans that we worked so hard to get into college, they are not there, a lot of the first-generation students. So we are winning the access battle. We are losing, not only in the State of Texas but across this country, the success rate for these students.

Mr. HINOJOSA. But tell me, when are the governors and all of the stakeholders going to believe that investing early in reading and writing so that children can have a good understanding of what they read, a good vocabulary so they can express themselves? Why isn't there more being done and why aren't the Governors pushing for that? If we know that half of our students are not graduating, even though the enrollment is so high, we have a void that has to be filled, and that is getting children to start reading when they are 1-year-old, 2, 3, and 4-year-olds.

Commissioner Lubbers, Indiana's 21st Century Scholars Program has been cited as a model for State College aid programs, promising scholarships to free-and-reduced priced lunch students in middle school if they graduate from high school and maintain good grades and stay out of trouble. So, as Indiana is reducing the State appropriations for this 21st Century Scholars Program, administrative costs and scholarships, what is the expected impact on recruiting and enrolling low-income students into the program?

Ms. LUBBERS. Well, the good news is that financial aid is actually increasing in Indiana, including funding for the 21st Century Scholars Program, which is a nationally respected program and one which we want to preserve. We believe it is an aspirational preparation scholarship program for students. It has a huge increase in the number of students who are signing up and going to college. Actually, the college-going population for the 21st Century Scholars is the highest college-going population of any right now.

Like the discussion preceding my comments, we are not getting them to complete at the level we need to, so we are really focused on interventions for their success. It is an entitlement program. If they meet their needs, we try to meet the State's obligation to them. But, not surprisingly, our financial aid, like every other part of the State's budget, has suffered some, in this case primarily because we have more people going to college.

We have put $23 million more into financial aid when we couldn't put money into anything else, but the number of people who are showing up at our doors meant that the size of some of our grants was actually going down. But our commitment to the 21st Century Scholars and those mostly first-generation college-going students is strong and will remain strong.

Mr. HINOJOSA. The Pew Foundation report says that enrollment in colleges went up 28 percent for minority students, but I say that we still are not doing a good job in pre-kindergarten and getting them ready to be able to handle the assignments and the work that is expected at the college level.

Chairwoman FOXX. The gentleman's time has expired.

I would like to recognize Dr. Roe for 5 minutes.

Mr. ROE. I thank the chairwoman for recognizing me; and, first, I want to welcome the students. I see a lot of students out here. And really this is about them. In not so many years you are going to be sitting where we are. One of my major concerns I had, I only have been here 3½ years in Congress, but was the affordability of a college education, and let me sort of explain why that is.

My father was a factory worker, and I was able to graduate from college, stayed at home, worked my way through school, and ended up graduating from college with no debt. I then went to medical school in 3 years. So I know an accelerated program can work, because I have been through it. And I graduated from medical school with no debt. And one of the colleges I applied to, the tuition was more than my father made in a year, so I clearly wasn't going to go there.

We didn't have access to loans that are available now that I think put a lot of students in horrific debt. And it is not unusual to see a student graduate from college—and I get letters all the time in my office, "Dr. Roe, I have got $75,000 in student debt." Well, one of my good friends, my son's best friends, has $300,000 in student debts after graduating from law school. So it is a huge problem.

On my walk down here today, I saw people lined up around Financial Services getting ready to go in there. And if we don't get this right where you can educate people at a reasonable cost, the rest of that stuff is not going to matter.

I have heard a lot of good ideas, and Mr. Jones pointed out something I thought was very important, is the price of failure. That is huge in this country, when we fail and don't graduate our students. And really the future of our country relies on us educating our people where it is still affordable.

So I think the things we are doing in Tennessee—and I want to bring this up just a little bit—is to use our technology centers. We have 27 technology centers in Tennessee where you can get technology training. The community colleges, Dr. May, you make a great point, and a lot of students are now taking advantage of a much lower cost community college and then going to the 4-year college and graduating.

I think the other thing that I think Ms. Lubbers brought out—and I want her to talk about this a little more—is the education of students, where I know what I can do with my degree when I graduate. And it is not just getting a degree, but then can I extrapolate this degree into meaningful employment. And the meaningful employment numbers I have seen are, if you graduate from high school, it is worth a half million dollars more in your lifetime in income; if you graduate college, it is at least a million dollars more; and if you have an advanced degree, it is even an exponential number of that.

So, Ms. Lubbers, I want you to again go over those things in Indiana, because I think our State is doing some of the same things.

Ms. LUBBERS. Thank you.

I know one of the things that we are doing, as you are doing in Tennessee as well, is performance funding and paying for what we value at an increasingly higher level. So if we believe that failure is a problem, then we should incent completion, and that is one of the things that we incent. If we believe that you can save money by graduating on time, then we look at funding on-time graduation at a higher level. So some of those things that we are doing from a policy standpoint.

From a student or a family standpoint, when you talk about making decisions about going to college and making smart decisions, we think that it is important for students to be able to follow their dream and do those kinds of things in life that they want to do, but we think it is important that they understand the implication of the decisions they make and the likelihood of getting a job, how much debt they have actually incurred during that time, how long it will take them to pay that off.

So that is why we are committed to really this return on investment report that will try to align college with the workforce, with employers. And the good news is we are doing that better now than ever before. We have the ability through technology to align the performance in school with the kinds of jobs that people get, and we are committed to doing that. So I think this return on investment issue is incredibly important so that people will make smarter decisions.

Mr. ROE. I think one of things that I looked at—I talked to some folks in Tennessee last night. In 2001, the tuition at a 4-year college was $3,100. In 2010, it was $6,000. It doubled during that time. That is a lot of money. And 80 percent of the students that leave East Tennessee State University have an average debt of $21,000. And if you are a teacher, if you go into law enforcement as a police officer or whatever, at least in our area, that is a sizable chunk of change.

And I don't want the students out there to think—I was highly motivated by the draft during the Vietnam War, so I want you to understand that that motivated me a lot to stay in college. It didn't work out for me. I ended up going anyway. But that was one of my motivations.

The other thing we did was, and this was done when I was in college, if you took 12 hours or above, then it was a full load, and you could take whatever you wanted after that. So I graduated with extra hours, not because it cost me more but because there was an incentive for me to do that.

Is there a way to look at that now, where if you take a full load, not charged by the credit hour, but this is a full load, if you take more than that it doesn't cost you any more money. Does anybody want to comment?

Mr. JONES. Yes. More and more States—some States have had those policies, some institutions. But as we are thinking about getting students, you only have 12 hours to be a full-time student to get federal Pell grants, so that is kind of the default now. So we need to have people thinking about 15 hours. And so States are doing that, colleges are doing that in the same way.

I did want to point out that your technology centers I think are an unwritten story. They have a 75 percent graduation rate and an 85 percent placement rate and compared to other similar programs that might only have a 15 or 20 percent. So your State is doing a lot both with Governor Bradesen and Governor Haslem.

And the technology center model is highly effective. They go on block schedules, they go on cohorts, they take attendance, which I think is an underrated strategy, and it is really a model I think the rest of the country could look at.

Mr. ROE. Thank you. I yield back.

Chairwoman FOXX. Thank you, and thank you all for boosting Tennessee here.

I do think that, particularly in Ms. Lubbers' response, it partly answers I believe Mr. Hinojosa's question about why can't we get more people to get students through. More pay performance perhaps in the States would help with helping students with graduation.

I now would like to recognize Ranking Member Miller for—I recognize Mr. Bishop for 5 minutes.

Mr. BISHOP. Thank you very much, and I thank the ranking member for his indulgence.

