



STATE HIGHER EDUCATION EXECUTIVE OFFICERS

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October 22, 2007

The Honorable Senator Edward M. Kennedy
Chairman
Committee on Health, Education, Labor and Pensions
U.S. Senate
317 Russell Senate Building
Washington D.C. 20510

The Honorable Michael B. Enzi
Ranking Member
Committee on Health, Education, Labor and Pensions
U.S. Senate
379A Russell Senate Building
Washington, DC 20510

Dear Chairman Kennedy and Ranking Member Enzi:

We write on behalf of the national association of State Higher Education Executive Officers. As state higher education leaders our central preoccupation is meeting the growing need for advanced educational attainment in the United States. In addition, the American Association of State Colleges and Universities has reviewed this letter and joins in our recommendations.

We want to begin by applauding your leadership in expanding support for federal student financial assistance and other key federal programs such as TRIO and GEAR-UP. These programs lay the foundation for higher education opportunity in every state. We know limited resources require the Congress to make difficult choices, and we deeply appreciate your leadership in making these critical investments in our nation's future.

We write also to share our perspectives on a few other matters under consideration in the reauthorization of the Higher Education Act.

The Cost of Higher Education. The price of higher education to students and its cost to society are issues of great concern in the Congress and in every state of the nation. We, and every governor and state legislator with whom we work, share your concern. Quality higher education must be financially within the reach of every individual and within the reach of the nation as a whole.

As many have observed, state revenues are an important factor in public tuitions. While few if any states have solved the problem of sustaining support for higher education in a recession, state initiatives to restrain price increases and expand student assistance abound. Also, as traditionally occurs after recessions, real dollar state support per student has begun a recovery during the past

two years. In the most recent SHEEO study of public higher education finance (FY2006), net tuition declined as a percentage of total cost, a reversal of a trend that has persisted far too long. In addition to efforts to restrain price increases, the states are actively engaged in the challenging work of increasing productivity – obtaining better educational outcomes within existing resources.

Senate Bill 1642 outlines fully elaborated guidelines for assessing cost trends in higher education by sector and proposes reporting requirements for a wide variety of outcomes and other relevant characteristics of colleges and universities. S. 1642 also would establish a Higher Education Price Watch List. H.R. 609, passed by the House in the previous Congress, proposed similar, but somewhat less detailed reporting requirements and proposed establishing a “college affordability index” with sanctions for institutions whose cost increases exceed certain thresholds.

Institutional associations have opposed such initiatives as “price controls,” and you have heard (and you will hear more) about the growing burden of reporting requirements. We believe it possible to address these legitimate concerns with neither price controls nor greatly expanded reporting requirements.

Every undergraduate student should have access to good, comparative information about three questions: a) What is the price of tuition, fees, and room and board? b) How much grant aid is available to the average undergraduate student from federal, state, and institutional sources? and c) What does the institution *spend* per student on instruction and other direct student services? (This final indicator would represent the sum of instructional spending, student services, and a proportionate allocation of overhead costs for academic support and institutional support, including physical plant operations, divided by FTE student enrollment.) All of these interrelated questions are relevant to college choice, and they can be addressed through existing or slightly expanded IPEDS data.

Although the net cost for each individual student will depend on the amount of individual aid provided, average net cost will be the difference between items a) and b) above. Trends for this indicator are important policy concerns at both the state and federal levels.

We propose that the Congress direct the Department of Education to collect and publish such information from institutions and *also* indicate the percentage by which each institution’s data is above or below the median for its sector of higher education. We suggest the medians for sectors be calculated for research universities, comprehensive universities, baccalaureate institutions, two-year degree granting institutions, and institutions providing only less than two-year degree programs, within the broader categories of public, independent non-profit, and independent for-profit institutions.

We make the suggestion for reporting cost of instruction fully understanding the complexity of cost accounting in higher education. The cost of graduate education and instruction in fields such as the health professions, engineering, and science is generally higher than the cost of general undergraduate education, and per student expenditures for instruction will appropriately vary among institutions due to variation on these and other important factors. For these reasons, the expenditures per student calculated from IPEDS will not be strictly comparable among institutions even within sectors, and such data should be published with appropriate caveats. Such

caveats notwithstanding, however, greater transparency of cost data will help inform consumer choice and the policy decisions of institutional and state leaders concerning both prices and spending.

We believe these suggestions will help inform consumer choice and make higher education costs more visible and publicly accountable, while avoiding undue reporting burdens and cumbersome monitoring and sanctions at the federal level. While we accept and understand the relevance of percentage increases over time, we suggest absolute dollar indicators are most directly relevant to the decisions students and policy makers make each year. Today a tuition increase of \$600 at some institutions will be less than 2%, while at other institutions \$600 would be a 10% or even a 20% increase. All three variables – price to the student, aid to the student, and the resources provided for instruction – are interrelated, and all should be visible.

