

Testimony before The House Committee on Education and the Workforce
Subcommittee on Higher Education and Workforce Training
Hearing on Strengthening America's Higher Education System

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Thank you, Chairwoman Foxx, Ranking Member Hinojosa, and all the Members of the subcommittee for inviting me to testify today. My name is David Bergeron and for the past two years, I have been the vice president for Postsecondary Education Policy at the Center for American Progress.

Many years ago, when the Basic Education Opportunity Grant, now the Pell Grant program, was in its second year, I was fortunate enough to receive a grant that covered much of my cost of attending the University of Rhode Island. If it weren't for that support—and the National Direct Student Loan and Work-Study funds that followed—I would not be here testifying before you. My parents could not afford to have two and, a year later, three students enrolled in public colleges at the same time. Even after all these years, I still appreciate the support that the citizens of this nation gave me and millions of other Pell Grant recipients.

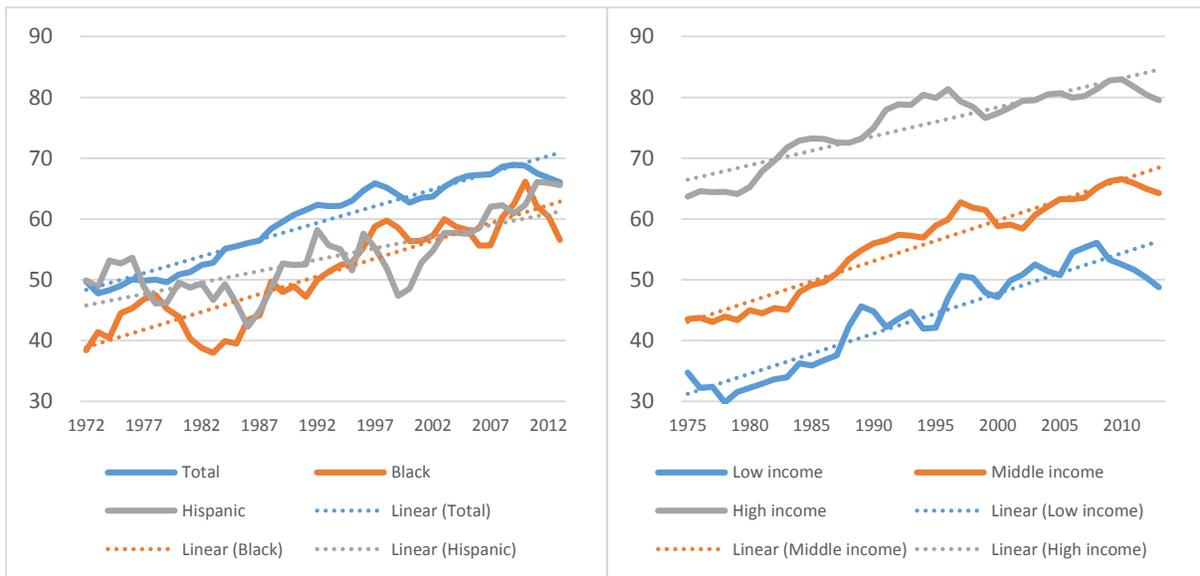
A bit about the Center for American Progress: CAP is an independent nonpartisan policy institute that is dedicated to improving the lives of all Americans, through bold, progressive ideas, as well as strong leadership and concerted action. Our aim is not just to change the conversation, but to change the country. As progressives, we believe America is a land of boundless opportunity, where people should be able climb the ladder of economic mobility. We believe we owe it to future generations to protect the planet and promote peace and shared global prosperity. And we believe an effective government can earn the trust of the American people, champion the common good over narrow self-interest, and harness the strength of our diversity.

It is in this context that CAP conducts its work on postsecondary education. Education beyond high school is key to enabling citizens to climb the ladder of economic mobility and federal,

state, local, and tribal governments together play a vital role in making high-quality postsecondary education accessible and affordable for all Americans. Postsecondary education builds the knowledge, skills, and abilities of a workforce that are necessary for economic growth.