I want to just pick up on the point that Dr. Roe just made. I think it is one that we should look at very carefully, the choice between flat rate pricing and per credit pricing. I do think that there is an opportunity there to help students accelerate. The key would be to have the tipping point or the equity point for the flat rate pricing versus the per credit pricing to be relatively closer to the 12 credit number as the 18 credit number, but I think a very good point.

It seems to me that a theme that runs through all of your testimony is that we need to have two agendas. We need to have an access agenda, and we need to have a completion agenda. And right now what is facing students at the public level is per-FTE funding that is lower than it has been an in a quarter of a century. I understand that you said the aggregate fund is higher, but that has I guess to do with the increased volume as opposed to per-FTE. Mr. Jones, you made comments in your testimony about the extent to which both full- and part-time students rely on at least part-time work, if not full-time work.

One of the things I am very concerned about is here in Washington we are, in effect, moving in the opposite direction. Today, the Labor-H Appropriations Subcommittee is going to vote on the chairman's mark for appropriations for fiscal 2013, and that mark includes a reduction in the Pell Grant of approximately $800 per year. It is estimated that that reduction will render immediately approximately 400,000 students ineligible for Pell, and every other—just the way Pell works, everybody else that gets a Pell will get a Pell that is $800 less than what they are getting now.

So my question to each of you is, to what extent do you see that move on the part of the federal government impacting our shared concern for both an access agenda and a completion agenda?

Mr. Jones, why don't we start with you?

Mr. JONES. Right. And I am not knowledgeable enough to talk fully about the Pell Grant, except to say this: the Pell Grant and the student loan program, which serves even many, many more students, both are extremely important to the access agenda and have propelled the access agenda and made our freshman classes more diverse.

But I will say, as you are thinking about reforms both in student loans and in Pell grants, is that you think about the progress students make toward completion. To the very point you made about an access agenda coupled with a success agenda, to the very point you made about if we can get students thinking about 15 or 16 credit hours a semester, progressing in a timely way. Not everybody is going to graduate on time, but more than a third of them could graduate on time.

So I would like Congress to think about those kinds of progress measures as you are thinking about very, very precious resources that you are having to allocate.

Mr. BISHOP. I think you are absolutely right.

I am going to let you all answer, but I just want to jump in. Given the extent to which now even full-time students depend on work, if we are reducing their Pell, is it reasonable to assume that their dependence on work will go up and therefore their time to degree will get longer? Is that a reasonable assumption?

Mr. JONES. Yes. We put out a report last October called "Time is the Enemy." That was essentially the argument in our report, is that the longer it takes, the less likely it is students will graduate.

Mr. BISHOP. Thank you.

Ms. Lubbers.

Ms. LUBBERS. Well, I would like to use this as an opportunity to put a plug in for something that I think you could help us with, which is the consideration of using Pell in the summer months. If we talk about trimesters at Purdue and we talk about accelerated programs, it only makes sense that we would actually be able to use Pell during the summer months. So whatever you do with the final amounts of money for Pell, to preclude people from using Pell in the summer is turning out to be very problematic in the States.

Mr. BISHOP. I am sure you know that we had year-round Pell in the last higher education reauthorization, but it became a casualty of our effort to keep the Pell Grant maximum at $5,550.

Ms. LUBBERS. I do understand. And I am just saying that as we look forward into the 21st century of how students are actually getting their education, one of the considerations that I think we should have is what that calendar actually looks like; and the old agrarian calendar is not the calendar in which students now go to school.

Mr. BISHOP. Let me just raise one last thing. I thought you made a wonderful point, Ms. Lubbers, about the tightrope basically between efforts to reduce costs and maintain quality. And if you—at the end of that tightrope is completion, and a lot of things that are related to completion cost money. And so how we work our way through this over the next, you know, several years is going to be a real challenge, I think, from a public policy perspective but also from an educational administrator and faculty and curriculum perspective. And I hope as we look to cut costs we don't lose sight of the fact that a lot of what we spend money on is integral to a student's ability to persist and succeed.

Thank you all for the work you do on behalf of our students.

I yield back.

Chairwoman FOXX. Thank you, Mr. Bishop.

I would like to point out that in the appropriations process this year the Pell Grants were level funded. There were no cuts made in Pell Grants.

I would now like to recognize Dr. Bucshon for 5 minutes.

Mr. BUCSHON. Thank you, Madam Chairwoman.

I want to put in a plug for Indiana since two of our people that are testifying today are either currently or previously involved in Indiana's higher education. We appreciate all of you being here today.

I usually try to focus on what we can do on the front end on a lot of these problems, and I agree that we have maybe been a little bit of a victim of our success, of our goals of getting everyone into a 4-year college institution. And now, on the back end, we have a lot of students that have an education with degrees that don't produce jobs. Nothing against those at all. But these students now have a lot of debt, and they don't have any access to the job market because what they are educated in may or may not produce a degree that allows them to be employed.

And as a parent of four children—I have one son who just finished his freshman year in college, another getting ready to go. And coming from a family kind of like Dr. Roe's, who my dad was a coal miner and my mom was a nurse and I am the first graduate of a 4-year school from my family, I understand the importance of parental expectations. And let me tell you, my dad said, you have 4 years to graduate, and he meant it. And I do think to a certain extent that, as a society, we have lessened our expectations of our citizens in that respect.

And similar to health care where, unless we get people to take personal responsibility for their own actions related to their health care, education is very similar. Unless we get students and parents to take some responsibility as part of this overall problem that we have, it is going to be difficult to solve it.

And so, Ms. Lubbers, I will ask you. I mean, how can you interact with people at the grade school level and the high school level to help us educate our students and, probably more importantly, our parents about what the expectations will be of their students when they get to college?

My wife and I are college graduates, so we know what the expectations are. But I think a lot of students going to college not really understanding what the expectations are, how simple stuff like if you only take 12-hour credit hours for a semester it is going to extend your college unless you take 18 in another one.

So the first question is to Ms. Lubbers. In grade school and high school, can we help?

Ms. LUBBERS. Well, we are trying to make certain in Indiana that people understand the relationship between K-12, higher education, workforce development is very inextricably linked. And so we work together. We have an organization in Indiana called Learn More Indiana, which is basically focused on working with schools to make sure that students understand at an early age what it takes to be ready to go to college both academically and financially. And you can't start too early in doing that. So we reach all the way down to the grade school in trying to do that, to make sure that people are starting to prepare, on both of those levels, academically and financially prepared to go.

This return on investment report that I mentioned I think it is going to be very important, too, to make sure that we can crosswalk the kind of degrees that you get with the workforce opportunities that exist in Indiana. So it is really by working together. We have the good fortune in Indiana of having our superintendent of public instruction, as commissioner myself, our teachers, our higher education institutions, we are sort of committed to the same final product at the end, which is the success of the individual, and we can't have failure anywhere along the way.

So as was mentioned earlier, you know, reading early in life, that that is critically important. You can connect those who don't read to those who don't go to college, and certainly we have to do a better job with that. But there is no one answer, but starting early and being consistent in a message of being academically and financially prepared is important.

Mr. BUCSHON. I think it is so important that parents understand, understand that. I mean, I know what the expectations are for my kids and my dad did for me, and that makes a big difference.

I guess the second question along that line is, once students are in college, I have found—my son is 19 and so there are a lot of privacy issues with access to his academic record and his progress in school. Believe it or not, we have to get his permission to see his grades and other things like that. And I am not sure I have a problem with that necessarily. However, since we are footing the bill, you know I guess you could say, well, if you don't show us, we don't pay.

But my point is, are we doing a good enough job once students are in college in advising them about, you know, about not only just the credit hours but the financial impact of not taking the right courses and how that will have an effect on you financially. Because students can understand, if I don't do this, it may take me 5 or 6 years to graduate. But unless you really put a dollar amount on it, I don't know if that works. Can we do that? Can we bring that into it?

