AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

EXPANDING OPPORTUNITIES IN HIGHER EDUCATION: HONORING THE CONTRIBUTIONS OF AMERICA'S HISPANIC SERVING INSTITUTIONS

FIELD HEARING

BEFORE THE

SUBCOMMITTEE ON SELECT EDUCATION

OF THE

COMMITTEE ON EDUCATION
AND THE WORKFORCE
U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED EIGHTH CONGRESS

FIRST SESSION

October 6, 2003 in Edinburg, Texas

Serial No. 108-35

Printed for the use of the Committee on Education and the Workforce

Available via the World Wide Web: http://www.access.gpo.gov/congress/house
or
Committee address: http://edworkforce.house.gov

U.S. GOVERNMENT PRINTING OFFICE

90-140 PDF WASHINGTON : 2004

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
Fax: (202) 512–2250 Mail: Stop SSOP, Washington, DC 20402–0001

COMMITTEE ON EDUCATION AND THE WORKFORCE

JOHN A. BOEHNER, Ohio, *Chairman*

Thomas E. Petri, Wisconsin, *Vice Chairman*
Cass Ballenger, North Carolina
Peter Hoekstra, Michigan
Howard P. "Buck" McKeon, California
Michael N. Castle, Delaware
Sam Johnson, Texas
James C. Greenwood, Pennsylvania
Charlie Norwood, Georgia
Fred Upton, Michigan
Vernon J. Ehlers, Michigan
Jim DeMint, South Carolina
Johnny Isakson, Georgia
Judy Biggert, Illinois
Todd Russell Platts, Pennsylvania
Patrick J. Tiberi, Ohio
Ric Keller, Florida
Tom Osborne, Nebraska
Joe Wilson, South Carolina
Tom Cole, Oklahoma
Jon C. Porter, Nevada
John Kline, Minnesota
John R. Carter, Texas
Marilyn N. Musgrave, Colorado
Marsha Blackburn, Tennessee
Phil Gingrey, Georgia
Max Burns, Georgia

George Miller, California
Dale E. Kildee, Michigan
Major R. Owens, New York
Donald M. Payne, New Jersey
Robert E. Andrews, New Jersey
Lynn C. Woolsey, California
Rubén Hinojosa, Texas
Carolyn McCarthy, New York
John F. Tierney, Massachusetts
Ron Kind, Wisconsin
Dennis J. Kucinich, Ohio
David Wu, Oregon
Rush D. Holt, New Jersey
Susan A. Davis, California
Betty McCollum, Minnesota
Danny K. Davis, Illinois
Ed Case, Hawaii
Raúl M. Grijalva, Arizona
Denise L. Majette, Georgia
Chris Van Hollen, Maryland
Tim Ryan, Ohio
Timothy H. Bishop, New York

Paula Nowakowski, *Staff Director*
John Lawrence, *Minority Staff Director*

SUBCOMMITTEE ON SELECT EDUCATION

PETER HOEKSTRA, Michigan, *Chairman*

John C. Porter, Nevada, *Vice Chairman*
James C. Greenwood, Pennsylvania
Charlie Norwood, Georgia
Phil Gingrey, Georgia
Max Burns, Georgia
John A. Boehner, Ohio, *ex officio*

Rubén Hinojosa, Texas
Susan A. Davis, California
Danny K. Davis, Illinois
Tim Ryan, Ohio
George Miller, California, *ex officio*