Before going into some of our recommendations for strengthening America’s higher education system, let me provide some context. Since the 1970s, college-going rates have gone up by one-third and most significantly for low- and middle-income students—up 40 percent and 48 percent, respectively, since 1975—and African American students, up 47 percent since 1972.¹ As important as the college-going rate is, just the sheer increase in the numbers of students attending our nation’s colleges and universities has been stunning: Enrollments in degree-granting institutions have soared by 160 percent since the late 1960s to nearly 21 million in fall 2011. Total enrollment for the 2011–12 academic year exceeded 28 million.²

Figure 1: Share of recent high school graduates enrolling immediately in college
By race/ethnicity **By family income**

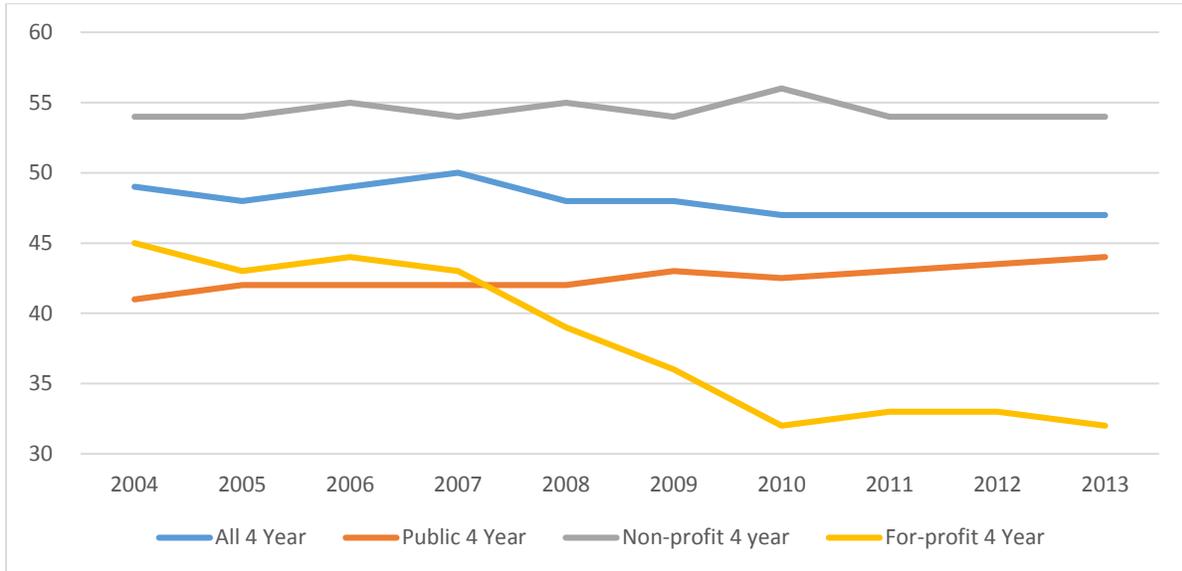


SOURCE: National Center for Education Statistics, Digest of Education Statistics 2015.

Without the investment in Pell Grants, student loans, and other federal programs such as TRIO and institutional aid programs, the increases in college-enrollment and -going rates, particularly among students from low- and middle-income families, would not have been possible. Today, 13.2 million students rely on some form of federal student aid with 8.2 million students relying on federal Pell Grants to cover a portion of their college costs.³ Nearly 785,000 students participate in the federal TRIO programs.⁴ These programs assist low-income, first-generation college students enroll and succeed in college. Another 312,438 African American students—more than 10 percent of all African American students in higher education—are enrolled at one of the nation’s historically Black colleges and universities that receive vital support under the federal government’s institutional aid programs that also assist institutions that enroll substantial numbers of low-income students who are native American, Hispanic, Alaska Native, Native Hawaiians, Asian American, and Native American Pacific Islander.⁵ These kinds of supports have been critical and will continue to ensure access and success for the most vulnerable students.

Given the rapid expansion in postsecondary education opportunities, it is surprising that college completion rates for students attending the same institution have been flat. Indeed, you would expect completion rates to decline as more students, frequently those less prepared for the rigors of higher education, entered college in large numbers. However, that did not happen. And, if we were able to look at the success of students who transferred among institution, we would see that graduation rates for students who begin postsecondary education at some types of institutions, such as community colleges, would be substantially higher if data on the performance of the system overall were available.

Figure 2: Median graduation rate within 150 percent of normal time to degree from the same four year college or university



SOURCE: CAP analysis of IPEDS graduation rate data collected by the National Center for Education Statistics.