Anyone want to comment on that?

Dr. May? I think my time has expired, so real briefly.

Mr. MAY. You know, to comment on that, I think sometimes we forget that people are in college for a reason today in the United States. Most people are there because they want a job and, at the end of it, they want to go to work.

And I think sometimes we confuse the means with the end and that a college education is a means to get there to improve the individual, to improve society, and to grow the economy. And I think sometimes we just talk about that as the end goal when in reality people want more out of—they want more for themselves, more for the community, and more for the nation as a whole. And sometimes I think the numbers we talk about in terms of cost don't tie directly to the salaries, the jobs, and—that they will be making as individuals.

Chairwoman FOXX. Thank you, Dr. May. And I want to thank you particularly for pointing out that even people in 4-year schools are striving to get a job. Too often—I think Mr. Jones mentioned this—that there is a perception that there is something called vocational education that is aside from 4-year schools. That is not true. Everybody is in college pretty much to get a degree. Yes, they want more, but I mean to get a job. They want to get a job whether they are in a 4-year school or a 2-year school or a certificate program.

Mr. Miller.

Mr. MILLER. Thank you very much, Madam Chairman, for holding this hearing. I think this is one of the most important hearings we have had on the issue of the cost of college, and I want to thank the panel because I think you have brought a number of recommendations and accomplishments that greatly enrich this conversation in the Congress.

This committee has been interested in this problem for a long time on a bipartisan basis, but we haven't made a lot of progress. But I think you present a very rich environment of how this can now be accomplished if we rethink how we look at these institutions.

And I think that we sort of see a confluence of events taking place, probably driven by the economic downturn but also by the work of Georgetown that maybe disturbs some of us liberal arts degree majors and graduates, that 80 percent of the people who are going to college are going there to get a job. And that doesn't reduce the responsibility of the other institutional mandates of institutions of higher education, but we cannot neglect that.

And when we look at the Chamber of Commerce, it is telling us that these institutions really have to think about what service are you providing to your community—that could be the State or your local community or to the nation.

It goes back to Clayton Christensen, a writer of disruptors, who asked the question, for what purpose is this student hiring this college? Is it for a certificate? Is it for a job? Is it for greater education, advanced degrees? For what purpose is this community supporting this institution? And I think that the rethinking that you have proposed in your testimony today I think is very, very, encouraging.

And I think, Dr. May, you have done us a great service when you are willing to sort of quantify what a more efficient institution—that doesn't mean a more base institution but a more efficient institution—whether you are going to graduate with a degree in humanities or in sciences or in business—it doesn't matter—what that means to taxpayers and to families and students paying that cost. I think Louisiana has done a great service here in willing to put that down. And so I think that is very, very important.

And, Dr. Jones, you have touched on in your testimony—well, you have all touched on this subject, including the Chamber. It is this issue of articulation agreements that can no longer be allowed just to lay around and you go as slow as the slowest boat here. I know I have been kind of at this in my State of California for many years and pitched battles, and they have made some progress, but it is not comparable to what we are hearing here today in terms of what has been accomplished and what is possible.

I have introduced legislation—you referred to it, Mr. Jones—that I think that by the middle of 2014 States have got to have these in place. This is a luxury. It is very costly to taxpayers. It is very costly to students and their families if you don't have this.

And, Ms. Lubbers, you talked about credit creep. We don't know quite why it happened. Was it essential? Was it necessary? Except I know it cost me that much per unit to finance that credit creep, and I think that has to be looked at again.

I would hope people would support the legislation. I basically say, do it however you want to do it. Let's just come up with a system so students can navigate this system in the most informed, efficient way since they are borrowing money. When I went to school, we weren't borrowing money.

I would say, Mr. Bucshon, it would have been much better if we had privacy arrangements so I wouldn't have to bring my grades home. That would have worked out much better in the Miller household.

So I just want to thank you very much; and, Madam Chair, I want to thank you for this hearing. I hope we can continue. This is really a conversation that is taking place here this morning about how we can support these efforts by the States, and there are others that are leading the way on making our institutions much more responsive to today's economies, to the needs of our students today.

It is no longer just about the degrees that we have historically awarded. As you know, it is also about certificates. It may soon be about badges that you will be asked to recognize or not recognize, to assign credit to or assessments to that you don't give, that you don't have control over. We don't know how that is going to play out.

So this is a very exciting time, but with those cost factors continuing to creep up, you have focused I think our attention here. And I hope that we can continue to follow up in other hearings on many of the issues you have raised. Because I think you are developing a roadmap of what we should insist upon if we are going to keep spending taxpayer dollars in these systems and financing the cost of college for students and for their families.

So thank you very, very much, Madam Chairman, for this hearing.

Chairwoman FOXX. Thank you, Mr. Miller, for your very fine comments; and you can count on our continuing to spend time on this issue.

Now I would like to recognize Dr. Heck for his comments. We are blessed with three physicians here this morning asking questions and another person in the health care field. So we are very blessed in this area.

Mr. HECK. Thank you, Madam Chair, and I thank all of you for being here and for your testimony.

I guess the one side of having three doctors is we all very much know—at least I do—the cost of education. And not to dissuade the students here, but I am still paying off my student loans between college and medical school.

Mr. Pattison, in your testimony you talk about the increased cost of about 72 percent at a 4-year public university adjusted for inflation; and we heard from Ms. Lubbers some of the drivers of that cost, like technology, investment in infrastructure, employee benefits, and support staff. There are some that have theorized or postulated that as more financial aid money becomes available, whether it is through guaranteed student loans or Pell Grants, that that also is a driver of increasing costs at universities.

Mr. Pattison, or everybody else on the panel, have you seen any evidence that supports that claim that as more money becomes available to pay for higher education the cost of higher education goes up?

Mr. PATTISON. Well, what I will say—and I think this is really an important point as all of this is discussed—is there are so many factors obviously affecting the cost of education and tuition increases, but there are very few activities or ways of financing that create the incentives on the institutions to be as cost-efficient as possible. And I think the bottom line is, based on what you heard me say when I laid out the statistics of the tight budgets in the future, especially for States, it is unsustainable, in my view, that colleges and universities will be able to raise tuition at the rates they have.

So I think something is going to have to come together, and there some great programs that have been talked to create the right incentives to focus not just on funding the additional cost increases but also funding results, completion, and so forth.

Mr. HECK. I appreciate that.

Then, to Ms. Lubbers, I guess I define cost and affordability maybe a little differently. To me, cost is what does it cost the university to provide the education. Affordability is whether or not the student cannot afford the cost. And so some of the things that you talked about, like streamlining the ability for transfer credits or decreasing summer tuition, guaranteeing or trying to secure on-time graduation, may address the affordability for the student, but what steps are being taken to control the costs to the university of providing that education?

Ms. LUBBERS. Well, obviously, you have to approach this from both angles, and we are trying to do that in Indiana as we are looking at the cost structure itself. And you have mentioned some of the things that I had talked about that were drivers of the cost of higher education and to the degree that we are able to successfully use technology, for example, to drive down costs. There is some question that in some institutions where the cost—technology is actually driving up costs.

And so we are asking very, very specific questions about, you know, when can we reap some benefits from this technology where we can have academic rigor and costs won't keep going up with technology? You know, do we need all the expensive facilities that we are building? Especially at a time in which many people will be getting their higher education perhaps not going to an institution any more. So do we keep building? Because there are some sectors of the market who want that particular part.

So at some point you have to say not what do you want but what do you need. And I think that is where we are getting to the point right now.

So we are very intentional about looking at the cost structure and rewarding things that we think are giving the kind of dividends that we want in Indiana. It is not easy. Turning it around is tough. But you know from being in health care many people are talking about higher education in the same way they talked about health care. Is it the next bubble? And we need to make sure that it isn't by making sure that we do address the costs and the value proposition.