C O N T E N T S

	Page
Hearing held on October 6, 2003	1
Statement of Members:	
Hinojosa, Hon. Ruben, a Representative in Congress from the State of Texas	3
Hoekstra, Hon. Pete, a Representative in Congress from the State of Michigan	2
Prepared statement of	2
Statement of Witnesses:	
Brockman, Dr. John, President, Coastal Bend Community College	16
Prepared statement of	20
de la Garza, Ariana, Student Representative, University of Texas – Pan American	50
Prepared statement of	51
Garcia, Dr. Juliet, President, University of Texas – Brownsville	36
Prepared statement of	41
Juarez, Dr. Rumaldo, President, University of Texas A&M – Kingsville	11
Prepared statement of	14
Nevarez, Dr. Miguel, President, University of Texas – Pan American	5
Prepared statement of	8
Letter submitted for the record	61
Reed, Dr. Shirley, President, South Texas Community College	43
Prepared statement of	46
Additional materials supplied:	
Ashby, Cornelia M., Director, Education, Workforce, and Income Security, U.S. General Accounting Office, Statement submitted for the record	63
Hatton, Dr. Sylvia Reyna, Executive Director, Region One Education Service Center, Statement submitted for the record	72
Hinojosa, Leticia C., Special Assistant to the Commissioner of Higher Education, Texas Higher Education Coordinating Board, Statement submitted for the record	82
Johnson, Dr. Christine, President, Community College of Denver, Statement submitted for the record	79
Jones, Dr. Dan R., Provost and Vice President for Academic Affairs, Texas A&M University, Statement submitted for the record	81
Parker, Jimmy, on behalf of the Texas Student Financial Aid Administrators and the Association of Texas Lenders for Education, Statement submitted for the record	90
Reyes, Dr. Mary Alice, Director, University of Texas - Pan American GEAR UP Project	93
Torres, George C., Assistant Vice President for Congressional/ Legislative Relations, Texas Guaranteed Student Loan Corporation	96

EXPANDING OPPORTUNITIES IN HIGHER EDUCATION: HONORING THE CONTRIBUTIONS OF AMERICA'S HISPANIC SERVING INSTITUTIONS

Monday, October 6, 2003
U.S. House of Representatives
Subcommittee on Select Education
Committee on Education and the Workforce
Edinburg, Texas

The Subcommittee met, pursuant to call, at 9:30 a.m., in the International Room, ITT Building, 1201 W. University Drive, University of Texas - Pan American, Edinburg, Texas, Hon. Pete Hoekstra [Chairman of the Subcommittee] presiding.

Present: Representatives Hoekstra and Hinojosa.

Staff Present: Alison Ream, Professional Staff Member

Chairman HOEKSTRA. Good morning. A quorum being present, the Subcommittee on Select Education of the Committee on Education and the Workforce will come to order. The—weak gavel here. Don't get much noise. Kind of rings through the hearing room when you're in Washington.

Let me just give you a little bit of a brief introduction. No. 1, I'd just like to thank my colleague, Congressman Hinojosa, for inviting the Subcommittee to be here today and to hear testimony. He's been a wonderful host. I came in last night and I'll be staying through the day and heading back to—the Congressman and I will be heading back to Washington tomorrow. We have votes tomorrow night in Washington, D.C. But I very much appreciate the opportunity to be here.

The first session that we have today will be more along the lines of what you typically see in Washington D.C. With the congressman and myself sitting up here and you sitting down there. And we have a timer, although we—I'll warn you in advance that for the witnesses that are testifying I have what is known as a weak gavel, which means that if you go over—we're more—we're more interested in hearing what you have to say and we appreciate you being here and making the commitment to drive out and to be here and to testify. So we're interested in getting the information rather than sticking to—to the clock and those types of things.

And this afternoon—so we've got a couple panels this morning that will be on the more traditional side of gathering information for policymaking in Washington. And then this afternoon we'll have

a more of an informal discussion called a roundtable where we will—it will be more of a format for dialog and those types of things.

I have a—about a five or seven page opening statement. And let me just go through parts of that and then we will—we'll put the rest of it, as we say we'll submit it for the record, so that if anybody in the future wants to go back and read what we had to say today they will find it, but I'm not going to go through it in its entirety.

STATEMENT OF HON. PETER HOEKSTRA, CHAIRMAN, SUBCOMMITTEE ON SELECT EDUCATION, COMMITTEE ON EDUCATION AND THE WORKFORCE

I would like to thank the University of Texas Pan American for hosting the hearing today and also for hosting the roundtable this afternoon. I also ask for unanimous consent, which means that the two of us agree, for the hearing record to remain open for fourteen days to allow Members' statements and other extraneous material referenced during the hearing to be submitted in the official hearing record. Without objection?

Without objection, it's so ordered.

