

PENNSYLVANIA STATE BOARD OF EDUCATION HEARING

COLLEGE AFFORDABILITY

OCTOBER 28, 2008

HARRISBURG AREA COMMUNITY COLLEGE

Good Morning. I am Joan Benso, President and CEO of Pennsylvania Partnerships for Children (PPC). PPC is a strong, effective, and trusted voice for improving the health, education, and well-being of the Commonwealth's children. Our vision is that by 2014, PPC will have helped Pennsylvania move into position as one of the top 10 states in the nation to be a child and to raise a child.

To achieve its vision, PPC seeks substantial gains toward these public policy goals:

- All children enter school ready to learn.
- All children have access to health care that meets their needs.
- All children are raised in loving and knowledgeable families free from abuse and exploitation.
- All school-age children have access to effective after-school and youth development programs.
- All children have access to high quality public education that prepares them for successful and productive adulthood.

What do young people need to be successful?

To be successful and competitive in a 21st century global economy, Pennsylvania needs a highly-educated and proficient workforce. All youth need a sound academic background including rigorous academic courses and college and career counseling to adequately prepare them for postsecondary education and 21st century occupations.

Over the past few decades, there has been a dramatic shift from unskilled to skilled jobs in this country. Jobs for high school graduates, without any postsecondary education, are disappearing and those that remain do not provide family-sustaining wages. There is also a growing qualified worker shortage in the U. S. The Bureau of Labor Statistics estimates that by the year 2020, the country. will face a shortage of 20 million qualified workers for the fastest-growing job sectors, including health care and technology.

What does this mean? Quite simply, the traditional high school diploma is not enough anymore. And let's be clear, the term "postsecondary education" doesn't automatically refer to 4-year colleges and universities. There are multiple pathways to postsecondary success for our young people which include 2-and 4-year colleges, technical schools, and apprenticeship programs. Postsecondary education also includes education and training that prepares young people for those highly skilled and highly compensated "gold collar" occupations which require education past high school but often less than a 4-year degree.

The benefits of postsecondary education

Pennsylvania's young people who drop out of high school earn about \$19,000 a year on average compared with \$27,000 for a high school graduate. I contend that it would be very difficult to support a family on either of these earnings. However, if a student attends some college or earns an associate's degree, he or she can expect to earn nearly \$33,000; and for a bachelor's degree it's \$46,000 – almost 136 percent more than the high school dropout! Young people with just a high school diploma are also more likely to be unemployed and to live in poverty than are youth who have attended some college or earned an associate's degree. In addition, college graduates are more likely to have employer-provided health care benefits, more retirement savings, improved health and longer life expectancy.

The benefits of a postsecondary education are not solely limited to individuals. An educated citizenry improves the health of the Commonwealth's communities and the economy. A pool of educated and proficient workers who possess the skills and knowledge to innovate and succeed in the global economy attract jobs, and can increase tax revenues and decrease outlays for social welfare programs.

The problem and the need

We know that jobs of the new economy require education past high school. Pennsylvanians must understand that college is necessary. So, students shouldn't be asking "should I go on to postsecondary education?" but "where should I go?". All young people – regardless of where they live, their race, income level, or work-related aspirations – should have the opportunity to attend postsecondary education and should be encouraged to attend.

Too many Pennsylvania families don't have the financial resources to send their children to college. Approximately 265,000 of the Commonwealth's young people, age 18 to 21, live in families with income less than 200 percent of the Federal Poverty Income Guidelines – currently \$41,300 for a family of four. Over the past several years, the share of family income, even after financial aid, needed to pay for college expenses has increased.

The average cost (tuition and required fees) at Pennsylvania's community colleges for the 2008-09 school year will be about \$110 per credit hour for those students living in sponsorship areas and \$200 for other state residents.¹ The tuition and fees for resident undergraduate students at the fourteen Pennsylvania State System of Higher Education (PASSHE) universities averages almost \$7,000 per year – and when you add room and board, the cost increases to \$13,000.² Yet the average Pennsylvania community college student receives about \$970 in financial aid, and the student attending a PASSHE university receives \$4,000.³ This leaves a balance for students and their

families to pay of about \$2,500 for full-time community college students; \$2,900 for PASSHE university students without room and board, and \$9,000 with room and board. Many students make up this difference with student loans which, because of today's extremely tight credit markets, are much more difficult for students to receive.