Mr. HECK. I appreciate the catch-22 that sometimes technology causes. Because, like I say, as my daughter was going to the University of Nevada Las Vegas, she decided to take on line course which actually came with an additional fee for taking it on line, which you would think maybe it might be more cost-effective to the university to not have the person sitting in a classroom.

Dr. May, you mentioned, among other things, the impact of credit hours. Can you explain what is it that is driving the increase of credit hours for a degree and whether or not those credit hours are actually necessary? Is it some way and somehow an attempt to increase the tuition dollars coming to a university?

Mr. MAY. And I think that is kind of a universal challenge for colleges. Because we kind of have an add-on mentality and approach as new knowledge and skills and abilities are introduced. We don't always go back and re-examine the entire curriculum. What we do is tend to add things on to the end of the curriculum so that students end up doing more. And while one course seems relatively minor, it doesn't take long before it is two and three and four over a period of years.

And so what we have done is make sure the learning outcomes stay the same. However, go back and reexamine all the courses that are in the program to make sure that, in fact, one, they align with the needs of business and industry, they do provide the skills that lead to jobs, and we do it in such a way, especially for those students that transfer, that they are not accumulating additional hours than what they really need.

So I think it is one of many ways in which, as colleges and States, that we have to look at the cost structure, and that is a very basic way that pays dividends, improves time to a degree, reduces time, and cuts the cost to everyone involved in the process.

Mr. HECK. Thank you all again for being here on this morning. Thank you, Madam Chair. I yield back.

Chairwoman FOXX. Thank you, Mr. Heck.

Mr. Thompson.

Mr. THOMPSON. Thank you. I thank the chairwoman for this very, I think, incredibly important hearing; and thanks to the witnesses who are here.

I was going to go down one direction until the chairwoman pointed out all of the health care professionals on the panel, and I started to have flashbacks from my 30 years of health care with regulations and what that has done to our health care system in terms of driving up costs and decreasing access.

And in front of me—I guess I was supposed to ask about something else, but in front of me there was an article that was put out by the American Council on Education and specifically has a lot of different things they have addressed in terms of the cost of education.

But one had to do with regulation. So I wanted to—that is where I—the direction I want to go with my questioning. And specifically—and I want to get your response to this—this white paper from 2012, from this year, it talks about in recent years burdens imposed by colleges and universities by federal regulation have become increasingly complex, onerous, and costly.

And so I guess my question will be whether you agree with that, disagree with it. It specifically referenced that the Higher Education Opportunity Act of 2008 alone added over a hundred new regulations and a 2011 Congress mandated study found that 90 percent of senior campus leaders reported the implementation and administration of regulations under the Higher Education Opportunity Act of 2008 were burdensome.

It goes on. It talks about a finding that in 2005 there were more than 7,000 federal regulations governing colleges and universities and the number of regulations having grown exponentially. So my question—I will open this up to the panel—is do you agree or disagree? Was your experience—is compliance with federal regulations on our higher education, has it become complex, onerous, and costly, as this article cited?

We will start with Mr. Pattison.

Mr. PATTISON. Well, what I think is important is that what we keep hearing from colleges and universities and, of course, through the State groups that we talk to is that every additional request like that is a burden. Now sometimes there is a benefit. So it is kind of a cost-benefit analysis.

But what I think is important to remember is there is not a lot of extra capacity to comply with additional requirements. And I know it might sound trite to even suggest that money come with additional requirements, but I do know we continue to hear a lot of concerns that any additional requirements require additional administrative capacity that really doesn't exist. They are just so tight right now, especially because we have had the recession and tight budgets over the last few years.

Mr. THOMPSON. So if it is tight capacity, then that has to be funded somewhere, and that tends to be through tuition. The cost of compliance has an impact on tuition.

Mr. PATTISON. Especially during the last few years, again because the State support because of the recession has been shrinking.

Mr. THOMPSON. Ms. Lubbers?

Ms. LUBBERS. These are very complex enterprises, as we know, so trying to find a way to impact the system needs to be considered I think primarily at the State level and that the States are best suited to look at how these enterprises operate.

Different States are different. We have a coordinating board. Our boards of trustees are primarily for the operations of the institutions. Some States have boards of regions or governing boards, and they operate differently in that regard, and they have more direct authority over what they expect those institutions to do.

I guess my overall disposition on this issue is that, with the exception of financial aids that comes through Pell or Stafford loans or other ways that students receive funding, primarily this is a straight State-driven enterprise, and it is best directed at the State level.

Mr. THOMPSON. Mr. Jones, any thoughts, cost of compliance on higher education?

Mr. JONES. Well, I agree with Commissioner Lubbers that principally the money comes from the State level and principally that is where the responsibility—all the boards of trustees, the boards of regents are all appointed by governors, are authorized by the legislature, and that is the primary response.

I will say from the federal government's responsibility the two themes I would pick up is, one, more transparency in terms of information that is reported about students, as I mentioned, graduation rates for part-time students, for transfer students, for Pell Grant students.

And the second is this other theme of, historically, for six decades, the federal government's involvement has been about access, and that has been extremely successful. And reasonable expectations about a success agenda—if you are giving student loan subsidies, if you are giving Pell Grants, there ought to be reasonable expectations about students' progress toward timely graduation. I think that that is where the federal government ought to weigh in as their primary responsibility because of the money that you are putting out there.

Mr. THOMPSON. Dr. May.

Mr. MAY. You know, almost always regulations are about preventing something from happening, and as Chairwoman Foxx said earlier, I think there are often unintended consequences with that approach. Where we see something that has occurred somewhere and we want to deal with that issue, but, unfortunately, we stifle innovation, we increase costs, and often work against the very things that we wanted to see happen within our institution. And I would certainly concur.

I think that the States are much closer to what is going on in terms of how to impact the local economy, how to educate students and solve their educational needs as well as work within the workforce needs of the State.

Mr. THOMPSON. Thank you, Dr. May.

Thank you, Chairwoman.

Chairwoman FOXX. Thank you, Mr. Thompson.

And I want to especially tell Ranking Member Miller that I did not coach any of these witnesses to make those comments at all. It was all completely on their own. But I thank you very, very much for it. It just shows the wisdom of the staff in bringing in these witnesses.

I would now like to recognize in Congresswoman Biggert from the great State of Illinois.

Mrs. BIGGERT. Thank you, Madam Chairman.

And I am sorry that I missed your testimony, because this is such a very, very important subject, but I just have a couple of questions that hopefully have not been asked before.

But I wanted to address something that Concordia College and the University of Illinois are working on, maybe in partnership, but Concordia a little bit different. What Concordia is doing is, instead of trying to alleviate the time that students, as you have been talking about in Indiana like 3 years—but this is for them to offer on-line courses before students arrive to the university or the college. And I know that so many times there are so much remedial courses that students have to take.

And I would just like to know what you think about that, where Concordia actually is having the on-line course, and the student receives college credit for it. And I think the University of Illinois, theirs is not credit, but at least it avoids another term maybe of college.

Maybe, Dr. May, you could start with that.

Mr. MAY. Sure. In relation to online, we have seen that the fastest growing part of our college enrollments over the last several years. And part of the reason for that we have also continued to see an increase in the age of students. Our average student today has been out of high school 8 years when they enroll. They are trying to balance work, family, job all together and also the inability to predict accurately a future in terms of their lives. So online has become very attractive for those individuals.

And colleges are I think engaged in—and we certainly are in Louisiana—to really as a response to the needs of students and to make sure that we have the workforce that is in place to meet those needs. So it is increasingly important, and we expect that to continue to be the fastest growing aspect of our colleges.