The hearing today is entitled "Expanding Opportunities in Higher Education: Honoring the Contributions of America's Hispanic Serving Institutions." Your congressmen and myself have been very interested in a couple of specific groups of colleges. One is the HBCU's, Historically Black Colleges and Universities and the Federal efforts to make sure that that group of colleges serving a very specific population gets the Federal support that they need to be successful. And then over the last five to 7 years specifically we've also focused on Hispanic Serving Institutions and to make sure that we are providing the appropriate level of Federal support to those institutions so that—you know, the intent for all the higher education programs in Washington is that, you know, we do not leave any children behind. Whether it's K through 12, we put in place the proper Federal support for K through 12, but then we also move beyond that so that when our young people are coming out of high school that they have a range of opportunities to get higher education. You know, there is—it's clear that whether you're in Michigan, whether you're in Texas, or whether you're in any part of the country today the access to higher education is extremely critical. And if we are going to continue to be competitive in global markets we have to have a talented and an education—or an educated population.

I can make copies of my opening statement for anybody who wants to read them. But I think I'm just going to submit mine for the record, thank everybody for being here and I will yield to our host, Mr. Hinojosa, for whatever comments he may have.

[The prepared statement of Mr. Hoekstra follows:]

Statement of Hon. Pete Hoekstra, a Representative in Congress from the State of Michigan

Good morning.

On behalf of the House of Representatives Committee on Education and the Workforce, I would like to welcome everyone to the University of Texas, Pan–American for today's hearing, entitled, "Expanding Opportunities in Higher Education:

Honoring the Contributions of America's Hispanic Serving Institutions." My name is Pete Hoekstra and I am the Chairman of the Subcommittee on Select Education and represent Michigan's second district. I would like to thank my friend and colleague, Mr. Hinojosa, for his work and diligence in helping to put together this field hearing. I would also like to recognize the University of Texas, Pan–American for hosting both the hearing and roundtable on their campus. We appreciate their hospitality and we are pleased to be here.

Let me begin by saying that I am excited to hear from our witnesses throughout the day and I believe that expanding educational opportunities for students at Hispanic Serving Institutions is an extremely important and timely topic. Moreover, Edinburg and the surrounding Hidalgo (Hee–Daahl–Go) county are steeped in a rich, Hispanic history that makes the University of Texas, Pan–American a fitting site for today's hearing.

Hispanic Serving Institutions, or HSIs, are vital components of the higher education equation. There are currently more than 200 HSIs in United States, and the number of HSI institutions grows each year. While comprising only 5 percent of all institutions of postsecondary education, HSIs enroll 49 percent of Hispanic–American students.

Not only do HSIs improve access to higher education for Hispanic Americans, but they also are committed to providing academic excellence to low-income and disadvantaged students. HSIs enroll and graduate thousands of impressive students each year, and enrollments at these institutions are climbing. According to the U.S. Department of Education, the enrollment of Hispanic American students in college is growing twice as quickly as college enrollments in general.

Prior to reauthorization of the Higher Education Act in 1998, HSIs were eligible for federal funds under Title III, Part A—the Strengthening Institutions Program.

During the 1998 reauthorization, Congress created a separate program and funding stream for HSIs in an effort to expand educational opportunities for Hispanic students. The new program, under Title V, allows institutions to use federal money to build their endowments and provide scholarships and fellowships for needy students.

Congress has made breaking down barriers and expanding educational opportunities a top priority. This commitment is particularly apparent with regards to HSIs. Funding for HSIs has increased by more than 35 percent since President Bush took office, growing from $68.5 million in fiscal year 2001, to $92.4 million in fiscal year 2003. The fiscal year 2004 funding level for HSIs in the education spending bill passed by the House in July would increase funding for Hispanic Serving Institutions yet again, by $1.2 million, to an all-time high of $93.6 million.

In 1965, Congress enacted the Higher Education Act, which took on the central mission of ensuring that every low-income student in the country could be afforded the opportunity to pursue his or her educational goals. Currently, the Committee is in the process of reauthorizing the Higher Education Act. The reauthorization process offers Congress an opportunity to enact needed modifications to the programs covered under the Act and the rules that govern them, with the goal of building upon the programs that are working well.

I would like to thank everyone for attending today. I would especially like to thank our distinguished panel of witnesses for their participation. I look forward to your testimony. At this time I would like to yield to my colleague, Mr. Hinojosa, for any opening statement he would like to offer.

