Testimony to House Majority Policy Committee

Hearing: Expanding Access to College and Keeping Student Debt Low

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Affordability and higher education:

Greetings and welcome to our state officials, fellow higher education leaders and professionals, and to our other guests here at Juniata College. On behalf of our community, thank you for choosing our campus here in Huntingdon as a site for hearings on the topic of higher education affordability. The topic is one with which we engage at many levels here at Juniata, with our trustees, faculty, students, and staff—as well as with our peers and collaborators at other institutions—on a regular basis, and on which we invite and appreciate a variety of informed perspectives.

As this forum is dedicated to generating more informed perspectives, I will share with you today some of what Juniata is doing specifically to address affordability, as well as some trends about which we are aware across private higher education. As the officials in this room well know, Pennsylvania has distinctive characteristics that elevate the importance of our conversation: only two states, California and Massachusetts, have more colleges and universities than we do, in settings urban, suburban and rural, across the economic spectrum. What we discuss here is relevant to the national conversation because, given the numbers and our position as a place that imports college students from other places, what we do can serve as a model to other states and institutions.

Generally, Juniata serves a “traditional” student body, and yet our population base is the minority in higher education. Only about 25 percent of college students are in residential programs, attending classes full-time, and between the ages of 18 and 23 or so. When discussion of access considers the college-attending market, it is necessary to acknowledge that it comprises so-called adult learners, on-line learners, people earning credentials or taking an additional class or two, people enrolling in two-year programs with an intent to transfer, and a great many people who are engaged in their educations on a part-time basis while raising families, working a job (or two), or doing other things. The affordability and access conversation must include all of them. For today, I will speak within my experience to the market in which Juniata recruits.

To serve and provide access to our population—people interested in earning a bachelor’s degree—we take a variety of steps to help with affordability. Some of the steps are distinctive, and others are typical of private higher education.

- Juniata launched a **personal cost estimator tool** before it was required, and made it very easy for students and families to find and use. Prospective students and families enter academic and financial information to obtain a reasonable estimate of what their cost of attendance would be. Juniata's tool produces estimates that are accurate to within a percent when compared with final packages calculated in our Office of Student Financial Planning.

  - For families, it helps show what *their* cost will be, as opposed to the sticker price, and many (though not all) are surprised to learn that a Juniata education is within their reach.

- In 2008, we instituted a **4-year graduation guarantee**. We were one of a handful of colleges nationally that took this step at the time. More have done so since. Some guarantee placement, some are looking at three-year programs, and some other programs of this sort exist.
  - The reasoning: as people find it takes more time to earn their degrees at some universities, not only to do those students pay more in *tuition*, they lose potential *earnings*. Since Juniata had a long track record of students earning their degree in four years or fewer, we decided to make it policy that, if a student met academic thresholds and was on track, and could not graduate due to some fault of ours (lack of access to a required class, for instance), the credits needed to complete their degree after the fourth year would be free.
- Juniata has long had a **conditional guarantee of aid*,*** meaning that students and families are guaranteed that if they remained in good academic standing, their aid will remain the same through four years at Juniata. This helps families plan for all four years.
- People understand that cost and, to a degree, debt are tolerable to gain something of value. For that reason, Juniata has long been focused on **helping students to achieve desirable outcomes**, whether considered by employment rates, entrance to graduate and professional schools, or similar metrics. We provide outcome information on all of our recruiting materials. We also launched a program that helps with student finances and outcomes: the **Juniata Associates program**.
  - The Juniata Associates program provides employment opportunities at a significantly higher pay rate for students employed in campus offices and who demonstrate professional-level potential. The wages are part of the overall student aid budget, and the positions are competitive, often requiring supervision of other student workers, technological acumen, and budget management. As a result, students are rewarded for their previous work and gain experience in a professional environment in fields as various as marketing, media production, accounting, information technology, counseling, and more.
- As many private colleges do, **we pursue partnerships with community colleges** in our region, to promote access to students who start and find they wish to pursue four-year degrees. We have agreements with several colleges, including with Penn Highlands here in our region and with Harrisburg Area Community College in the east. We have paid particular attention in the last several years to being more purposeful and productive with our transfer programs, particularly with schools with strong STEM programs, thanks to support we won from the National Science Foundation.
- Finally, regarding access, our **trustees and administration are committed to serving our historic base in rural central Pennsylvania**, a population that generally is less affluent

and, too often, less prepared than other areas in which we recruit. But given that Juniata's list of successful alumni is long and contains many who came from humble backgrounds, we consider this commitment seriously.