Mrs. BIGGERT. Ms. Lubbers, maybe you could comment on that from Indiana. But I think that this really is addressing the student that really is maybe the traditional student you know that is just out of high school and could spend time before that, you know, doing some of the remedial or whatever these courses would offer.

Ms. LUBBERS. Well, what is abundantly clear is that we need to a better job in however we are doing remediation and that it hasn't been working the way we are doing it. And working with Complete College America and other organizations, Indiana is very committed to the redesign of remediation. It is devastating to a student when they have to take remediation, even more so when they don't complete and they never continue with their work.

So to answer to your question more specifically, I think on line work is turning out to be very effective. I know our community college system, ID Tech, is using it with some pre-courses to get students ready so that they begin.

Stan would offer, I am sure, that to the degree that we can get students immediately into credit bearing courses and if by the use of on line and giving them some of that remediation before they can start credit bearing courses more quickly saves them time, saves them money, encourages them so they can continue to keep going.

You know, I think there are lots of different models, and I think that is a very important model as well as we effectively use on line to move students, increase their learning, and move them more quickly.

Mrs. BIGGERT. Do you, and maybe Mr. Jones, do you think they should offer just a regular, you know, the first course in there, what they want their degree in or anything, to do that on line before they get to school? Or is it just that we should use it for remedial?

Mr. JONES. Well, I think three quick points. One is that the most developing effective strategies are blended courses that maybe have one-half with regular in person teachers and one-half on line or two-thirds in person and one-third blended are showing—the researchers are saying that is the best result, this balance.

Second, almost any community college in the country will say that 50 percent—this is to your point, Congressman—50 percent of the students that graduated from high school in the spring start in remedial courses in the fall taking the same courses. That is where a lot of Latinos and African Americans are ending up.

And the third point I want to make is it is highly ineffective. In Texas, 40,000 students at the community college start in remedial math programs. Three years later, only 15 percent have completed the first math course. And so I think that the on line learning has a great place as a blended strategy, and remediation is a great place to do that.

Mrs. BIGGERT. Mr. Pattison, do you have any comments on that?

Mr. PATTISON. Well, it is interesting that what you have seen over the years is that before technology allowed online type of activities there have been many colleges and universities that bring students early that needed remediation or made remediation requirements, and it is nice to see that there is an ability with new technology to try to deal with that unfortunate issue and hopefully do it in a more cost-effective way and, frankly, a more convenient way, too.

Mrs. BIGGERT. This is kind of a basic question, but how do these colleges that have students know who is going to be in a remedial program before they get there?

Mr. JONES. The best strategy is their high school. There are 4 years of record there. Those that have been out longer, as Joe talks about, they probably need some type of placement. But remediation at the college level simply is not working. We need different strategies there, different strategies in high schools to get them ready for college.

Mrs. BIGGERT. Thank you. I yield back.

Chairwoman FOXX. Thank you, Mrs. Biggert.

I would now like to recognize the ranking member of the subcommittee for closing comments.

Mr. HINOJOSA. I want to thank each of the panelists, because I agree with those before me that it has been a great discussion, very interesting, and something that really needs to be addressed.

Our population in the country is over 310 million, and when we went into the recession in 2008 many who had had jobs 10, 20 years with their respective employer lost their job. And we talked about retraining them for the jobs that would be available, and we found out here in Congress that some 40 percent of all of those who had lost their jobs had a third grade level of education on literacy in reading, and writing. So how could you retrain them if they couldn't read?

So several of us have started an Adult Education Caucus trying to help them out. The appropriators can't see their way clear to appropriate money to do that.

But I am going to reiterate and say that, Ms. Lubbers, you hit the nail on the head when you said that early reading plus writing equals success in school, and that was taught to us by members of our Education Committee who went to China to find out how it was that 97 percent of those who started kindergarten were graduating. And the response they gave us was that they started reading to those children from the cradle up to 3 and 4 years of age and that they could read by the time they were 4 years old. And we don't seem to get it. As smart as we think we are, we don't get it.

And if we don't correct that, this 310 million may become 400 million, and we will be worse off than what has been shown by all of your statistics.

So I want to say that I hope that somehow in the report that we address what countries that have one-fourth of the per capita income, such as China and India and South Korea, are graduating over 90 percent of their children and turning out far, far more college-ready students than we are. So it is not so much the money but that we raise the priorities as to where we are going to invest our money, and that is that early reading plus writing to be successful and college ready.

I want to thank you for sharing your thoughts on how States and institutions can do more to rein in college costs and make higher education more affordable for our students and for adults. I look forward to working with you and other key stakeholders in the higher education community to address all of the issues covered here today.

And, with that, I yield back.

Chairwoman FOXX. Thank you, Mr. Hinojosa.

I want to thank again our distinguished panel of witnesses for taking time to testify before the subcommittee today. As you heard and you heard Mr. Miller say and all of us say on both sides of the aisle, this was a very good hearing, and we appreciate your taking the time to do this. I am very, very grateful to you for all of the comments that you shared with us.

I would like to make just a couple of comments based on something Mr. Hinojosa said as well as build on some things you all said.

It is not the money. I am so glad to hear Mr. Hinojosa say that. We spend an awful lot of money on education in this country, and we are not getting the results we should be getting. And so I am glad to hear that as a bipartisan feeling, also, because that is not what we always hear. I think it is a matter of priorities, and I think it is a matter of accountability, and it is a matter of pay for performance, and many other things that you have mentioned.

I am reminded every time I hear a panel like this of something that former Governor Bob Scott said when he was head of the community college system and I was a community college president. He met with the presidents and said to us—this was back in the 1990s, early 1990s—he said, folks, I can no longer go to the general assembly and say we are doing the Lord's work; now give us more money. He said, we have to prove that we are getting results.

Well, I thought that, you know, nirvana was going to come a long time ago and that we were going to start having to show results across the board. I did that when I was a community college president. I could prove that the money I was spending was being well spent. But we haven't moved as far along in that direction in higher education as I thought we would at that time.

Somebody pointed out, but you all didn't make it explicit, that, right now, only 25 percent of the students in college are in 4-year residential situations. So most of the time, though, people are thinking that is the model. And that isn't the model that we need to be dealing with, and we have to change the mindset of a lot of people. And you all have brought out some of those issues today, but I think it needs to be explicitly said.

On the issue of remediation, I not only was a community college president, but I helped set up remediation programs at Appalachian State University, and I know how those things work, also. If we will stop paying for remediation, if we will stop paying the elementary and secondary schools, Mr. Hinojosa, when they don't do their jobs, then I think we will see a difference. Appalachian State University decided to put in what we call developmental math because they had students taking 4-hour math courses four times and not being able to pass them. That was very expensive for Appalachian State University. That got the attention of the math department. So they decided in self-interest to offer a remedial course to get the students up to par.

Again, when it becomes efficient and it becomes worth their while, many of the colleges and universities will do these things.

You haven't touched today very much on programs in the high schools. I am a huge proponent of dual enrollment, both for community college credit as well as university credit. Again, Appalachian State University did this back in the 1960s and '70s for high school students, some high school students graduating with as many as 24 hours of college credit.

We need to be doing more of all of those things to bring down the cost. We know the answers, I think, in many cases. Because you all showed the models that are out there. Now I think the challenge to us is how do we offer incentives, not—I don't want us to do more regulatory sticks, but how do we offer incentives or how do we help people see that it is in their self-interest to be doing the kinds of things that you are pointing out that are being done.

And I do think you have brought—all four of you have brought great ideas to us today, and I want to thank you for it.