STATEMENT OF HON. RUBEN HINOJOSA, RANKING MEMBER, SUBCOMMITTEE ON SELECT EDUCATION, COMMITTEE ON EDUCATION AND THE WORKFORCE

Mr. HINOJOSA. Thank you, Mr. Chairman. It's indeed an honor for us and a privilege for me to host this field hearing in the 15th Congressional District of Texas. I would like to personally thank the Chairman of the Select Education Subcommittee, Congressman Pete Hoekstra of Michigan, for agreeing to hold this hearing. And I want to thank him for his strong interest in seeing first hand the incredible strides we are making in South Texas in opening the doors of higher education to our community. I would also like to thank our host, the University of Texas-Pan American and espe-

cially President Miguel Nevarez for providing this wonderful venue for our field hearing.

South Texas as a region is at the forefront of expanding opportunities to higher education. This community is hungry for higher education. It is the fuel for our economic development and growth. I heard Dr. Nevarez speak at an event recently where he spoke about the growing demand for higher education in Texas where it is estimated that the growth in this last two or 3 years has been 7 percent. On the other hand he said the Rio Grande Valley of South Texas from Laredo, to Edinburg, to Brownsville, Kingsville we have seen a dynamic growth of twenty-eight percent growth of access to higher education.

So this, Mr. Chairman, is proof that our people are hungry for that opportunity. We know that those who complete the bachelors degree, and especially a masters and a Ph.D. Degree are going to be able to earn far more money than those that just graduate from high school.

We're starting to make great strides forward, but we have a long way to go. According to the most recent census Hidalgo County has outpaced the rest of Texas in its population growth. We have grown by nearly fifty percent over the last 10 years, more than double the twenty-three percent rate for the entire State of Texas.

However, we continue to lag far behind the rest of the State in educational attainment and we have made little progress in closing that gap. Today nearly half of our adult population has not completed high school, just marginally better than 10 years ago. Likewise, the percentage of our population with college degrees remains much lower than the rest of the State of Texas. Barely thirteen percent of adults in Hidalgo County have a college degree compared to twenty-three percent for the rest of Texas.

If we do not dramatically improve our educational attainment our community will be left behind in the economy of this 21st century. The witnesses who will be addressing us today are leaders who are making a difference in expanding educational opportunities for South Texans and for Hispanic Americans. They are looked up to for leadership in us reaching that goal that I just described.

Although the gap in educational attainment remains more South Texas—although the gap in educational attainment remains more South Texans are in college now than ever before. Consider the target enrollments for these institutions. South Texas Community College started 10 years ago with less than a 1,000 students and now has more than 15,000 students, projected to have 27,000 students by 2015. The University of Texas at Brownsville plans to double its enrollment to 20,000 by 2010. Our host institution, the University of Texas-Pan American enrolls 16,000 students and has set 26,000 students as its target enrollment for the year 2015.

I am looking forward to hearing from the college presidents and our student representatives how we at the Federal level can support this kind of growth and build the capacity of our institutions to meet the growing demand for higher education.

Finally, Mr. Chairman, I'm also interested in hearing the witnesses' views and recommendations on how we can increase the number of Hispanics with advanced degrees. Thank you for being with us today and I'm eager to hear your testimony.

Chairman HOEKSTRA. Thank you very much.

Let me introduce the panels that we have today. I did not ask Congressman Hinojosa, but I asked his staff if he wanted to introduce the witnesses considering that they were, you know, his constituents or constituents of the State of Texas. And the staff said we'd rather have you do it because they're all his friends. And, you know, if somebody messes up we'd rather have it be you. You know, if somebody gets too long of an introduction or too short of an introduction we'd rather have you make the mistake than Mr. Hinojosa. So let me have the privilege of introducing the first panel.

We're going to have two panels today—this morning. The first witness we will have Dr. Miguel Nevarez. Dr. Nevarez is the first Hispanic president of the University of Texas-Pan American and is also one of the longest tenured Hispanic presidents in the United States having served in this capacity since 1981. Prior to his current position Dr. Nevarez served the university as an assistant professor, an Associate Dean of Men, and as Vice-President for Student and University Affairs. Welcome and good morning to you.

Your second witness will be Dr. Rumaldo Juarez.

Dr. JUAREZ. Juarez.

Chairman HOEKSTRA. Juarez. You know, it would be a lot easier if you had a lot of Dutch names here. I looked at this at the beginning of the day or when we were coming down here and it's like, you know, I'm going to have a great day, but I'm going to struggle with names all day. So hopefully you will be patient. America is a great country with a tremendous amount of diversity and hopefully all of us are patient with each other.

