PA House of Representatives
Republican Policy Committee

414, Main Capitol Building
Harrisburg, PA 17120
(717) 260-6144

Rep. Joshua D. Kail
Chairman

PA House Republican Policy Committee Hearing

"The Cost of Higher Education"

September 27, 2023, at 9 a.m.

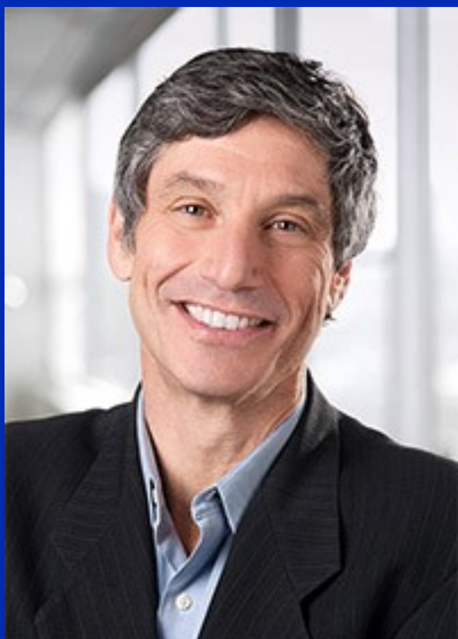
Republican Caucus Room
Room 418, Main Capitol Building
Harrisburg, PA

9:00 a.m.	Welcome and Pledge of Allegiance
9:10 a.m.	**Dr. Daniel Greenstein** *Chancellor, Pennsylvania's State System of Higher Education*
9:15 a.m.	**Thomas P. Foley** *President, Association of Independent Colleges and Universities of Pennsylvania*
9:20 a.m.	**Dr. Quintin Bullock** *President, Community College of Allegheny County* *On behalf of the Pennsylvania Commission for Community Colleges*
9:25 a.m.	**Questions for the Testifiers**
9:55 a.m.	**Closing Comments**

Testifier Biographies

PA House of Representatives Policy Committee Hearing

"The Cost of Higher Education"



Dr. Daniel Greenstein
Chancellor, Pennsylvania's State System of Higher Education

Dr. Daniel Greenstein became the fifth chancellor of Pennsylvania's State System of Higher Education on September 4, 2018. In that role, he serves as chief executive officer of the State System, which operates Pennsylvania's 14 public universities, serving nearly 100,000 degree-seeking students and thousands more enrolled in certificate and other career-development programs. The chancellor works with the Board of Governors to recommend and develop overall policies for the System.

Greenstein previously led the Postsecondary Success strategy at the Bill and Melinda Gates Foundation, where he worked with other higher education leaders across the country on initiatives designed to raise educational-attainment levels and to promote economic mobility, especially among low-income and minority students. He developed and implemented a national strategy for increasing the number of degrees awarded and for reducing the attainment gaps among majority and non-majority students at U.S. colleges and universities.

Before joining the foundation, Greenstein was Vice Provost for Academic Planning and Programs for the University of California (UC) system. In that role, he oversaw system-wide academic planning and programs, including the University of California Press; the California Digital Library; the UC system's Education Abroad Program; internship programs in Washington, D.C., and Sacramento; and UC Online Education.

Greenstein has created and led several internet-based academic information services in the United States and the United Kingdom, and served on boards and acted in strategic consulting roles for educational, cultural heritage, and information organizations. He began his academic career as a senior lecturer in Modern History at Glasgow University in Scotland.

He holds both bachelor's and master's degrees from the University of Pennsylvania and a D.Phil. from the University of Oxford. An enthusiastic cyclist, Dan and his wife, Melissa, have two children.

Thomas P. Foley
President, Association of Independent Colleges and Universities of Pennsylvania

Tom Foley has held leadership positions in Pennsylvania over more than three decades in four fields: education, workforce development, volunteer service and public policy. He is the author of over 150 published articles on a wide range of subjects and was keynote speaker at more than 300 events in Pennsylvania alone and several hundred elsewhere. He has testified more than 50 times before governmental and legislative bodies in Harrisburg, Belfast, Dublin and Washington, chaired 10 statewide PA Boards and Commissions and served in state and national leadership positions in voluntary service, education, workforce development and public policy.

Thomas P. Foley
President, Association of Independent Colleges and Universities of Pennsylvania (cont.)

As educator, Foley is a first generation college grad--thanks to scholarships from Dartmouth College, University College (Dublin, Ireland) and Yale Law School and holds several honorary doctorates (one with his wife Michele). As President of the United Way of Pennsylvania, Foley was a key leader in the effort that led to the first PA public investment in pre-school education and is currently co-chair of the Governor's Early Learning Investment Committee (ELIC). He served almost a decade as President of Mount Aloysius College (named by the White House in 2015 as one of four "Engines of Opportunity" in the country for its work with low income students) and as Chair (and now President) of AICUP, the association of 90+ independent non-profit colleges in PA.

On workforce issues, Tom served in Governor Casey's Cabinet as the youngest Secretary of Labor and Industry in PA history—the agency that was home to federal and state job training and citizen service initiatives, and larger than the governments of 20 states. Tom helped create a network of 80 Job Centers across PA, widely recognized at that time as a national model for government service delivery and workforce development. After that service, he joined the US Labor Department as Regional Assistant to Secretary Alexis Herman, where he led efforts on lifelong learning and workplace safety, and from whom he received the Secretary's Award for Exemplary Public Service.

As public service volunteer, Tom spent two years as a fulltime volunteer with the Nobel Prize winning Peace People in Belfast at the height of that country's Troubles (while on leave from Yale Law School), and continued to volunteer, work and write on those issues for the next thirty years. He co-founded the non-partisan Committee on the Administration of Justice and co-chaired (with civil rights lawyer Tom Hadden) its first public assembly. He spent four years as the chair of PennSERVE (which he helped to create in 1987), the PA-bred precursor to AmeriCorps. He spent more than a decade leading the two largest volunteer-based organizations in PA--as President of the United Way of Pennsylvania (a PA network of 89 local UWs) and CEO of the second largest chapter of the Red Cross in the country (where he spent time on the front lines in Haiti after the earthquake and in Mississippi and New Orleans after Hurricane Katrina).

On public policy, Tom served in both the executive and legislative branches of the federal government, working for Congressman James Shannon and then-Senator Joe Biden. He did intensive work in DC on issues involving peace and justice in Northern Ireland and Central America. He has written on a wide range of public policy topics, including on issues of justice, foreign policy, preschool education, sports, workforce development and Irish history.

Foley, who has been honored often for his work in a wide range of fields, was named a Top 100 Irish American in both education and law (one of only two to receive both honors), named to the PA Power 100 list (with 35 elected officials and 50+ corporate CEOs), is the recipient of the Centennial Medal for Service, the Liberty Bell Award, numerous humanitarian awards, and is an honorary member of the Philadelphia Fire Department.

Foley and his wife Michele—a lifelong educator--are parents of three sons, an historian, an architect and a family physician, and have five grandchildren. Foley grew up in the Philadelphia area in a family of 12 children. His paternal grandparents emigrated from Ireland.