The steps noted above are enhancements to our core work, and the core work of many private four-year colleges: managing financial assets, including endowments, grant programs, revenue streams, and loan programs, to ensure students who show the talent and drive to succeed can gain access to our offerings.

In the last decade, Juniata has worked to build our endowment resources to ensure that more of the scholarships we provide are funded from secure, invested resources rather than the operating budget itself. We have also **focused our annual cash fundraising on student need scholarships**, rather than a "general fund." It keeps the focus on the importance of affordability for students and families. That said, we still have work to do. Right now, endowment provides about 6 percent of the financial aid budget. The remainder comes from operations.

Because we offer a human-resource intensive education, **more than 62 percent of our operating budget goes to salaries and benefits** to pay the highly educated and professional faculty and staff necessary to deliver on our mission. This is typical of private institutions. Juniata's value—and the price students and families are willing to pay, even while accruing debt—is predicated upon the assurance that they will gain from intimate classroom settings in which a committed scholar will guide them through discussions, encountering and solving problems, working with dissenting opinions, and challenging assumptions. Families know our value comes from the network of internship opportunities to which students will gain access, the research and teaching experiences they will undertake, and the relationships with a diverse array of multi-talented peers with whom they will interact. They have confidence that their professors will work with them across a variety of learning environments, using a blend of personal interaction, technologically sophisticated interfaces, immersive experience, and exposure to the challenges of working with different people.

In other words, they know they will encounter a learning environment that, with its challenges, diversity, and focus on experience in many ways **approximates what they will find in the workforce** for the rest of their lives.

As these comments suggest, Juniata and colleges like us have to balance managing the costs necessary to deliver an education worth paying for and using our own revenues to provide students assistance. Since so little of what we do benefits from the automation that drives gains in other industries, we have seasoned professionals to support with salaries and benefits that their experience rightly demands, sufficient educational infrastructure to provide learning spaces, and enough other money to fuel access.

How much money? Juniata's average financial aid package for incoming freshman, as of the class that entered in 2013, is $29,241, or **more than half the total cost of tuition, room, board, and fees**. Our students receive need-based grants from a variety of sources, including state and federal grant and loan programs, support for which we are quite thankful. In addition, given our outcomes, I would note that **federal and state money is wisely invested at Juniata.** That said, the majority of the support students receive at Juniata, and indeed at most private colleges and universities, is from the school itself.

- At Juniata, 85 percent of **need-based grants** to students come from the College. Government grants are 13 percent of need-based grants, with 6 percent coming from federal sources and 7 percent coming from state sources.
- Juniata serves a population for whom affordability is a serious concern: 28.1 percent of our students receive support from **PHEAA grants** and 20.8 percent of our students are **Pell-eligible.**
- Roughly **99 percent** of all merit-based aid—usually scholarships for academic performance—comes from the College itself.
- For students who seek **additional need-based funding**, 73 percent of that funding comes from private student loans, 3 percent comes from state funding, 13 percent from federal work study, and 11 percent from parent loans.
- For students seeking **additional resources not related to demonstrated financial need**, 78 percent use parent loans, 15 percent seek support from the state, and 7 percent receive non-need-based student loans.

Last week, on March 19, NerdWallet.com, a financial tools site that helps users develop their fiscal management skills, published a list of "Pennsylvania's Biggest Bang for Your Buck Colleges." Juniata was #10 on the list of 15. All but two of the top colleges were private colleges and universities, due largely to the fact that our colleges offer significant financial aid such that we are often the less expensive option when compared with public colleges and universities. However, the site also highlighted a final important factor: **the loan default rate.**

Part of the story of college debt and affordability is focused on debt, with the press stressing that student indebtedness is a problem. The story usually focuses on a student or two who have amassed more than $100,000 in debt. The press seldom focuses on what I am about to say: Juniata's average student loan debt on graduation is just below the national average, at about $28,967. The average nationally of student indebtedness is $29,400 (http://www.projectonstudentdebt.org/). The average default rate on loans nationally is 14.7 percent. Juniata's loan default rate is .06 percent.

In other words, while we work to make Juniata affordable, and acknowledge that debt is still part of the equation, **our students are graduating with debt they can manage**. We know from our placement data—more than 90 percent of our students are employed or in graduate school within 6 months of graduation—that our students move into positions that let them manage the debt they incur for the investment in their education. People take on debt typically for three large purchases in a lifetime: an education, a car, and a house. If you do the first one well, you can afford the other two.