College continues to be the best deal for students who graduate, but investments in higher education also pay dividends for the broader society. A 2014 study by Sandy Baum concluded that workers who have some postsecondary education—whether they earned a degree or not—are likely to earn more than they would without postsecondary education. Workers with some postsecondary education—again, whether they earned a degree or not—are more likely to be employed and more likely to be working full time.⁶ Significantly, a study by Enrico Moretti concluded that for every 1 percent increase in the share of the population of a state or community that holds bachelor’s degrees, earnings of individuals who dropped out of high school or stopped after high school earned 1.9 percent and 1.6 percent more, respectively.⁷

We need to do more. A recent study by Center on Education and the Workforce at Georgetown University found that there will be a shortfall of 5 million college-educated workers by 2020 when 65 percent of all jobs will require bachelor's or associate's degrees or some other education beyond high school. This is particularly true in the fastest growing occupations—science, technology, engineering, mathematics, or STEM, health care, and community service. In fact, 23 percent of those STEM jobs will be middle-skill jobs that require education past high school but do not require a bachelor's degree or higher.⁸ There is still more to do, and there are things that can be done through the various systems of investment in higher education to strengthen it.

States have long played a primary role in providing access to affordable higher education through systems of public community colleges and four-year colleges and universities. These institutions enroll three out of every four students in college today. However, direct state funding for public institutions has failed to keep pace with increased enrollment in nearly every state, leading to a decrease in direct support per student. Over the past five years, we have seen 20 states decrease direct investment by more than 20 percent per student, and 18 states decreased their direct investment between 5 percent and 20 percent per student. Only in four states was direct support increased by more than 5 percent per student.⁹

Let me quickly summarize the proposals that the Center for American Progress has made over the past year to strengthen postsecondary education in the United States.

Restoring state funding in higher education

To combat the erosion in state support to higher education, CAP has called for the creation of a Public College Quality Compact that would ensure that students have access to an affordable education and are able to earn credentials or degrees. Under the compact, the majority of funds would be allocated to states based on support for low-income and military veterans, measured by the share of Pell Grant and GI Bill beneficiaries.

Participating states would be required to create reliable funding streams to provide at least as much as the maximum Pell Grant per student in indirect and direct support to public colleges and universities to ensure that students and prospective students can prepare for and enroll in postsecondary education with certainty. States would also be required to ensure that college is affordable by guaranteeing that low-income students who pursue an associate's or bachelor's degree would receive grant aid from the compact to cover their enrollment at public institutions; to improve performance by setting outcome goals for institutions, such as increased graduation rates, and by implementing proven, successful strategies that improve student performance at the institutional level; and to remove barriers and state and institutional policies that stand in the way of college completion by standardizing transfer-credit and admissions requirements and by raising K-12 learning standards to align with readiness for postsecondary entry-level courses.

President Barack Obama's proposal to make the first two years of college free at our nation's community colleges is an important step forward. It begins the process of restoring public support for our most critical of public colleges: community colleges. CAP's research has shown that these institutions bore the brunt of the spending cuts in public support while they continued

to provide much-needed access to the kinds of education and training that are necessary to grow our nation's economy and strengthen the middle class.

College for All

In 2013, CAP convened a global Commission on Inclusive Prosperity composed of American and international policymakers, economists, business leaders, and labor representatives. The commission was charged with developing new and thoughtful solutions to spur middle-class growth aimed at establishing sustainable and inclusive prosperity over the long term in developed economies. The report of the commission provided an outline of a College for All plan to make education beyond high school universally available in the United States without students or families having to come up with the funds to pay tuition and fees prior to enrolling either at a community college or a public four-year college or university.

The goal of College for All is not to say that everyone who graduates from high school in the United States must go on to get a bachelor's degree; rather, everyone should have the opportunity to achieve the highest level of education that they want for themselves, without financial barriers.

A key element of College for All is making a commitment of federal aid to families when their children are entering high school. The commitment would cover the cost of attending a public college in the child's home state with the mix of loans and Pell Grants based on their family's long-term economic circumstance.

Today, a family's income in just the calendar year immediately prior to enrolling is used to determine the amount and types of federal aid a student will receive. This assessment may, or may not, bear any relationship to the long-term economic health of the student's family. Looking at the long-term economic health of families would enable grant funds to be better targeted.