One other comment that I didn't make. You talked about the 72 percent increase in tuition or, in the case of Indiana, 100 percent. At the same time nationally that tuition is going up 72 percent, the average income of Americans has gone up only 34 percent, and so there is a huge gap there. And I don't think the higher education community has been willing to deal with that reality in the past. Because we all want our children to have great educations. We all want that. And too many times, as Governor Scott said, you know the higher education community has been asking for a blank check, basically. We can't continue to do that. So we have to figure out a way, as Mr. Hinojosa said, I think how do we get a better return on the money that we are spending in this area and taking from hardworking Americans.

So thank you all again for being here. I want to thank all of the members of the committee for coming and the meeting is adjourned.

[Questions submitted for the record and their responses follow:]

COMMITTEE ON EDUCATION
AND THE WORKFORCE
U.S. HOUSE OF REPRESENTATIVES
2181 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-6100

July 26, 2012

Ms. Teresa Lubbers
Commissioner
Indiana Commission for Higher Education
101 West Ohio Street, Suite 550
Indianapolis, Indiana 46204

Dear Commissioner Lubbers:

Thank you for testifying before the Subcommittee on Higher Education and Workforce Training at the hearing entitled, *"Keeping College Within Reach: Exploring State Efforts to Curb Costs,"* on Wednesday, July 18, 2012. I appreciate your participation.

Enclosed are additional questions submitted by members of the subcommittee after the hearing. Please provide written responses no later than August 9, 2012 for inclusion in the final hearing record. Responses should be sent to Amy Jones or Brian Melnyk of the committee staff who can be contacted at (202) 225-6558.

Thank you again for your important contribution to the work of the committee.

Sincerely,

Virginia Foxx

Virginia Foxx
Chairwoman
Subcommittee on Higher Education and Workforce Training

Ms. Teresa Lubbers
July 26, 2012
Page 2

Chairman John Kline (R-MN)

1. Please explain how Indiana determined which metrics would be the most helpful to disclose to students? Do you have any recommendations for how the federal government could improve its transparency initiatives?

2. What was the response from the higher education community when you first introduced the idea of performance funding? Was there any pushback initially, or did administrators and faculty get on board right away? If you did encounter some roadblocks, how did you move your plan forward and what are the current impressions of the performance-based funding structure among administrators and faculty?

Chairwoman Virginia Foxx (R-NC)

1. Can you discuss what led Indiana to recognize they had problems in making college affordable for your students?

2. Did you encounter any resistance from institutions when Indiana began to discuss higher education reforms? How did you appease the concerns of the faculty? What benefits have students and institutions realized since enacting the reforms put forward by Indiana? How is the state working to ensure institutions receive the support they need to implement this initiative?

Representative Lou Barletta (R-PA)

1. It is important to hold all institutions of higher education (public, private, and for-profit) to high standards. However, all too often our regulations and laws are written to prevent and subsequently penalize behavior of our institutions. What ways do you believe the federal government and states could incentivize local institutions of higher education to improve educational outcomes and increase the quality of higher education in our country without adding costs to the federal or state governments?

INDIANA COMMISSION
HIGHER EDUCATION

August 3, 2012

The Honorable Virginia Foxx
Chairwoman
Subcommittee on Higher Education and Workforce Training
U.S. House of Representatives
2181 Rayburn House Office Building
Washington, DC 20515

Dear Chairwoman Foxx:

Thank you again for the opportunity to testify before your committee on July 18th regarding some of the initiatives that are underway in Indiana to address higher education affordability and productivity. I am encouraged by this type of partnership to align federal and state efforts.

Following the hearing I was provided with a set of additional questions on this important topic. I have provided the answers in the document I forwarded to your staff. Should you need any other information about our efforts in Indiana, I am available to respond to additional questions.

Again, my thanks for inviting my participation and for your ongoing service to our country.

Sincerely,

Teresa Lubbers

Teresa Lubbers
Commissioner

101 W. Ohio St., Suite 550 Indianapolis, Indiana 46204-1984 www.che.in.gov
P:[317] 464-4400 F: [317] 464-4410 Teresa Lubbers, Commissioner

Ms. Lubbers' Response to Questions Submitted for the Record

CHAIRMAN JOHN KLINE

1. Providing better information to Hoosier students about the value of higher education and associated smart decisions about academic and financial preparation has been integrated into our strategic plan and our outreach efforts. Working with our K-12 colleagues and our higher education partners, we have coordinated our efforts to make certain students and families understand the implications of decisions they make about school and career choices. To that end, we have implemented a College Cost Estimator that allows them to compare the net cost of college versus the published cost. While the federal government has required higher education institutions to publish net cost data, our tool provides much more information to students and allows them to use it in a user-friendly, comparative way. We are in the process of expanding on this outreach to include a more comprehensive Return on Invest-

ment Calculator that will highlight institutional performance and characteristics as well as information designed to assist students in making better decisions. It's clear that finding the right fit for a college is directly tied to affordability/debt, completion and career aspirations.

The federal government's role in the oversight of higher education is limited, but there are certainly areas where there is an appropriate and important involvement. Working with the states to provide up to date data on financial aid, institutional quality and workforce trends is one important way. Just last week the U.S. Department of Education released its Financial Aid Shopping Sheet and is seeking voluntary use of the document among postsecondary institutions. Future iterations of the document might include information about the employment outcomes of students, as well as average earnings by the institutions' graduates. Likewise, the whorl of data points about affordability and quality begs for improved aggregation, accessibility and transparency. States efforts should be complemented by a federal repository that allows for comparison of key data points, including better information on part-time and adult students. Mark Kantrowitz of FinAid.org released on August 1 a useful policy statement (Who Graduates College with Six-Figure Student Loan Debt?), in which he makes some cogent and specific recommendations for federal action. "The U.S. Department of Education should track and publish more information about student loan debt, such as college-specific delinquency, deferment and forbearance rates, repayment plan utilization and average debt at graduation figures (disaggregated by degree level)." Indiana supports well-reasoned measure that would augment the federal government's role in supporting informational transparency on these very complex issues.

2. Not surprisingly, there were mixed reviews when performance funding was introduced. While some concerns remain, by reaching out to the institutions and building our metrics around mission differentiation we have been able to sustain and increase performance funding. We are in the process of refining our formula to pay for what we value: completion, efficiency, affordability and a focus on at-risk students and STEM degrees. Again, we have done this in concert with our institutional partners. We have built strong legislative support and are committed to performance funding whether there are new dollars, flat funding or reductions in higher education.

CHAIRWOMAN VIRGINIA FOXX

1. Indiana students borrow an average of $27,000 to finance a college degree and tuition has increased over 100% in the past decade. It is against this backdrop and the low per capita personal income of Hoosiers that we recognized the need to step up our efforts to tackle the affordability issue. At the same time that we're telling people they need postsecondary credentials we need to ensure that the goal is attainable.

2. While change is hard and we are asking our institutions to adapt to new realities, we have worked to overcome resistance by partnering with faculty members and school leaders. For example, when we stepped up our transfer efforts, we did so through a faculty led process that resulted in the seamless transfer of 85 courses throughout the system. Likewise, as we work to institute a 30 credit general education core, we are working to develop it based on the core competencies identified by faculty.

Moving to a performance funding system has been challenging, especially in trying to fairly recognize the unique roles of our institutions—community colleges, research institutions and four year comprehensive teaching schools. This task has been made easier by integrating our formula into our higher education strategic plan that is focused on completion, productivity and quality.

REPRESENTATIVE LOU BARLETTA

1. The work of improving educational outcomes and quality will be done in great measure at the institutional level. At our commission, we establish policies that are focused on student success, affordability, quality and productivity. In that regard, we drive our funding around those metrics. We also have an important role in providing clear information on the value of higher education, including institutional quality, financial aid and borrowing, career choices and workforce needs. Any new law or regulation from the federal or state government should be considered through the lens of improving student opportunity and success.