Dr. Quintin Bullock
President, Community College of Allegheny County
On behalf of the Pennsylvania Commission for Community Colleges

Dr. Quintin B. Bullock is the ninth president of the Community College of Allegheny County, a multi-campus institution serving approximately 40,000 credit and noncredit students. He is a consummate professional, an experienced educator, an effective community leader, an empathetic mentor, and a positive role model for students and aspiring leaders, with an extensive, diverse professional background in higher education. He is a proven and results-oriented community college president who is recognized for his exemplary leadership and for being a powerful advocate for the students and communities he serves.

During his tenure at CCAC, Dr. Bullock has led several large capital projects, including the construction of a new workforce center and the renovation of Chalfant Hall, which will soon house the new Teaching and Learning Center; launched new academic and career programs; secured new state and federal grants; spearheaded the college's largest campaign totaling $65 million; stabilized the college's finances; developed a new strategic plan; led the college to a one-college operating model; oversaw a successful Middle States Commission for Higher Education accreditation review, resulting in CCAC's full accreditation for another eight years; and worked collaboratively with faculty and college leaders to develop and implement a comprehensive assessment plan.

Before joining CCAC, Dr. Bullock served as president of Schenectady County Community College in New York; provost of the Virginia Beach and Norfolk campuses of Tidewater Community College; and executive dean of Monroe Community College Damon City Campus.

Dr. Bullock holds BS and MEd degrees from Prairie View A&M University and a Doctor of Dental Surgery degree from the University of Texas Health Science Center: Dental Branch. He completed postdoctoral studies at the University of Rochester School of Medicine and Dentistry. His leadership training includes the League for Innovation in the Community College Executive Leadership Institute; the American Association for Community Colleges Future Leaders Program; the Thomas Lakin Institute for Mentored Leadership; the Wharton/RHE Program in Higher Education; and the Harvard Seminar for New Presidents.

Dr. Bullock's community and professional affiliations are many. He is on the boards of Vibrant Pittsburgh, Caring Place Foundation, Partners 4 Work, Youth Places, the Buhl Foundation, Pittsburgh Public Theater and the Allegheny Conference for Community Development. In addition, he serves on numerous local committees and special projects. For his work and advocacy on behalf of education and the community, President Bullock has received numerous awards and honors.

Written Testimony for the House Republican Policy Committee
Wednesday, September 27, 2023
The Cost of Higher Education

Daniel Greenstein, Chancellor

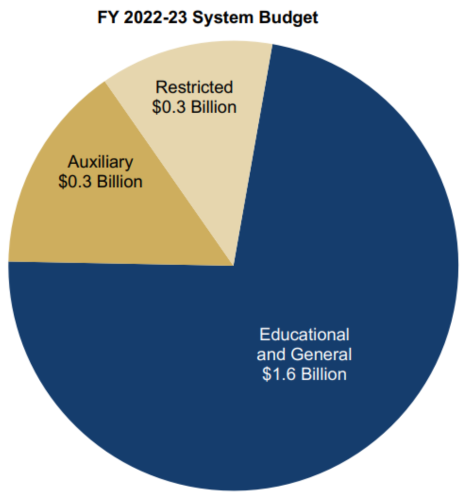
Thank you for the invitation to present testimony to the House Republican Policy Committee. The mission of Pennsylvania's state-owned system of higher education – its 10 universities serving more than 80,000 students – is to provide quality, career-relevant education at the most affordable price possible.

This testimony does three things. First, it identifies key cost and revenue drivers at PASSHE universities. Second, it looks at the portfolio approach that the State System uses to fulfill its mission and ensure that university leadership operate their institutions in a financially sustainable manner that delivers the broadest possible access and the best possible student outcomes. And third, it looks forward and discusses briefly how our principles and priorities will continue to guide us.

Cost and revenue drivers

The State System's FY 2022-23 budget, totaling $2.3 billion, is distributed as follows:

- $1.6 billion in educational and general (E&G) enterprises (all activity associated with instruction, student support services, and associated administrative and academic facilities operations);
- $0.3 billion in auxiliary enterprises (self-supporting activities such as housing, dining, and student unions); and
- $0.3 billion in restricted funds (monies for which the provider restricts its use).



Source: State System Budget Reports

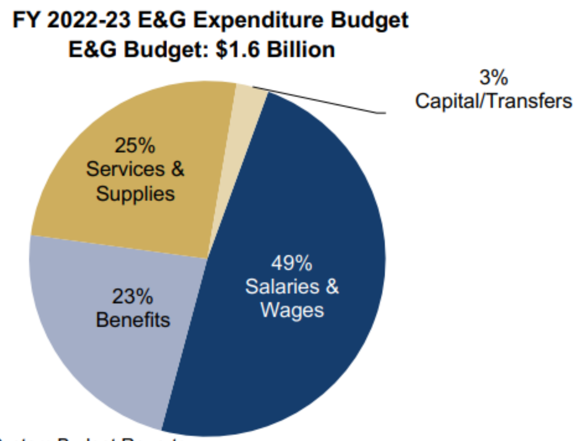
The following revenue sources fund the E&G budget: student tuition and fees (56%), state appropriations (34%), and other miscellaneous sources (10%), which in 2022-23 included one-time federal coronavirus relief. In normal times (those years without COVID relief funds), there is typically a 2:1 ratio between student- and state-generated revenues.

Seventy-two percent of the E&G budget is spent on personnel-related expenditures, followed by other operating cost categories such as services and supplies (25%) and capital and transfers (3%). Transfers reflect universities' investment in renewing and replacing their physical plant from the E&G budget.

The allocation of expenditure by functional category has changed little since 2010, with academic and student-facing functions absorbing the lion's share of dollars.

Functional expenditure by cost category 10/10/11 through 10/21/22

Fiscal year	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Instruction	36.1%	35.6%	36.0%	36.1%	36.9%	36.7%	37.3%	36.2%	36.5%	36.2%	35.9%	33.1%
Research	0.4%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.4%	0.4%	0.4%	0.3%	0.4%
Public Service	1.3%	1.1%	1.1%	1.2%	1.9%	2.0%	2.1%	2.1%	2.5%	2.7%	3.0%	3.3%
Academic Support	8.2%	8.2%	8.6%	8.6%	9.0%	9.0%	8.9%	9.2%	8.9%	8.8%	7.9%	7.7%
Student Services	9.6%	9.8%	8.8%	8.9%	9.4%	10.1%	9.2%	9.2%	9.3%	9.3%	8.6%	8.7%
Institutional Support	12.9%	12.9%	12.9%	12.9%	12.6%	12.9%	12.2%	12.8%	12.5%	13.4%	14.3%	12.8%
Operations and Maintenance of Plant	7.2%	7.1%	7.3%	7.6%	7.7%	7.7%	7.6%	7.8%	7.1%	6.2%	5.4%	5.0%
Depreciation & Amortization	5.6%	5.9%	6.1%	6.0%	6.0%	6.0%	6.3%	6.5%	7.0%	7.5%	8.3%	8.8%
Student Aid	6.7%	6.8%	6.6%	6.0%	3.5%	2.8%	3.7%	3.7%	3.5%	6.1%	8.8%	9.8%
Auxiliary Enterprises	11.9%	12.3%	12.3%	12.5%	12.8%	12.5%	12.4%	12.2%	12.4%	9.3%	7.7%	10.2%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**