Also, the current system often leaves significant gaps in the amount of aid provided to cover the cost of attendance. In 2011–12, for example, students from the bottom income quintile faced average costs not met by grants and loans at public four-year colleges of nearly \$6,700, or 58 percent of the average income of this group—discouraging many low- and middle-income students from pursuing degrees or opting for the less expensive, lower quality options.

Much of the aid that is provided today must be repaid. That would continue to be true under College for All. But repayment would be based on the graduate's income and would be collected primarily through wage withholding such as the Internal Revenue Service does today for Social Security taxes. Former students who are struggling economically would not be required to make payments until their earnings are adequate. Repayment terms could be more generous for low- and moderate-income borrowers than the income-based repayment options available today and those borrowers would be required to repay only for a specified period of time—for example, 20 years.

CAP will be releasing additional details on College for All in the coming months but firmly believe that the reforms we are proposing will help more students enter prepared for the rigors of the postsecondary education they are embarking on and ensure that they have the financial

resources necessary for success. But this plan will only work if states reinvest in higher education.

What does value look like in higher education?

The final issue I would like to touch on briefly this morning is quality assurance as it relates to the various ways that the federal government provides support to institutions of higher education. In the federal student aid system, the federal government relies primarily on accrediting agencies and states to ensure that participating institutions of higher education are delivering quality educational programs. Given the complaints raised by students and employers, it is time to think again about how quality is assured at institutions where students use the federal support that they receive whether it is under one of the programs supported under the purview of this committee or another, such as the Veterans Affairs Committee.

In 2014, CAP released a column that suggested it might be time to create a new accountability system for federal investment in higher education. Such a system could operate like the Moody's rating system with institutions placed in large categories reflecting performance against key metrics. Among the key metrics that would need to be included in the accountability system are whether the institution provides access to underserved populations; whether the institution is affordable—after the consideration of federal, state, and institutional grants—to students from low- and middle-income families; whether the institution retains and graduates students from low- and middle-income families on time—two years for an associate's degree and four years for a bachelor's degree; and whether graduates successfully go on to graduate school, professional education, or enter the workforce and earn an adequate amount to meet the needs of their

families and comfortably repay their student loans, either through service or regular monthly payments.

As CAP conceived it, the new accountability system would operate in conjunction with the existing federal student aid, including being authorized to offer a postsecondary education by a state and being accredited by an agency recognized by the secretary of education. In this instance, poor performing institutions on all measures or that provide access but do not achieve good outcomes for their students would be ineligible to participate in the various systems of federal aid. However, such a system could also be used to decouple accreditation from eligibility for federal benefits permitting current institutions and, potentially, new providers to participate in the federal programs based on the outcomes they produce.

Conclusion

Let me close by thanking Chairwoman Foxx, Ranking Member Hinojosa, and the other members of the subcommittee for the opportunity to appear before you today. I will leave copies of the reports I mentioned in my testimony with your staff and am happy to answer any questions you may have.

Endnotes

¹ National Center for Education Statistics, Digest of Education Statistics, 2015.

² National Center for Education Statistics, Digest of Education Statistics, 2015.

³ U.S. Department of Education, Fiscal Year 2016 Budget Summary and Background Information, 2015.

⁴ U.S. Department of Education, FY 2016 Department of Education Justifications of Appropriation Estimates to the Congress, 2016, 2015.

⁵ U.S. Department of Education, FY 2016 Department of Education Justifications of Appropriation Estimates to the Congress, 2016, 2015.

⁶ Sandy Baum, Higher Education Earnings Premium: Value, Variation, and Trends, Urban Institute, February 2014, available at <http://www.urban.org/UploadedPDF/413033-Higher-Education-Earnings-Premium-Value-Variation-and-Trends.pdf>

⁷ Enrico Moretti, “Estimating the social return to higher education: evidence from longitudinal and repeated cross-sectional data,” *Journal of Econometrics* 121 (2004): 175-212.

⁸ Anthony Carnevale, Nicole Smith, and Jeff Strohl, “Recovery: Job Growth And Education Requirements Through 2020” (Washington: Center on Education and the Economy, Georgetown University, 2013), available at <https://cew.georgetown.edu/recovery2020>.

⁹ David Bergeron, Elizabeth Baylor and Antoinette Flores, “A Great Recession, a Great Retreat” (Washington: Center for American Progress, 2014), available at <https://www.americanprogress.org/issues/higher-education/report/2014/10/27/99731/a-great-recession-a-great-retreat/>.