Solutions to make postsecondary education a reality for Pennsylvania's youth

Pennsylvania must support those college-qualified young people who face financial barriers to a college education. This includes those students graduating from high school and also young people 25 years of age or younger who are returning to college, have dropped out of high school and have gone back to earn their high school credential, and those going back to earn high school and postsecondary credits simultaneously. All students, including the economically and educationally disadvantaged, should have the opportunity to go to college without having to take on large student loan debt. The Project on Student Debt reports that in 2007, Pennsylvania college graduates carried the sixth largest average student debt load nationally -- \$23,613 -- which is more than \$3,500 higher than the national average.

To make postsecondary education affordable for low-income families in the state, PPC recommends that the Commonwealth implement a comprehensive college access strategy. One model to consider is a last-dollar scholarship program for students from families with incomes less than 200 percent FPIG to attend any of Pennsylvania's community colleges or PASSHE universities (provided the student is accepted).

The program would provide recent high school graduates, and youth 25 years of age or younger who have dropped out of school and are returning to get their high school and postsecondary credentials, a last-dollar scholarship to cover all the remaining costs of attending one of the Commonwealth's community colleges or PASSHE universities after all other forms of college financial aid has been exhausted.

The program should also be structured to allow young people to attend private and state-related colleges and universities provided these colleges and universities participate in the program, transfer credits for courses taken, and accept the same payment levels provided to the PASSHE universities.

These last-dollar scholarships should be designed to:

- Provide funding for all appropriate costs -- including tuition, necessary fees, room, board, and books
- Allow eligible youth to receive full last-dollar scholarship for up to two years of necessary remedial classes provided by community colleges or PASSHE institutions. Remedial tuition subsidies will be available for the first five years of this initiative as the Commonwealth continues to address school funding issues, enhances supports for students and teachers, and implements a common-sense accountability system. After five years, we would expect that students will have graduated from high school having taken a rigorous core curriculum that adequately prepares them to transition to college-level work without the need for remediation.
- Allow any eligible student who attends a Pennsylvania community college for a minimum of one year and is a student in good standing to transfer tuition free into a

4-year degree program at a PASSHE university with full articulation and full last-dollar scholarships for up to a combined total of 132 credits.

- Provide a re-engagement college access set-aside dedicated to young adults who have dropped out of high school to re-engage them and assist them in the completion of their high school credential and assist them in acquiring an associate degree.

Another promising strategy that the Commonwealth may want to consider to improve college affordability for working families is to index the share of tuition that a student or family would be responsible to pay for based on their income. This would mean that students from lower income families would pay less of the costs directly and students from wealthier families would pay more – and the state would make up the difference. This model not only provides financial assistance to low-income families, but middle class families who are also struggling financially to send their children to college would benefit too.

For example, let's consider that a student plans to attend a PASSHE university at a cost of about \$13,000 a year. Under this sliding scale strategy, the family's share (after all financial aid has been exhausted) for a family earning \$20,000 a year may be close to zero; the share for a family earning \$50,000 may be around \$3,500; and for a family earning \$70,000 the share could be about \$8,000 a year.

Whichever strategy the Commonwealth chooses, what is critically important is that all young people have the opportunity to pursue postsecondary education, regardless of their ability to pay. It's important that we not discourage our young people from attending postsecondary education with the prospect of being buried under massive amounts of student loan debt. We can no longer accept the lost potential that results when young people face financial barriers that prevent them from realizing their college, and many times, their lifetime dreams.

Thank you for your consideration of PPC's comments and recommendations. I look forward to your questions.

¹ Pennsylvania Commission for Community Colleges' 2008-09 Tuition and Fees; www.pacomunitycolleges.org

² Commonwealth of Pennsylvania State System of Higher Education News Release; PASSHE's Board of Governors approves \$181 tuition increase; July 17, 2008

³ The National Center for Public Policy and Higher Education; Measuring Up: The State Report Card on Higher Education – Pennsylvania; 2006