COMMITTEE ON EDUCATION
AND THE WORKFORCE
U.S. HOUSE OF REPRESENTATIVES
2181 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-6100

July 26, 2012

Dr. Joe May
President
Louisiana Community and Technical College System
265 South Foster Drive
Baton Rouge, Louisiana 70806

Dear Dr. May:

Thank you for testifying before the Subcommittee on Higher Education and Workforce Training at the hearing entitled, *"Keeping College Within Reach: Exploring State Efforts to Curb Costs,"* on Wednesday, July 18, 2012. I appreciate your participation.

Enclosed are additional questions submitted by members of the subcommittee after the hearing. Please provide written responses no later than August 9, 2012 for inclusion in the final hearing record. Responses should be sent to Amy Jones or Brian Melnyk of the committee staff who can be contacted at (202) 225-6558.

Thank you again for your important contribution to the work of the committee.

Sincerely,

Virginia Foxx

Virginia Foxx
Chairwoman
Subcommittee on Higher Education and Workforce Training

Dr. Joe May
July 26, 2012
Page 2

Chairwoman Virginia Foxx (R-NC)

1. Can you discuss what led Louisiana to recognize they had problems in making college affordable for your students?

2. Did you encounter any resistance from institutions when Louisiana began to discuss higher education reforms? How did you appease the concerns of the faculty? What benefits have students and institutions realized since enacting the reforms put forward by Louisiana? How is the state working to ensure institutions receive the support they need to implement this initiative?

Representative Lou Barletta (R-PA)

1. It is important to hold all institutions of higher education (public, private, and for-profit) to high standards. However, all too often our regulations and laws are written to prevent and subsequently penalize behavior of our institutions. What ways do you believe the federal government and states could incentivize local institutions of higher education to improve educational outcomes and increase the quality of higher education in our country without adding costs to the federal or state governments?

LOUISIANA COMMUNITY & TECHNICAL COLLEGE SYSTEM

August 8, 2012

Chairwoman Virginia Foxx
Subcommittee on Higher Education and Workforce Training
U. S. House of Representatives
2181 Rayburn House Office Building
Washington, DC 20515-6100

Dear Chairwoman Foxx:

I thank you for the opportunity to testify before the Subcommittee on Higher Education and Workforce Training at the hearing entitled, "Keeping College Within Reach: Exploring State Efforts to Curb Costs" on Wednesday, July 18, 2012.

As per your request, I have enclosed responses to the questions posed by the members of the subcommittee after the hearing for inclusion in the final hearing record.

Thank you again for the invitation to testify before the committee.

Sincerely,

Joe D. May
President
Louisiana Community & Technical College System

Dr. May's Response to Questions Submitted for the Record

CHAIRWOMAN VIRGINIA FOXX

Can you discuss what led Louisiana to recognize they had problems in making college affordable for your students?

Like much of the nation, Louisiana faces a mismatch between the skills of the workforce and the needs of employers. Today, most employers are looking for individuals that have some education beyond high school and less than a bachelor's degree.

One of the primary barriers to accessing higher education is cost. Yet, declining state budgets have caused states to place an increasingly larger burden on students. Following this trend, Louisiana has witnessed reduced state funding and increased student tuition.

As a state, we realized that simply shifting the burden from the state to students was unacceptable. Therefore, as a state, we began in-depth policy discussions to identify ways to serve more students while driving down the cost per student.

The story of Aeisha Ross is an example of the reason why we focused on reducing costs. As a single mother with a mortgage payment, living on food stamps, and up to three part-time jobs, she struggled to meet the needs of her family. One day, she mumbled to herself, "I hate my life." With this statement, she resolved to make a better life for her and her family.

She soon realized that the only way out of her life situation was to get a good paying job. The only way to get a good paying job was to get more education and training. She then made the decision that changed her life. She enrolled in the process technology program at SOWELA Technical Community College in Lake Charles, Louisiana.

Today, Aeisha earns a six figure income as a control room operator for Shell's Onshore Gas Group. She cites that an affordable and accessible education was the key to not only a great paying job, but a great life.

Therefore, despite budget challenges, the Louisiana Community & Technical College System is still the most affordable option for the first two years of higher education. We are pleased to continue offering quality programming throughout the state at a relative bargain compared to other institutions but we will not stand still. We will continue to improve in dual enrollment focusing on high school students, developmental education to prepare students for college level work, college transfer to feed into four-year colleges and universities and workforce training to provide the skills Louisiana requires to prosper.

Did you encounter any resistance from institutions when Louisiana began to discuss higher education reforms? How did you appease the concerns of the faculty? What benefits have students and institutions realized since enacting the reforms put forward by Louisiana? How is the state working to ensure institutions receive the support they need to implement this initiative?

As I stated in my previous testimony, we firmly believe that Louisiana's community and technical colleges have no needs. That being said, students have needs, employers have needs, communities have needs, and states have needs. Higher education is the primary means by which many of these needs are addressed.

With this philosophy, faculty at both two-year and four-year institutions have proven themselves to be the key to developing solutions that improve educational quality while reducing cost. Certainly every member of our faculty and staff are aware of the economic difficulties faced by Louisiana since 2008. By engaging all of our human resources to find workable solutions, we have reduced overall costs per student while improving educational quality. The strategies we utilized to achieve this goal included improving student transfer and articulation, reducing the hours needed to earn a degree, and, perhaps most importantly, aligning instructional programs with workforce needs to ensure that graduates can earn a sustainable and livable wage.

As we have focused on keeping college affordable, we have had to make some important and sometimes difficult program decisions. Over the past four years, Louisiana's community and technical colleges have closed over 700 programs and have added approximately a 150 new programs. The programs that were eliminated did not lead to good paying jobs in today's economy. The new programs that were initiated all lead to good paying jobs that align with employer needs.

The only way the state of Louisiana can ensure strong financial support for higher education is through job growth and economic development. The strong support demonstrated toward community and technical colleges by Governor Bobby Jindal and the Louisiana legislature is evidence of their commitment to improved access, success, and program quality.

REPRESENTATIVE LOU BARLETTA

It is important to hold all institutions of higher education (public, private, and for-profit) to high standards. However, all too often our regulations and laws are written to prevent and subsequently penalize behavior of our institutions. What ways do you believe the federal government and states could incentivize local institutions of higher education to improve educational outcomes and increase the quality of higher education in our country without adding costs to the federal or state governments?

With the exception of programs designed to improve student access, such as the Pell Grant Program, most laws, regulations, and policies are best implemented at the state level and local levels. As policies move to the national level, the likelihood of producing unintended consequences is increased.

COMMITTEE ON EDUCATION
AND THE WORKFORCE
U.S. HOUSE OF REPRESENTATIVES
2181 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-6100

July 26, 2012

Mr. Scott Pattison
Executive Director
National Association of State Budget Officers
444 North Capitol Street NW, Suite 642
Washington, DC 20001

Dear Mr. Pattison:

Thank you for testifying before the Subcommittee on Higher Education and Workforce Training at the hearing entitled, *"Keeping College Within Reach: Exploring State Efforts to Curb Costs,"* on Wednesday, July 18, 2012. I appreciate your participation.

Enclosed are additional questions submitted by members of the subcommittee after the hearing. Please provide written responses no later than August 9, 2012 for inclusion in the final hearing record. Responses should be sent to Amy Jones or Brian Melnyk of the committee staff who can be contacted at (202) 225-6558.

Thank you again for your important contribution to the work of the committee.

Sincerely,

Virginia Foxx

Virginia Foxx
Chairwoman
Subcommittee on Higher Education and Workforce Training

Mr. Scott Pattison
July 26, 2012
Page 2

Chairman John Kline (R-MN)

1. Are states spending the money they would have appropriated to higher education on other priorities, or has that funding been reduced to compensate for reduced revenue and other budget shortfalls?