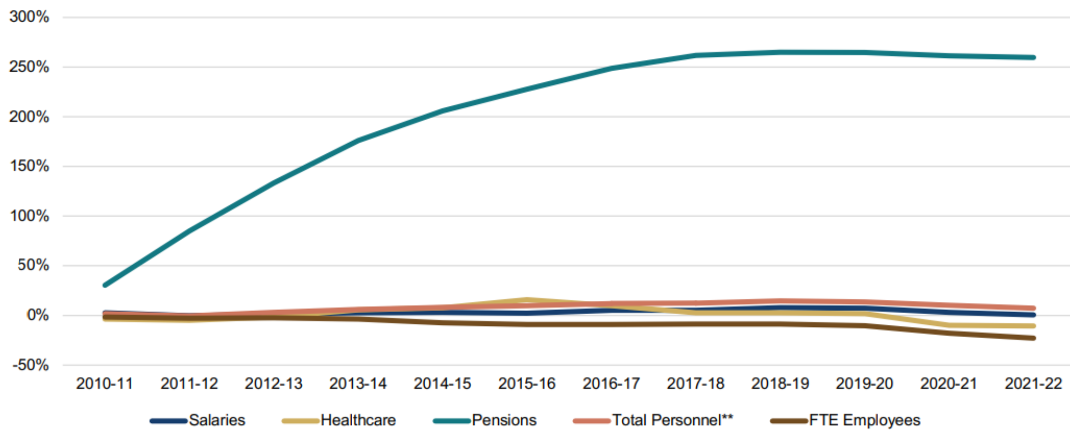
Source: State System Budget Reports
*Capital/Transfers represents annual commitments to renewal and replacement of the physical plant from the E&G budget. Excludes commonwealth capital funding and Key '93 funds for deferred maintenance.

Key cost drivers

Personnel costs (salaries and wages plus benefits)

Where benchmark data are available as they are for faculty and senior management, they show that salaries paid by PASSHE universities track on average with those paid at institutions that are comparable with respect of their mission, enrollment size, and geographical location. There are anomalies (e.g., in the relatively high salaries paid to temporary – aka adjunct – faculty) but none large enough to skew the overall pattern. Overall, salaries and benefits have grown by 5% since 2010. Pension costs have experienced the steepest growth of all other personnel costs over the 12-year period but have been leveling out in recent years.

Cumulative Percent Change in Personnel Expenditures and Employees*
2010-11 to 2021-22



*All Funds
**Total Personnel includes all salaries, wages, and benefits (healthcare, pensions, other retirement, social security, etc.)

Facilities maintenance

Maintaining, enhancing, and preserving our buildings and grounds is an important component of State System operations and one presents significant challenges. State System E&G facilities include 608 buildings with total gross square feet (GSF) of 16.8 million. The replacement value of the buildings is estimated at $8.4 billion, with a deferred maintenance and capital renewal backlog of $2.3 billion. Fifty-five percent of E&G facilities have not had significant renovation in the last 25 years. At the 25-year mark, a building's maintenance and repair costs increase dramatically.

According to Sightlines, a national firm that specializes in benchmarking higher education facilities, the State System is not investing adequately in its facilities. National standards suggest the State System should invest at least $218 million annually in its E&G buildings to prevent further degradation of the facilities. Currently, we only spend about half of that nationally recommended amount.

Debt service

During the early 2000s, State System universities—like many other colleges and universities across the nation—invested in student housing to better compete in the higher education marketplace. The cost of these new buildings and subsequent enrollment declines have resulted in occupancy rates that do not generate the revenues necessary to meet debt service obligations. Results include increased room and board prices that further impact affordability for students seeking an on-campus experience and/or use scarce educational and general funds to pay debt service. This creates even greater financial constraints in university operations of their educational enterprise.

Key revenue drivers

These have been mentioned and include student tuition/fees and state appropriations in a 2:1 ratio.

Donor revenue has grown extensively at PASSHE universities and is vitally important to their work (for example, in student scholarship, building, and initiative-level support). Still, it cannot and will not substitute for the revenue sources responsible for ongoing operations.

Maintaining affordable, high-quality, financially sustainable operations

Fulfilling our mission (as our enabling legislation establishes) requires a portfolio approach; several components I reference here.

State investment

This is critical. For PASSHE, state investment has increased nearly 33% since 2018, thanks to deliberate efforts to strengthen the partnership between the State System and its owners – the Commonwealth of Pennsylvania. That increased investment has contributed directly to the System's ability to hold tuition flat, which it has done for six successive years, and consequently to grow new student enrollment two years in a row (the first time in over a dozen years).

Despite this, there is a great deal more to do. Pennsylvania is in the bottom five of all 50 states in expenditure per higher education student full-time equivalent (FTE) and in proportion, respectively, of state GDP and average individual income spent on higher education. Relatedly, it is in the top five of all 50 states in average net price of attendance in higher education and graduates' average debt load.

The challenges are significant because they threaten Pennsylvania's economic competitiveness. Today, 60% of all jobs in Pennsylvania require someone with some postsecondary education, which only 51% of adults have. Absent an appropriately skilled labor force, employers will locate their jobs elsewhere. They have begun to do so. Today, Pennsylvania is ranked 41st nationally in unemployment; 10 years ago, it was 24th.

Pennsylvania can only fill its talent gap if low- and middle-income people who are currently priced out of Pennsylvania higher education can afford to participate in Pennsylvania higher education. The gap is too big to be filled by the affluent who are not yet educated to a postsecondary level.

Stewardship

As indicated above, State System revenues are derived approximately 2:1 from students and taxpayers (state appropriations), respectively. Those dollars are hard-won by those who earned them and, accordingly, precious to our universities that spend them with careful attention to both effectiveness and efficiency. Here, I highlight seven key aspects of our work in this arena:

Aligning expenditures with revenues. University enrollments declined by nearly a third in the decade from 2010 without a concomitant decrease in expenditure. As part of a fundamental redesign begun by the Board of Governors in the late 2010s, PASSHE reduced expenditures by $300 million in annual ongoing efforts in the three years 2019-20 to 2022-23 and did so in a manner that measurably improved student opportunity – that increased affordability, expanded access, and improved student retention and graduation rates.

1) **Requiring financially sustainable management as a matter of policy.** As part of its redesign, the Board of Governors built a policy environment deliberately geared to measurable performance improvement in priority areas having to do with student affordability and access, student progression and overall outcomes, and universities' financial health. Critical to it are:
    - <u>clear and measurable expectations</u> with regard to university and system performance, including those having to do with scope, career relevance, and net cost of the academic program;
    - <u>funding incentives</u> (including an outcomes-based funding formula used to distribute state-appropriated dollars and reward performance with under-served students and student retention); and
    - <u>a toothsome accountability regime</u> that
        - enables universities a high degree of autonomy in determining their strategic direction coupled with a high degree of accountability to the governing Board for delivering on goals they established in areas that the Board prioritizes;
        - ties leadership compensation to success in achieving those goals; and

    - gives the Board extensive powers through the Chancellor's Office to take over functions at universities that are failing to achieve their stated goals.

   System leadership has used this policy to reverse serious and fundamental financial decline at several State System universities.