Improving data systems. We applaud the emphasis on improving information about higher education in Senate Bill 1642 and we enthusiastically support its call and support for pilot projects to improve state data systems. The states increasingly appreciate the necessity and cost-effectiveness of strong longitudinal data systems to monitor and improve student progress. Federal support of such efforts will help move the nation forward. It will be easy to find more than ten states interested in participating in such an effort, and we encourage you to consider expanding this initiative.

The National Assessment of Adult Literacy (NAAL). The results of the 2002 National Assessment of Adult Literacy and the rapid progress of postsecondary education systems in other countries indicate state and federal policy makers must pay greater attention to the general knowledge and skills of adults in the workforce. The 2002 NAAL results showed little progress from the 1992 assessment, despite the growing importance of knowledge and skill for work and citizenship in the world. Even more worrisome, there were significant declines in Prose and Document Literacy for college graduates between 1992 and 2002, and Quantitative Literacy for college graduates remained strikingly low.

While NAAL is not part of the reauthorization of the Higher Education Act, we take this opportunity to urge the Congress to provide resources to improve NAAL in three ways. First, the assessment should be administered every five years, and the next administration of the exam should occur as soon as possible, no later than 2009. Second, while the core examination should be comparable with past assessments, NAAL should be expanded to include questions which assess the knowledge associated with basic postsecondary education and that necessary for responsible citizenship. Third, and most important from our perspective, NAAL should be administered to a large enough sample of adults in each state to yield statistically valid results for each state's workforce. A state level NAAL is vitally important for identifying needs and assessing progress in postsecondary education.

Informal cost estimates to implement these recommendations range from below \$40 million to \$60 million for each assessment. With one assessment every five years the average annual cost would be \$8 to \$12 million. We believe the benefits of such an investment will far exceed the cost.

Accreditation. The nation's mechanisms for accrediting institutions of higher education must perform two key functions: a) Provide minimum threshold quality assurance for the public; b) Foster continuous quality improvement in institutions of higher education.

Assuring minimum quality especially requires effective federal laws and regulations because accreditation is a condition of eligibility for participation in federal student assistance programs. But continuous quality improvement is essential for all institutions, and an effective system of accreditation must serve both functions.

Two members of SHEEO participated in the recent Secretary of Education's negotiated rulemaking panel which, although it did not come to closure, made progress in addressing some of the thorny issues in this area. Reflecting on our experience and that work, we offer the following observations:

- We support the language of S. 1642 which would broaden responsibility for advising accreditation policy by allocating the power to appoint five of the fifteen members of the Accreditation and Institutional Quality and Integrity Advisory Committee to each House of Congress and the Secretary of Education.
- We believe the federal government and the accreditation community should establish stronger procedures and measures for making a judicious assessment of minimally acceptable levels of performance for Title IV eligibility. We believe some institutions will fall below that standard, and others will be unacceptably close to the standard. Those below minimum standards and unable or unlikely to meet them should be denied Title IV eligibility. We also understand that the loss of accreditation or a public threat of losing accreditation would be fatal to almost any institution. Therefore, we encourage the Secretary of Education and the accreditation community to develop effective, non-damaging mechanisms for requiring improvement when institutions are unacceptably close to minimum standards of performance.

The expansion of institutional and state level performance reporting, both for consumer information and accreditation, is a healthy development in American higher education. Legitimate comparisons of institutional outcomes, such as graduation rates, should take account of the differences among institutions and states in the percentage of low-income, part-time, and otherwise disadvantaged students they enroll. SHEEO continues to work toward the development of privacy protected longitudinal student record systems within and among the states in order to generate such information more efficiently and target more effectively efforts to improve the success rates of such students.

Eligibility for participating in Title IV programs. We began by noting our preoccupation with advancing educational attainment in the United States. From this perspective we appreciate the contributions of independent, strong, for-profit institutions, especially in their service to non-traditional students.

But the growing importance of postsecondary education is stimulating a proliferation of poorly-qualified, as well as well-qualified for-profit providers. Many state agencies for higher education are responsible for determining an institution's qualifications for awarding degrees and

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certificates. In the current environment consumer protection and safeguards to assure the responsible use of public resources are becoming even more important.

Based on our experience, we believe the definitions of the current law, including the requirement that no more than 90% of an institution's revenues may come from federal programs, are useful and appropriate. We urge they be continued in the reauthorization of the Higher Education Act.

To conclude, we thank you again for your leadership and commitment to educational quality and opportunity in the United States. We are grateful for the opportunity to comment on the important legislation before the Congress. And we are prepared to do whatever we can to be helpful as you continue your work.

Sincerely,



Paul E. Lingenfelter
President



E. Joseph Savoie
Chair
Executive Committee



James H. McCormick
Chair
Federal Relations Committee

Cc. Members of the SHEEO Executive Committee
Members of the SHEEO Federal Relations Committee
Constantine W. Curris, President, AASCU
Edward M. Elmendorf, Sr. Vice President, AASCU

Attachment

Members of the Executive Committee
Members of the Federal Relations Committee

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