Dr. Juarez was appointed the 17th president of the University of Texas A&M-Kingsville in August of 2002. Previously served as dean and professor in the College of Health Professions at Southwest Texas State University. He has received several awards throughout his career including the Association of Schools of Allied Health Cultural Pluralism Award. The third—Welcome to you.

And then our third witness on this first panel will be Dr. John Brockman. Dr. Brockman currently serves as president of the Coastal Bend Community College in Beeville, Texas. Previously he acted as Vice-President of Arts and Social Sciences for Coastal Bend Community College. He presently serves as a member of the Southern Association of Colleges and Schools, Commission on Colleges and also on the board of directors for the Texas Community College Association.

The process now will—will be that each of the witnesses will be allowed to make their statements. Your entire statements will be submitted for the record, so go through as much or as little of it as you would like, but the key thing is to make sure that you communicate with us and we get the points that you'd like to make this morning. So Dr. Nevarez, welcome and thank you for being here.

STATEMENT OF DR. MIGUEL NEVAREZ, PRESIDENT, UNIVERSITY OF TEXAS-PAN AMERICAN

Dr. NEVAREZ. Thank you, Mr. Chairman, Congressman Hinojosa. Good morning, my name is Miguel Nevarez, I'm President of the

University of Texas-Pan American. And I'm pleased and honored that you have chosen to provide this region the opportunity to share our challenges and our recommendation. I hope you enjoy our beautiful wonderful campus and our hospitality of our people.

In preparing for this hearing I was asked to focus on issues and challenges of the University of Texas-Pan American. And these issues and challenges can be identified into five areas; access, affordability, success and retention, teacher preparation, and expanded research opportunities.

As President I have articulated these issues as goals which the university must strive to achieve. Meeting these goals is essential. The main issue of access is the need to be sure that we have qualified students in our doors. The educational pipeline is only allowing 55 percent of the ninth grade students in our region to graduate from high school. Of those who graduate another small percentage go on to some type of higher education. Not graduating from high school and not being prepared for college work are critical issues that hamper access to higher education for our students.

As Congressman Hinojosa said we're all experiencing tremendous enrollment increases and I believe that we will surpass the projections much sooner than they've been projected. However, we will not be able to serve these increasing number of deserving and qualified students unless increased amount of financial aids are available, more in terms of grants than loans.

Another access issue has resulted from the 1996 Illegal Immigration Reform and Immigration Responsibility Act. This act removes the ability of States to determine residents for the purpose of higher education benefits. This act prohibits aliens who come to the United States as children and successfully complete high school in Texas to qualify for financial aid and for in-state tuition. We are betraying students who have worked hard in our public schools, persisted and graduated who are then denied the higher education assistance that is available to their peers who are in the same socio-economic circumstances.

The next obstacle is affordability. I know you are all aware that State contributions to public higher education are dwindling nationally. Budget crises from State to State affect all of us in higher education. Students who do go to college are asked to contribute more of the costs of their education. For many this does not present a problem, but for our students who have to work just to break even with increased tuition costs additional burdens have been placed upon them.

There has also been a discouraging shift over the past years from grant to loans as the primary means of financing higher education for many students. This shift has been a disservice to all of us.

While access and affordability are critical for bringing students to the gates of academia it is essential that institutions offer support services and an environment conducive to success during their academic career. One of our goals—arching goals here is to improve student access and success. UTPA has increased its first year of retention rate for freshmen from 55 percent for the Fall 1999 cohort to 67 percent for the Fall of 2000 cohort. Our target is to increase first year retention by at least 1 percentage point each year. Our 6 year graduation rate, the standard in the United States, is not

stellar. For the Fall 1995 entering cohort 6 years later only 23 percent had graduated from UTPA. However, if one tracks the success of students in the cohort who have graduated from other institutions in the State or who have—still persist and still enroll here or elsewhere after 6 years the success rate increased to 50 percent, a rate more in line with other higher education public institutions.

Another of UTPA's overarching goals is to be a State leader in the preparation and production of public school teachers. UTPA has been among the top producers in the State of certified teachers for many years, and has been the largest producer of bilingual teachers in the United States.