2) **Systemwide procurement**. By buying goods and services as part of a procurement collective, our universities gain leverage in the marketplace and secure lower prices than they would if they operated on their own.
3) **Shared academic programming**. Working together and leveraging a common technology environment being developed with this in view, universities are offering programs together – that is, on a multi-university basis. This enables universities to provide students with the broadest possible range of educational options – degree programs, majors, and minors – well beyond those they could provide by acting on their own.
4) **Shared appointments**. By making joint appointments, universities fill vital roles with talented people who may not be as affordable or available or make as much sense financially to an institution operating independently.
5) **Shared services**. Many university operations are commonly required and providing them as a whole to universities is more efficient and effective. The System continues to grow its shared services, extending now to labor relations, legal, payroll, human resources, advanced data analytics, and more.
6) **Demolition of unused and under-utilized buildings**. Even un-utilized facilities have operating costs. Universities are eliminating those costs through demolition.

Transparency and accountability

PASSHE is proud to show taxpayers and students (who are responsible for virtually all its revenues) how their dollars are being spent and to what end. This is part of being a good steward. Our web-accessible data dashboards and routine reports show our strengths and our weaknesses and invite discussion from the commonwealth, our university communities, and the public on where we ought to improve and how.

Continuous improvement

Postsecondary education is in a state of constant flux. That, in turn, reflects the changing needs of our students and the communities and employers who rely upon them once they graduate. It also reflects changes in technology, cognitive and learning science, and societal expectations about the role, timing, location, and even delivery of education after high school. Fortunately, we have tremendous faculty and staff who are dedicated to our mission and our students. They are talented and creative. They are our most precious resource. And they require our ongoing support.

Support entails our compensating employees fairly for what they do. Ours is a people business, and it should come as no surprise that personnel costs represent approximately 75% of our total Education & General expenditures.

It also requires our dedicated attention to helping employees stay current in their professional practice, enabling them successfully to navigate the constant and even rapid pace of change and delivering ever better outcomes for our students.

PASSHE now has considerable experience providing such support for university leaders in budget-, enrollment-, and academic program management – functions critical to the sustainable operations of our universities. We are now extending such support to faculty and staff involved in student-facing functions. In total, they include:

- Playbooks that document Board and leadership performance expectations and provide implementation-level details about how to fulfill them using industry good practice.
- Training for employees in adopting such practices.
- "Loaned executives" – experts made available to a university from the Chancellor's Office and/or other universities, who assist directly in on-site training, employee professional development, and, where necessary, in managing related executive functions.

Looking forward

Our progress and our mindfulness of our cost drivers have not simply happened. Our progress results from the hard and careful work of our students, faculty, staff, university and System leaders, and board members, and with the support and advice of our university trustees, donors, alumni, and other key stakeholders. And it reflects the State System's strengthened partnership with its owners, the state.

And these principles will continue to guide us:

- Expanding student opportunities and improving student outcomes;
- Expanding student affordability and growth;
- Operating sustainably;
- Enhancing partnership with the state, and
- Investing in our people and infrastructure to prepare for the future.

With accountability and financial policies in place, PASSHE and its universities will continue to be mindful of the choices we make about how existing dollars are used and what scope of operations—programmatically and otherwise—we maintain while investing in the new initiatives that reflect the evolving demands of our students and the Commonwealth.

We will also strive to treat our faculty and staff fairly and equitably; act in a fiscally responsible manner; focus tirelessly on our students' and our universities' success; and keep student tuition at or below the prevailing rate of inflation—with continued support from the General Assembly needed to achieve that.

Collectively, we can improve the basic affordability of public higher education and minimize the net price for Pennsylvania students and, better yet, contribute even more graduates to meet our pressing urgent workforce needs.

House Republican Policy Committee
Hearing on Costs of Higher Education
Testimony of Thomas P. Foley, President
Association of Independent Colleges and Universities of PA
September 27, 2023

Good morning, to you Chairman Kail and fellow members. My name is Tom Foley. I am here today as President of the Association of Independent Colleges and Universities of Pennsylvania (AICUP). AICUP is a statewide association composed of 90 independent nonprofit colleges and universities, from world class powerhouses like Penn, Carnegie Mellon, Lehigh and Drexel to local community builders and regional economic drivers like Lackawanna, Cedar Crest, Neumann and Peirce in the East and Geneva, Gannon, Waynesburg and Grove City in the West.

These 90 schools serve a little over half of all 4-year degree seeking students in Pennsylvania, contribute $24B in GNP to the Pennsylvania economy every year, supply 44,000 new PA-based workers each year and are embedded in 60 towns and regions across the commonwealth for an average of 137 years. They are educators, employers, workforce suppliers, philanthropic drivers and community builders.

Before this position, I spent almost a decade as President of Mount Aloysius College in Cresson, PA, where 85% of our students were in career directed majors, 60% of our students were first generation to college and 50% were low-income PHEAA and Pell students. During my time there, Mount Aloysius was the only Pennsylvania school honored (one of four in the country) as an "Engine of Opportunity" for its success in graduating low-income students on time and with manageable debt.

I also spent over a decade on the workforce side of post-secondary education, as the Pennsylvania Secretary of Labor and Industry under Governor Casey, and as the six-state representative on workforce training and other related issues for the US Department of Labor. In that capacity, I worked with a wide variety of workforce investment boards under successive national schemes for job training and workforce development.

Finally, in terms of qualifications to comment on this important topic, I am a first-generation college and law school graduate myself, grandson of Irish immigrants who came to this country with little in the way of formal education.

These AICUP institutions enroll almost 280,000 students—fully 52% of all four-year degree seeking students in the Commonwealth and 44% of all post-secondary (2-year, 4-year and graduate) students. An independent study (copies are in your folders) confirms that their $24B annual PA GNP contribution translates into $1 of every $30 in our economy and 1 of every 32 jobs in our state. In ROI terms, these schools return $148 to the Pennsylvania economy for every $1 they receive in state taxpayer funds. They support and sustain over 195,000 commonwealth jobs, their students and families spend an additional $3.4B in local communities each year and they and their employees pay $1.1B in state and local taxes. They receive only 9% of the state funds designated for higher education—almost all of it in PHEAA funds that are brought by lower income students who choose to attend these schools.

Most importantly, with an average age of 137 years, they buttress 60 communities across this state--anchoring cities, towns and boroughs across the Commonwealth--historically, economically, philanthropically and educationally. Many of you know that part of the story personally, from the towns and regions that you represent.

A number of these institutions trace their founding to the very creation of Pennsylvania, almost 250 years ago. Some of them were founded over 150 years ago by religious communities of every denomination in order to provide a values-based higher education to their members, because no one else was doing so. Though most of these schools have since moved to a more secular approach, they remain the economic bedrock and community pillars in the towns, boroughs and cities where they began.

With more than 5,000 years of collective experience in Pennsylvania as well as educating current students from every one of our 67 counties, these independent nonprofit schools are an integral part of the story of this Commonwealth. Most of them are small schools in small towns, and are the literal livelihoods, the bone and marrow of those communities. Frankly, we are very fortunate in this state to have such a vast and high-quality network of both independent nonprofit and publicly funded colleges and universities.

Thank you for the opportunity to address this committee on the costs of higher education. Let me offer three topics for your consideration:

- ✓ Cost drivers as we see them today;
- ✓ Key numbers that define costs;
- ✓ 8 cost saving ideas for your consideration to best tackle this issue.