Chairwoman Virginia Foxx (R-NC)

1. In your testimony, you talk about how state expenditures (with the injection of federal funds) have steadily increased by 48 percent over the past 10 years. Over that same period, according to The College Board, tuition at public 4-year institutions rose by 72 percent. Why, in your opinion, has the cost of acquiring a degree outpaced state funding increases so dramatically?

2. In what ways do you anticipate the structure of state funding for higher education evolving over the next 10 years?

3. Do you believe higher education is subject to the whims of the economy more than other areas of state budgets?

Representative Lou Barletta (R-PA)

1. It is important to hold all institutions of higher education (public, private, and for-profit) to high standards. However, all too often our regulations and laws are written to prevent and subsequently penalize behavior of our institutions. What ways do you believe the federal government and states could incentivize local institutions of higher education to improve educational outcomes and increase the quality of higher education in our country without adding costs to the federal or state governments?

NASBO
FOUNDED 1945

August 8, 2012

The Honorable Virginia Foxx
Chairwoman
Subcommittee on Higher Education & Workforce Training
U.S. House of Representatives
2181 Rayburn House Office Building
Washington, DC 20515-6100

Dear Chairwoman Foxx and Subcommittee Members:

Attached are my responses to your questions for the record based on the hearing entitled, "Keeping College Within Reach: Exploring State Efforts to Curb Costs," held on Wednesday, July 18, 2012.

If you have any additional questions, you can reach me at spattison@nasbo.org or 202-624-8804. NASBO staff and I are happy to help with any state budget related information now or in the future.

Sincerely,

Scott Pattison
Executive Director
National Association of State Budget Officers

NATIONAL ASSOCIATION OF STATE BUDGET OFFICERS
444 NORTH CAPITOL STREET, NW, SUITE 642, WASHINGTON, DC 20001-1511
VOICE: 202-624-5382, FAX: 202-624-7745, WWW.NASBO.ORG

Chairman John Kline (R-MN)

1. *Are states spending the money that they would have appropriated to higher education on other priorities, or has that funding been reduced to compensate for reduced revenue and other budget shortfalls?*

States are not necessarily spending money that otherwise would have gone to higher education on other areas since almost all areas of state spending have been cut in various ways due to the downturn. States have needed to limit the amount of funding appropriated to higher education due to reduced revenues during the recession, coupled with increasing demand in other program areas such as Medicaid. In the current landscape, competition for state funds is stiff, and is expected to remain so for years to come, based on current state spending and revenue trends. As discussed in my testimony, state funding for higher education can be highly volatile. Professors Jennifer Delaney and William Doyle in their work demonstrated through data analysis that in revenue downturns, states tend to cut higher education funding disproportionately more than some other programs because colleges and universities have other sources of funds and therefore the ability to collect additional tuition and fees to offset the spending cuts. On the other hand, this study also found that states are disproportionately generous to higher education, a politically popular spending area, when revenues are high.[1]

Chairwoman Virginia Foxx (R-NC)

1. *In your testimony, you talk about how state expenditures (with the injection of federal funds) have steadily increased by 48 percent over the past 10 years. Over that same period, according to The College Board, tuition at public 4-year institutions rose by 72 percent. Why, in your opinion, has the cost of acquiring a degree outpaced state funding increases so dramatically?*

The growth rate of college tuition costs leads many to question what about our nation's higher education system has led to such a high cost curve. The answer to that is complicated and involves a variety of factors. As other witnesses and I mentioned at the hearing, the current varied and complex funding structures for higher education create very little incentive for colleges and universities to keep their costs down. The demand for a college education has risen substantially in recent years. According to a report published by the State Higher Education Executive Officers (SHEEO), enrollment in public higher education institutions increased by 33 percent over the past 10 years, and the long-term trend for national enrollment indicates continued growth.[2] On top of this, the demand for a college education is relatively price-inelastic (or price-insensitive). That is, many students are not necessarily likely to forego higher education

[1] Delaney, Jennifer. A. and William R. Doyle. "The Role of Higher Education in State Budgets." *The Challenges of Comparative State-Level Higher Education Policy Research*. Kathleen M. Shaw and Donald E. Heller (Sterling, Virginia: Stylus, 2007). 55–76.

[2] State Higher Education Executive Officers. *State Higher Education Finance: FY 2011*. (2012).

if tuition increases – especially since demand is so heavily subsidized by outside sources such as the federal loan and grant programs. As a result, market forces do not always cause pressure on suppliers (higher education institutions) to keep their prices down. There are also information issues, in that students (and parents) are not always fully aware of what their tuition payments are really buying them, as well as how the debt they are taking on will impact their future. There are other factors contributing to the growth rate of tuition as well, including high labor costs and the increasing cost of health care. All of these factors operate to create a complex set of incentives and disincentives impacting the cost of higher education.

Also, as a point of clarification, according to NASBO's *State Expenditure Report*, state spending on higher education has increased by 48 percent over the past 10 years *without adjusting for inflation*. The College Board's figure of 72 percent is adjusted for inflation. Therefore the true disparity in the two growth rates is even more pronounced than these figures appear to indicate. Without accounting for inflation, The College Board reported that tuition at public four-year institutions increased by 117 percent.[3]

2. *In what ways do you anticipate the structure of state funding for higher education evolving over the next 10 years?*

States will differ over the coming years in how they adapt their state funding structures for higher education to this "new normal", or slower revenue growth, fiscal environment, in which revenue is expected to often grow at slower average rates than before the recession. Even so, state funding for higher education will continue to be a critical source of revenue for public colleges and universities. State appropriations to higher education annual operating funds can be expected to continue to be a significant enough percentage that the amounts are not something public higher education will want to so without. States are likely to move towards greater emphasis on performance measurement and towards tying funding mechanisms to program outcomes. In short, even if some funding streams may decline, states may increasingly demand that higher education institutions demonstrate how state funds are being used to produce real results and achieve goals in line with the public interest.

3. *Do you believe higher education is subject to the whims of the economy more than other areas of state budgets?*

Evidence shows that states do use higher education funding as somewhat of a "balance wheel" during economic downturns. That is, states disproportionately cut higher education funding in bad fiscal times but also tend to disproportionately increase higher education funding when state fiscal conditions are strong. Again, this is in part because higher education institutions have alternative sources of funding (tuition and fees) that many other state budget areas do not have.

[3] The College Board, *Annual Survey of Colleges*. (2011).

Also, certain state budget areas are particularly countercyclical, in that demand for services goes up during economic downturns and goes down once the economy recovers. This forces states to disproportionately cut funding for non-countercyclical areas when economic conditions worsen so that areas such as Medicaid, which see significant cost increases during recessions, receive their required funding.

Representative Lou Barletta (R-PA)

1. *It is important to hold all institutions of higher education (public, private, and for-profit) to high standards. However, all too often our regulations and laws are written to prevent and subsequently penalize behavior of our institutions. What ways do you believe the federal government and states could incentivize local institutions of higher education to improve educational outcomes and increase the quality of higher education in our country without adding costs to the federal or state governments?*

It is important to ensure that federal and state funding schemes for higher education create the right incentives for colleges and universities by holding them accountable for results and encouraging them to be more cost efficient. This can be done directly by tying some portion of public funding for higher education to carefully selected and well-defined performance measures (for example, completion rates and/or average time to complete degree). However, this can also be accomplished in part by ensuring that consumers (students and their parents) have sufficient information to choose the school(s) that will be the best value to them and to hold that school accountable once they have made their selection.

[Whereupon, at 11:44 a.m., the subcommittee was adjourned.]

○