The State measures the quality of these teachers according to their performance in the State-mandated comprehensive exam. We have in place strategies to increase the pass rate for first-time test takers to 75 percent, next year to 80 percent, and in '06 to 90 percent. These reforms will improve the quality of teachers we educate while increasing the production of much-needed instructors for the public schools.

As one of the major population centers of the State we ought to be served by a major research institution. Hidalgo County is the seventh largest in the State and if we add Cameron County the number exceeds the population of El Paso.

UTPA, therefore, is striving to become a doctoral/research intensive institution. Such institutions benefit their service area not only through the availability of an array of degree programs appropriate for the needs of the region, but also through focused research and research based public service activities that are intended to increase the understanding of the region and improve the quality of life within the region and beyond.

We have an ambitious goal for research. We plan to have $20 million a year in research funding by the year 2010.

The following is a list of recommendations to indicate how our Federal Government can appropriately strengthen and enhance programs designed to meet the unique challenge of Hispanic students and HSIs through the reauthorization.

In access, affordability, retention and success: Continued funding support for GEAR-UP programs. They really do make a difference. Fully fund Pell grants. Increase the maximum allowable per student. Amend the Illegal Immigration Reform and Immigration Responsibility Act of 1996 to permit States to determine State residence for higher education purpose. This will eliminate punishing children for the decisions of their parents. Increase funding for Tech Prep and TRIO programs that prepare disadvantaged students for college. Keep the interest rate on student loans as low as possible so that students leave college with a manageable debt load. And obviously increase Title V funding which assists the increase of capacity in institutions of HSIs just like UTPA. And as a matter of fact I will add the increase of funding for HSI's funding for this year to $100 million.

In teacher preparation, provide financial support to doctoral students in the field of bilingual/dual language education and English as a second language by reinstating the Title VII doctoral fellowship program. This will provide faculties for institutions of higher education who will be able to prepare tomorrow's teachers to help

limited English speaking students that they will encounter in their class. Also provide 100 percent loan forgiveness for teachers in underserved elementary and secondary schools.

In research, increase Federal funding for research especially in the area that impact health and economic well-being in regions like the Rio Grande Valley. Increase grants and other financial aid for graduate students. And finally establish a set aside in Federal research dollars to encourage and enable emerging research institutions, especially those that are serving minority populations, to establish themselves as research partners with the Federal Government.

Once again I want to thank the Committee for allowing UTPA an opportunity to share our thoughts.

Chairman HOEKSTRA. Thank you.

[The prepared statement of Dr. Nevarez follows:]

Statement of Miguel A. Nevarez, President, The University of Texas–Pan American

Issues and Challenges

Good morning. My name is Miguel A. Nevarez and I am President of the University of Texas–Pan American. I have served as President for the last 22 years and I am pleased and honored that you have chosen to provide this region the opportunity to share our challenges and recommendations. I hope you enjoy our wonderful campus and the hospitality of our people.

In preparing for this hearing, I was asked to focus on the issues and challenges facing the University of Texas–Pan American.

These issues and challenges can be identified into five areas:

- Access
- Affordability
- Success and retention
- Teacher preparation
- Expanded research opportunities.

As President, I have articulated these issues as goals which the University must strive to achieve.

If we are to prepare our students to be productive, successful, and able to serve the needs of the 21st Century, I believe meeting these goals is essential.

The Condition of the Economy and Education in the Rio Grande Valley

Census 2000 figures show that 88% of Hidalgo County's population is Hispanic as compared to only 12% of the U.S. population and 32% of the Texas population.

Educational attainment in the border region of South Texas is much worse than in the state as a whole. For example, in Hidalgo County (2000 Census), 34% of the adult population (age 25 and older) has less than a 9th grade education, compared to just 11% for the State of Texas. According to the 2000 Census, only one-half of the Hidalgo County adults (50%) graduated from high school, compared to 78% for the State and 80% for the nation. For post-secondary education achievement, only 13% of Hidalgo County's adults has a bachelor's degree or better compared to 23% for Texas and 24% for the nation. Just 4.5% of Hidalgo County residents have a graduate or professional degree, while 7.6% of Texans and 8.9% of the U.S. population have achieved this level of education.

We all know that the more education a person acquires, the greater that person's earning power is. Access to education is the greatest leveler in a society. The low level of educational attainment in the Rio Grande Valley, and Hidalgo County in particular, reflects the downside of this axiom.