There are many drivers that increase and impact the cost of higher education. For today we have broken these down into two categories – Inflation/Economic Drivers and Instructional/Student Support Service Drivers.

The costs associated with **inflation and the economy** can vary between regions and institution types. As with personal budgets, an increase in inflation, decrease *in* or stress *on* the availability of resources affect colleges *just* like they do any other employer. As you know, Moody's recently reported that the average household spent $709 more a month this past July than it did two years ago. Those same cost drivers affect our schools too and are familiar to all of you:

- ✓ **General Living Expenses** – these include the increased cost for food, water, sewage and other necessities.
- ✓ **Energy** – this includes gas, electricity, power plant and associated items – The US Energy Information Administration (EIA) reports that retail prices of electricity are up 7.5% over 2021.

Although gas is currently lower than last year at this time, it is beginning to rise again, as is the cost of oil.

- ✓ **Technology** – this includes computers, programs and system upgrades – these items have ever-increased costs and are constantly changing, requiring significant and frequent upgrades – even more so as students demand online and alternative learning options.
- ✓ **Debt Costs** – interest rates directly affect bonds by reducing the purchasing power – if a bond has a yield of 10% and interest rate grows by 6% over half of the bond yield is gone forcing colleges to reexamine their financing strategies and finding those dollars elsewhere.
- ✓ **Transportation** – from students to college events, transportation costs affect both the college and student body -- according to the Bureau of Labor Statistics Consumer Price Index, these costs have been trending upward the last year -- transportation services are up 13.9% in the last 12 months (as of March 2023) and new vehicle costs are up 6.1%.
- ✓ **Personnel Costs** – employee retirement, benefits and healthcare -- with healthcare being one of the largest employer costs and it is predicted that we will see the largest increase in health insurance costs in a decade in 2024, according to multiple benefit consultants (Mercer, Aon and Willis Towers Watson). Their estimates range from increases between 5.4% and 8.5% for health care alone.

The need for different and additional **student support services along with instruction** also continues to increase the costs for students and universities. These services vary by campus and student but are most important to the neediest students and can include:

- ✓ **Mental Health** – the need for this was already expanding prior to Covid, but the pandemic just accelerated and increased the overwhelming mental health issues students experience at all educational levels.
- ✓ **Learning Loss** - due to the variances and ability of students to attend schools during Covid, the learning loss has led to providing students more academic supports such as increased remedial services, tutoring, learning strategies, etc.
- ✓ **Changing Student Profile** – as we move into a new era of education, there is an increase in needs for the "non-traditional" student. Unlike even a decade ago, many schools now devote resources to battle food/housing/transportation insecurities, to support new parent pathways, to provide internet access, and to improve mental wellness.
- ✓ **Overall Expectations** – a college campus is a 24/7 living and lived-in environment, with the institution responsible for all aspects of housing, basic sustenance, technology access and security, and even for many aspects of their overall well-being (medical care, etc.), entertainment, transportation, etc. Most of these expected services apply to both full-time residents and part-time or commuting students.

Key numbers that define the issue: 45%, $13,057, 0.4% and 44,000

45%

45% is the portion of all Pell-eligible (low-income) students who matriculate to Pennsylvania's independent nonprofit (AICUP) schools, almost 50% higher than the percentage of those students attending our 4-year, state funded institutions of higher education (Chart 1)

CHART 1
Undergraduate Students Receiving Pell Grants, 2020-2021

Higher Education Sector	Students Who Receive a Pell Grant	Percent of Total	Percent of Total Excluding Community Colleges
AICUP Colleges & Universities	46,745	33%	45%
State-Related Universities	31,983	23%	31%
Community Colleges	37,056	26%	
State System Universities (SSHE)	24,919	18%	24%
TOTAL	**140,703**	**100%**	

Source: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS) 2020-21 Financial Aid Survey.

That number is surprising to most people. Many assume that working class, first-generation, and lower income students are all attending publicly funded state schools. There is also a general assumption that the publicly funded schools is the only sector that needs additional support for their students because they serve more of the lower income students--but neither of these is, in fact, the case. The highest portion of Pell- and PHEAA- eligible students (by definition, students demonstrating the highest financial need) typically thought to be served more prevalently by public institutions are educated in AICUP schools, not in the publicly funded schools.

How do the independent nonprofit schools do it while containing costs? —they get less state aid 9% of the total amount going to higher education, (Chart 2) educate a higher percentage of low-income, minority and non-traditional students (many of whom need additional supports) and still graduate their students faster and with less average debt than their publicly funded counterparts. We will offer several suggestions in just a few minutes.

Chart 2
Pennsylvania Higher Education Appropriations, 2020-2021

Higher Education Sector	General Fund Appropriation 2020-2021	Institutional Assistance Grants (IAG) 2020-2021	Total PHEAA Dollars (Includes State Grant + RTSS) 2020-2021	TOTAL State Funds By Sector	Percent Funds by Sector
AICUP Colleges and Universities	$0	$30,769,675	$130,884,518	$161,654,193	9%
State-Related Universities	$597,057,000		$87,877,907	$684,934,907	40%
State System Universities	$477,470,000		$67,988,977	$545,458,977	32%
Community Colleges	$301,860,000		$22,452,445	$324,312,445	19%
Total	$1,376,387,000	$30,769,675	$309,203,847	$1,716,360,522	100%

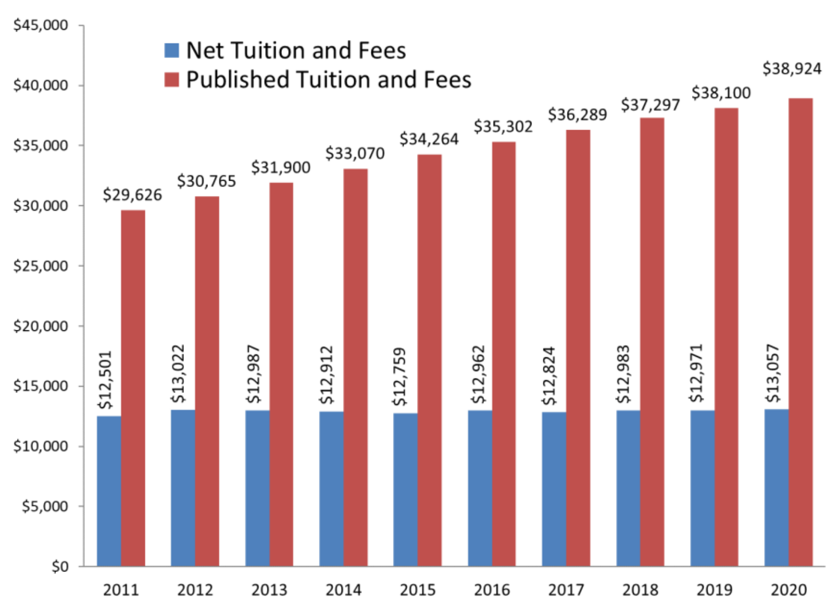
Source: Pennsylvania Office of the Budget and Pennsylvania Higher Education Assistance Agency (PHEAA).

Let me add a second number that helps explain the success of the AICUP schools.

<u>$13,057</u>

That is the average net tuition and fees paid by undergraduate students with financial need at independent nonprofit schools in PA (Chart 3) in 2021 (most recent data).

Chart 3
Average Published Tuition and Fees and
Net Tuition and Fees after Students Scholarships and Grant Aid



Source: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS) Institutional Characteristics Survey and Student Financial Aid Survey.

The AICUP schools total increase in average net tuition and fees in the last five years is less than $100—it's actually a $95 total increase and like all the numbers you have seen in this testimony, they are not AICUP numbers—these come from IPEDs, the data bank at the US Department of Education. Students attending AICUP schools receive most of their aid from the institution—they get direct aid from PHEAA (which accounts for 3% of all their financial aid grants), from Pell (7%) through the federal government and the rest of the aid comes by way of costs that are "discounted" (*forgiven up front*) by the colleges themselves. 90% of all aid our AICUP students receive comes from these schools from costs essentially forgiven at the outset (or "discounted") from the sticker price. That *discount rate* has gone up to an average of over 50% off of the sticker price, as these schools compete for students, with both each other and with publicly funded schools. By keeping their net tuition and fees down, and cutting other costs, they have remained competitive in increasingly tight demographic markets. This is a key number for understanding higher education costs.

0.4%

That is the increase, in current dollars, in the average net tuition and fees paid by students with financial need at these AICUP institutions over the latest 10-year period reported (between 2011 and 2021). That is according to IPEDS data which is available annually for all post-secondary institutions in the country from the US Department of Education. If these dollars were inflation-adjusted, tuition and fee costs have actually decreased at these independent nonprofit schools—these schools have to keep them down as they do not receive institutional state aid and they need to remain competitive with publicly funded institutions and with nonprofits in other states. George Will wrote a column about all this just a few weeks ago, where he discusses the difference between sticker prices and net tuition, what discount rates mean, and much more.

44,000

That is how many new workers enter the Pennsylvania workforce after graduating from one of these AICUP schools each and every year. They are the largest provider of new Pennsylvania workers of all post-secondary sectors, and this includes graduates from two- and four-year programs and graduates from the professional schools offered at some of our colleges and universities. These schools fulfill workforce needs throughout the commonwealth.

We have discussed some of the higher education cost drivers, and key numbers demonstrating that AICUP schools are working to hold the line on costs; now let's examine some additional steps that we can take to keep costs down for students.

First, fully fund PHEAA's Pennsylvania State Grant Program. PHEAA Direct Grant funds ($347M) are the only dollars in the $1.7+B state General Fund budget lines for higher education that follow only ***Pennsylvania*** low-income students (as opposed to the $1.4B which goes directly to institutions to benefit both in-/out-of-state, high-/low-income students). PHEAA Pennsylvania State Grants to students help undergraduates who share three qualities—*they are Pennsylvania residents, they want* *to pursue higher education, and they have demonstrated financial need* – achieve their educational goals.

We are very grateful for your action over the last few years to get the PA State Grant back to its pre-Great Recession dollar level—the high-water mark before these grants were cut dramatically and award amounts to students decreased. Unfortunately, the spending power has not caught up, due to inflation and cost of living increases. These grants are still about $1,000 lower in inflation-adjusted value than before the grants were reduced due to lower state revenues. Consequently, low- and moderate-income Pennsylvania students have lost significant purchasing power over the last decade as Chart 4 shows.

Chart 4
Smaller PHEAA State Grants = Increased Costs for Pennsylvania Students

Academic Year	PA State Grant Amount Needed To Keep Pace With Inflation	Actual Maximum PA State Grant	Annual Increased Cost Burden on PA College Students
2020-2021	$5,868	$4,525	$1,343
2021-2022	$6,184	$5,000	$1,184
2022-2023	$6,691	$5,750	$941
2023-2024	$6,921	$5,750	$1,171
4-year cost to low- and middle-income PA college students who need to take out larger student loans or find other sources of financial aid			$4,639

Data source: 2021-2022 Pennsylvania State Grant Program, Year by Year and Institutional Statistics Report, Table 1. Inflation-adjusted grant figures from U.S. Bureau of Labor Statistics CPI Inflation Calculator.

What is the impact of the decline of spending power on students? It means that the average low-income student today must now come up with more than $4,600 additional over four years to replace the grant value lost since 2007-2008. Increasing families' purchasing power back to that of 2007-2008 and including language giving the grant a year-over-year increase to, at a minimum, match the year-over-year inflation would allow students to better plan and allow them to take out less loans to pay for their educational costs.

Here is why this is crucial to saving students money—

- ✓ PHEAA grant recipients often graduate faster and at a higher rate than non-PHEAA funded students. Students receiving PHEAA grants and attending independent nonprofit AICUP colleges have the highest graduation rate of all sectors--69%--which makes it even more imperative that these students have the resources needed to get to the finish line.
- ✓ PHEAA grant-receiving students also graduate with an average of almost $10,000 less in debt ($9,248 less, PHEAA 2019). Those are hard numbers, and good numbers—and go directly to significantly reducing Pennsylvania students' high average debt load and college costs.

For both these reasons, increasing Pennsylvania State Grants for students should be the top priority to decrease student costs and lower average student debt.

Second, expand PHEAA's Ready to Succeed Scholarship (RTSS) Program. This program wraps around the State Grant Program for low- and middle-income families with a maximum income up to $126,000 and was specifically established to address the affordability issue. The maximum award under this program is $2,500 and a student can receive it for three years beginning in their sophomore year. This program is currently funded at $26.5M for 2023-2024 and was fully funded for the first time last fiscal year.

You can make the award available to every need-eligible student who is satisfying the academic requirements of his or her institution, not limited—as currently—only to those with the highest GPAs. Currently, a student has to get 3 As and one B every semester to be eligible for the RTSS which can be very difficult for students who are working outside jobs (to help their families, to pay for their own living expenses, or to contribute to their college funds). It is also unfair to commuting and nontraditional students who have other life responsibilities besides going to college. If the GPA requirement was eliminated from the program (let the standard be that they remain in good standing at their institutions, as it is for most other scholarships and grants), all students (including freshmen) who fall within the income limits would be able to receive up to $2,500 a year.
Financial aid officers have relayed that students who receive an RTSS scholarship tend to swap out loan dollars with the RTSS funds – this approach saves the student significant dollars over time in both principal and compounding interest.

Increasing support for these two Pennsylvania PHEAA grant programs will increase college access and college affordability for *Pennsylvania students* with the most financial need. It will also directly lower student debt, as the PHEAA debt data indicates. The PA State Grant program and RTSS are programs with proven track records, they are both national models for the efficient distribution of need-based aid and they remain the best mechanisms for getting resources to Pennsylvania students who have demonstrated the financial need and academic progress to merit state support.

Third, encourage all higher education institutions to engage in collaborative approaches that save costs. For more than 30 years, AICUP schools have partnered together to save on college costs. Even though these schools are not part of a "system" they believed that working together to create efficiencies was the right thing to do, for both their campuses and their students. They have been "in the Market" for their entire existence—competing with publicly funded institutions and against "like" schools in other states. This is one strategy that just makes sense for them—and the proof is in their net tuition stability over time and in their recruitment success, , with PA being the second-best net importer of out-of-state students in the country—students and their families choose to come here for four years, and many of them stay forever.