According to the 2000 Census, Hidalgo County had a per capita income of only $9,899, less than half the national average of $21,587. The McAllen–Edinburg–Mission MSA ranked among the last five in per capita personal income among all the MSA's in the United States. The three border MSA's from Laredo to Brownsville rank among the bottom ten in the nation for per capita personal income.

Census figures also show that 36% of Hidalgo County's population lives in poverty, a rate three times that of the US population (12%) and more than twice that of Texas (15%). A contributing factor is the presence in the valley area the majority of the nation's colonias.

Although, these statistics indicate that there is much to be done, the region has come a long way. According to an article published in the Wall Street Journal "Pan American has served as the means to the mainstream for recent generations of this region's long disadvantaged Hispanic majority...Only now, is the number of alumni in McAllen and other border communities reaching a level that gives them the social, political and economic clout of a fully fledged middle class."

In the last 10 years we have seen postsecondary education more than double in Hidalgo County alone. With the local community college enrollment, students in higher education number over 29,000. Our students want to learn with a passion, they strive to achieve a better life for themselves and their families, and they persevere and are persistent in obtaining their higher education.

The University of Texas–Pan American has made a difference by providing higher educational opportunities to South Texas residents and by helping to create a Hispanic middle class of citizens.

Access

The University of Texas–Pan American is the leading institution in this underserved and underrepresented area of the nation. We offer 56 bachelors, 42 masters, 2 doctorates, and a cooperative doctorate in Pharmacy with UT Austin.

While we offer many degrees, we need to be sure that we get qualified students in the doors. The educational pipeline is broken as only 55% of ninth grade students in Region One graduate from high school. Of those who graduate another small percentage go on to some type of higher education.

An important feature of the University of Texas–Pan American enrollment is the high concentration of Hispanic students; currently, Hispanic enrollment constitutes about 87% of the total. The total number and percentage of Hispanic enrollment is expected to increase over the next ten years. The Texas Higher Education Coordinating Board projections indicate that we will reach an enrollment of 20,000 by 2010. This fall our enrollment is just under 16,000 students. I believe that we will surpass the projections much sooner. However, we will not be able to serve these increasing numbers of deserving and qualified students unless increasing amounts of financial aid are available, and more in terms of grants than loans.

In working with the public schools, we have increased the number of students who have taken the recommended high school curriculum or "college prep curriculum". In 1993 only 25% of our beginning freshmen graduated with the recommended high school curriculum. Today, nearly 90% of our entering freshmen have graduated with this curriculum and are better prepared for college work.

The federal government has funded our GEAR–UP program which assists, supports, and educates one cohort of students beginning in seventh grade. These students are now in high school and so far results are extremely positive, but we are concerned about the thousands of public school students who do not have access to GEAR UP. We are attempting to institutionalize the programs that are successful with this particular cohort, but, school districts have limited funds to sustain the efforts and so do we.

Another access issue has resulted from the1996 Illegal Immigration Reform and Immigration Responsibility Act. This act removed the ability of states to determine residency for the purposes of higher education benefits. This act prohibits aliens who have come to the United States as children and successfully completed high school in Texas to qualify for Federal financial aid, and for in-state tuition. We are betraying students who have worked hard in our public schools, persisted and graduated, who are then denied the higher education assistance available to their peers who are in similar socio-economic circumstances.

Not graduating from high school and not being prepared for college work are critical issues that hamper access to higher education for our students. The next obstacle is affordability.

Affordability

I know you are all aware that state contributions to public higher education are dwindling nationally. Budget crises from state to state affect all of us in higher education. Students who do go to college are being asked to contribute more of the costs for their education. For many this does not present a problem, but for our students who have to work just to break even, with increased tuition costs, additional burdens are being placed upon them.

The national trend seems to be forming a division between the haves and the have-nots once again, a situation that was prevalent before the passage of the Higher Education Act of 1965. Those who can afford to pay for higher education will obtain it and those who cannot will be left behind. The citizens in our area have been left behind for too long.