AICUP and its schools have established many collaborative cost saving programs over its history – AICUP currently sponsors almost 30 of these programs – programs that reduce administrative, instructional, and overhead costs. These savings are passed on to their students in the form of stable net tuition (what families actually pay) over the last 10 years—a cost that has increased by only 0.4% during that time. Some of these collaborative cost-saving programs include:

1. **Cyber-Security** – AICUP serves as the fiduciary for over 30 schools to employ cyber security experts, eliminating the need for a dedicated person on their campus. This ensures they are getting the most up-to-date advice and oversight of their technological systems and data without the expense of an FTE along with benefit and insurance costs.

2. **Energy Procurement –** Currently 32 AICUP Members take advantage of the expertise and stability of joining this consortium whose consultants ensure reliable energy services, stable pricing, and expertise in niche programs such as environmentally and green friendly approaches in a constantly fluctuating, deregulated marketplace.

3. **Bond Financing** – Over 45 of our member colleges have participated in AICUP's bond market program which assists when schools borrow for major construction projects. Over the last 23 years of this program, $1.38 billion has been invested in these schools. At the college for which I served as President, this AICUP program saved us almost a million dollars in upfront costs and several millions of dollars over the long term with reduced interest rates that we would not have realized without this program.

4. **Software Licensing** -- Almost all of AICUP's member colleges participate in our *software consortium* which allows for purchasing Microsoft, Adobe and VMware software licenses through aggregated contracts which saves schools about a quarter of the cost if purchased alone.

5. **Aggregate Group Purchasing** -- More than 80 of our members participate in our *aggregated group purchasing program* with an annual total volume growing well past $177 million per year and savings that vary across purchases.

6. **Purchasing Card –** Thirty-nine (39) of our members participate in an AICUP board-endorsed *purchasing card program* which offers an off-the-top savings for each purchase made by a campus using the card.

7. **Benefits/Employer Health Insurance** – There are 40 of our colleges that voluntarily work together through four regional and one interstate collaboratives that stabilize and reduce employer health insurance expenses beyond what would be achievable by a single campus.

8. **Multiple Employer Retirement Program (MEP**) – Established in 2020, AICUP has been working with industry-leading consultants to develop a new 403(b) MEP leveraging the volume of retirement assets to improve the employer expense with ERISA compliance and reducing the employee expense of saving for retirement. This program saves campuses real dollars on the costs of administrative retirement programs for their employees.

9. **Student Textbooks** – In a relatively new program launched before the pandemic, AICUP member students have access to an "eTextbook" program that converts an annual $500-$700 purchase of physical textbooks into an annual rental for as low as $120 per student per year for unlimited access to the entire catalog of the nation's largest academic textbook publisher.

10. **Workers Compensation Insurance –** Seventeen (17) AICUP members have joined together to participate in a self-insured program that lowers workers compensation costs year over year. Managed by a 9-person Board, this organization shares and develops best practices for campus safety, saving campuses untold dollars.

Ongoing efforts to find new savings--AICUP currently works with about 90 corporate "affiliates" who help to develop additional efficiency programs in areas such as retirement aggregation, new cyber security offerings, construction and health care efficiencies and numerous other services which are needed by nonprofit colleges and universities. This is in addition to the almost 30 cost-saving programs currently in operation. Each has been vetted and approved by our leadership (in areas of Finance/Treasury Services, Facilities/Administration, Technology/Telecommunications, HR/Compliance and Student Services). AICUP also engages its membership in 11 staff-driven activities that support leadership communications and joint research studies. To learn more about these programs, see AICUP's 2023-24 Edition of its Business Efficiency manual for further details.

Fourth, encourage collaboration between sectors and courses adding credentialing to four-year programs which also saves students time and money — more than 70 AICUP colleges and universities have partnered with one or more Pennsylvania community colleges to develop transfer and articulation agreements. These agreements help numerous community college students to enroll in and complete bachelor's degree programs that open doors to well-paying career opportunities. Just as important, these agreements help community college students save money by including scholarships and grants from AICUP schools. Here are just three community college transfer programs in place at AICUP institutions:

- ✓ The **Drexel University Promise program** provides a renewable 50 percent tuition discount to students transferring with an associate's degree from a Pennsylvania community college. The award can be combined with other federal and state student financial aid.
- ✓ **Robert Morris University (RMU) operates a Transfer Success Center** that provides a one-stop shop for transfer students from Pennsylvania community colleges to access academic advising and financial aid services. The new RMU Gateway program allows students from four western PA community colleges to take up to 12 credits at RMU at the same time they work on an associate degree from their college. These students also have the option of living on the RMU campus with full access to campus facilities and services.
- ✓ **Seton Hill University's transfer program with Westmoreland County Community College** allows students working toward an RN degree at Westmoreland to seamlessly transfer into an RN-BSN program at Seton Hill. The program helps fill a nursing workforce gap in western PA hospitals and nursing facilities.

A number of well-paying jobs in Pennsylvania do not require a 4-year college degree. As part of their workforce development mission, many AICUP colleges and universities offer a wide range of high-quality, short-term, non-degree credentials that can be completed in less time and at a lower cost than traditional associate or bachelor's degrees. These credentials provide Pennsylvania residents with the skills and knowledge needed to advance in a current job or find employment in a new industry or occupation. AICUP colleges and universities offer over 75 short-term certificate programs in occupational fields that include agriculture, computer science, dental tech, health administration, culinary arts, criminal justice, and social services. Many AICUP institutions also offer no-cost or low-cost microcredentials, digital badges, or industry certifications through both in-classroom and online instruction. A sampling of these awards is shown here:

- ✓ **Allegheny College -** Stackable micro-credentials in software and computer programming. https://sites.allegheny.edu/alic/
- ✓ **Carnegie Mellon University -** Micro-certifications to train robotic technicians. https://www.cmu.edu/roboticsacademy/Research/SMART/index.html
- ✓ **Drexel University -** Dornstrife Center for Neighborhood Partnerships. https://drexel.edu/dornsifecenter/programs/beachell-family-learning-center/workforce-development/
    - o <u>Workforce Development -</u> The Child Development Associate Credential™ (CDA), Building an Understanding of Lab Basics (BULB) virtual lab skills training program, Microsoft Office Specialist and Salesforce Administrator credentialing training, COMPTIA training program
- ✓ **Duquesne University -** Certificates and micro-credentials in areas such as business administration and health care. https://www.duq.edu/academics/explore-all-programs/special-programs.php
- ✓ **Elizabethtown College -** Over 300 online certificates and micro-credentials through Etown Edge program. https://edge.etown.edu/
- ✓ **Peirce College -** Stackable credentials and industry certifications in information technology and project management. https://www.peirce.edu/degrees-programs/stackable-credentials

Fifth, invest in programs that allow students to obtain college credits while in high school, particularly through dual enrollment. Investing in programs that allow students to accumulate college credits prior to high school graduation also allows them to reduce the number of credits they need when they matriculate to post-secondary institutions which -- in turn--reduces their college costs and need to incur debt. The flagship of these programs -- dual enrollment -- sometimes called concurrent enrollment, combats future student costs and debt by allowing a student in high school to obtain college credits prior to graduation (some up to an Associate Degree).

During the 2021–2022 academic year, AICUP colleges and universities enrolled about 11,000 Pennsylvania high school students in dual enrollment programs. These AICUP dual enrollment students come from 102 private high schools and 289 public high schools in 276 separate public school districts. Almost all the AICUP schools offer a significant tuition discount to high school students allowing the students to earn college credits at an overall savings of well over $23 million a year (based on the dual enrollment discount from normal tuition cost from 54 AICUP school respondents). Once the student enters college, the savings multiply as the student foregoes degree requirements thanks to much less expensive credits already in their transcript “bank.” We quintupled our dual enrollment numbers in my first two years as a college President—we thought it was both good public policy and an inducement to enrollment. Leader Cutler announced at his Press Club remarks last week that his son started college with 55 credits (dual enrollment and AP) already on his college transcript.

Currently, many high schools and higher education institutions participate in these programs, but the cost is borne jointly by the student’s family, high school, and the college offering the courses and credits. Reinvesting in dual enrollment programs would help greatly to reduce college costs; At its peak, the currently de-funded state-sponsored Dual Enrollment program had $10 million in General Fund dollars. Reinstating funding for dual enrollment programs would give more students the opportunity to take part in this type of program, allowing them to acquire college credits prior to high school graduation and therefore allowing them to reduce their college costs significantly.

Sixth, eliminate or reduce legislative, regulatory, bureaucratic, and unfunded program requirements placed on institutions. Reviewing current requirements on schools and financial aid programs could help to modernize higher education operations. During Covid, many regulations and laws were waived or given exceptions which greatly increased schools ability to provide services for their students. Two good examples include expanding access to telehealth services and permitting access to cross-state mental health services.

Another area that drives administrative costs is the increased reporting of data to multiple federal, state and rating entities. These schools already report hundreds of categories of data under current federal and state laws and regulations. We should work to eliminate redundancy and refrain from imposing even more reporting requirements. Most AICUP schools may have one or less full-time staff that handle all of this reporting, as well as the normal internal data required just to operate an institution. Adding additional staff to handle additional reporting or new data intensive programs inevitably increases costs.

Seventh, invest in colleges' financial literacy efforts aimed at both their students and parents, but especially at their students. 45% of all low-income students enrolled at a four-year college or university in Pennsylvania are attending an AICUP institution. While our colleges and universities are committed to making college affordable for Pennsylvania families, the reality is that many college students may need to take out loans to help finance some part of their undergraduate education. For young people just out of high school, the idea of taking on even a small amount of financial debt can be frightening and confusing.

In answer to these concerns, AICUP institutions have developed a variety of initiatives focused on helping students to understand and manage existing student loan debt and to limit the amount of future student debt. For example, some AICUP schools require every freshman student to enroll in a financial literacy course while other AICUP institutions have mandatory workshops on budgeting, borrowing, and loan repayment designed for undergraduates who have taken out student loans. At one school, every student is required to take a financial literacy credit upon entering the institution. In a lecture delivered by their President, who has put three daughters through college, students are reminded that student loans are not for pizza and travel, they are for tuition, books, room and board, etc. They are taught the difference between loans and grants.

Many of our schools offer financial wellness programs – with names such as HawkSense, LAFinancial, and CommonCents – where students have the opportunity to learn about personal finance and debt management before they graduate and enter the workforce.

An increasing number of AICUP institutions are even helping students to manage student loan debt after they graduate, through initiatives such as the loan buyback program at one school and Income

Share Agreements offered now at some AICUP schools, and income-based loan repayment plans by the federal government.

There are numerous existing US Department of Education and other federal programs designed to increase financial literacy. I encourage you to review them so we don't duplicate what is already out there, and don't replicate programs which are clearly not working. And the reality is that we should be teaching some level of financial literacy long before they are making college decisions.

Eighth and finally, include independent nonprofit colleges in any proposals to address student affordability, whether it is Promise/free college or any other initiative. Let me suggest four reasons why their inclusion is imperative.

- ✓ AICUP schools educate 45% of all need-eligible students in the state. They also graduate 40% of teachers, 49% of adult students, 54% of minority students, and 67% of nurses in Pennsylvania. If you don't include these schools, you are excluding all these students--in effect penalizing them. Don't exclude them.
- ✓ AICUP schools have the highest graduation rates of all sectors for all students, PHEAA students, and minority students. This avoids those extra fifth and six years (in which no federal or state aid applies) which avoids loans and keeps overall student costs and debt lower.
- ✓ AICUP schools have the lowest default rates, by far, of all sectors on their student loans. That is because they are getting jobs that enable them to repay their loans. The default rates for AICUP schools in PA are almost 30% lower than the national average and 22% lower than for publicly funded institutions.
- ✓ AICUP schools' net tuition is competitive with publicly funded institutions in Pennsylvania and nationally. That is the case even though they receive only about 9% of all the dollars PA commits to higher education-while serving 52% of all PA's Bachelor's and higher degree-seeking students.

The independent nonprofit sector in Pennsylvania educates:

- ✓ ***52% of all degree seeking students***
- ✓ ***54% of all minority students seeking BA and higher degrees***
- ✓ ***49% of all working-age adult students (25-64)***
- ✓ ***45% of STEM degree students***
- ✓ ***45% of all Pell eligible students***
- ✓ ***44% of all PHEAA State Grant recipients***

These students have earned the right to be part of any legislative solution to address student affordability and debt. It would be wrong to exclude them.

Finally, just a few words on the *value* of a college degree, which has come under a lot of criticism in the last two decades. We live in an age where our trust in just about everything has gone down—partly a casualty of our 24-7 news cycle. Although higher education is still among the most admired sectors in America, right up there with churches, small business owners and the military—the trust level in all these institutions has declined in the last two decades.

At the end of the day, post-secondary education is still one of the best investments we can make in our lifetimes. Ben Franklin couldn't have known how accurate he was when he wrote 250 years ago that "investment in education pays the best dividends." According to repeated analyses by economists at the Federal Reserve Bank of New York, a four-year degree generates an annual return of 14% over a 40-year career—*annual* return. A college degree will show a rate of return more than twice the rate than if you just put your college money into Dow futures 4 years ago, and 5 times the return for bonds, gold or real estate. If college were a stock, it would be the darling of Wall Street.

A March 2019 report from the United States House Committee on Education and Labor*, Don't Stop Believin': The Value of a College Degree*, found that a college degree is well worth its cost, noting that a wide range of studies have concluded that bachelor's degree holders earn up to $1 million more than high school graduates during their work lives. In other words, unlike *consumer* loans for cars and appliances, *student* loans can be an investment in one's quality of life (and life choices) and produce a large monetary return on investment as well. Bottom line, college grads are 3 and a half times as likely to improve their income and one's "position in life" as those who don't get the chance to go to college. They are a direct way to affect social and economic mobility.

We all know that the benefits of a college degree extend beyond just wages--the Pew Research Center has reported that college graduates outperform their peers with less education on virtually every measure of economic well-being and career attainment. College grads volunteer twice as often for local causes, donate 3 and a half times as much to local charities, and are twice as likely to build a small business in their hometown.

My family knows the value of a college degree in a personal way. Our grandparents landed on these shores with the equivalent of grade school educations and their 13 grandchildren share 19 degrees between them. Only in America.

Thank you for your attention and if I can answer any questions, I will be happy to do so.