In fall 2000, the most recent data available, among all Texas public 4-year institutions, UTPA reported the highest percentage (42%) of first-time entering undergraduates with zero-dollar family financial contributions to their education. With financial aid not covering the total cost of education for the economically disadvantaged, even at a relatively low-cost institution such as UTPA, our students are obliged to work, often full-time, as they attempt to complete their bachelor's degrees. Added to this is the burden of caring for family members—not just children, but also parents. Indeed, the results of the National Survey of Student Engagement show that UTPA first year students spend more hours working for pay off campus, more hours caring for dependents, and more hours commuting than students at our peer institutions; this translates to fewer hours preparing for class, and fewer hours in co-curricular activities.

Recent surveys of students and parents in UTPA's GEAR–UP program show increasing pessimism about the affordability of a college education. In 2001, 42% of students and 45% of their parents thought they could afford post-secondary education. In 2003, the percentages had fallen to 30% for students and 38% for their parents. And this is in a program that is geared toward informing students and their families about the costs of education and the ability of financial aid.

There has been a discouraging shift over the past years from grants to loans as the primary means of financing higher education for many of our students. This shift has been a disservice to all of us.

Retention and Success.

While access and affordability are critical for bringing students to the gates of academe, it is essential that institutions offer support services and an environment conducive to their success during their academic career. One of UTPA's overarching goals is to improve student access and success.

UTPA has increased its first-year retention rate of new freshmen from 55% for the fall 1999 cohort, to 66% for the fall 2002 cohort. Our target is to increase first-year retention by a percentage point each year.

UTPA's six-year graduation rate, the standard in the United States, is not stellar. For the fall 1995 entering cohort, 6 years later, only 23% had graduated from UTPA. However, if one tracks the success of students in that cohort who have graduated from other institutions in the state or who have persisted and are still enrolled here or elsewhere after 6 years, the "success" rate increases to 50%, a rate more in line with other regional public institutions. A local cohort study found that, after 10 years, 54% of the 1992 cohort had graduated from UTPA or other higher education institutions. This study allowed for the crediting of "stop-outs" who return to college in the cohort graduation figures; this is not calculated in standard cohort studies at the state or national level. The impact of increased freshman retention is expected to reveal itself in increased persistence and graduation rates in the next few years.

Teacher Preparation

Another of UTPA's overarching goals is to be a state leader in the preparation and production of public school teachers. UTPA has been among the top producers of certified teachers for many years, and has been THE largest producer of bilingual teachers in the United States.

The state measures the quality of these teachers according to their performance on the state-mandated Texas Examination of Educator Standards (TExES, formerly the ExCET) comprehensive examination. UTPA's overall pass rate, including all the re-takes by students, is respectable. However, re-taking the test is expensive and demoralizing for our students. Therefore, UTPA has in place strategies to increase the pass rate of first-time test takers to 75% for fiscal year 04, 80% for fiscal year 05, and 90% for fiscal year 06. These reforms will improve the quality of the teachers we educate, while increasing our production of much-needed instructors for the public schools.

Expanded Research

As one of the major population centers of the state we ought to be served by a major research institution. Hidalgo County is the 7th largest in the State and if we add Cameron County, the numbers exceed the population of El Paso.

UTPA is, therefore, striving to become a Doctoral/Research Intensive institution. Such institutions benefit their service areas not only through the availability of an array of degree programs appropriate to the needs of the region but also through focused research and research-based public service activities that are intended to increase the understanding of the region and improve the quality of life within the region and beyond. UT Pan American is well-positioned to serve the South Texas region as a regional research university.

UTPA is developing an institutional research agenda that focuses and concentrates research efforts and support on selected areas of regional significance. Four broad areas of emphasis will be bilingualism, biomedical science and engineering (directed at health and quality of life issues relevant to the South Texas Border area), border life and international relations, and the subtropical environment and ecology.

UTPA has an ambitious goal for research. We plan to have $20 million in research funding by 2010. This is an significant increase from our fiscal year 02 accomplishment, but we feel that striving toward a doctoral research institution will necessitate and also enable us to achieve this goal.

Recommendations

Following is a list of items to indicate how the Federal Government can appropriately strengthen and enhance programs designed to meet the unique challenges and needs of Hispanic students and Hispanic Serving Institutions (HSI's) through the reauthorization of the Higher Education Act.

Access, Affordability, Retention & Success

- Continue to fund and support GEAR UP Programs. They do make a difference.
- Fully fund Pell Grants, and increase the maximum allowable per student.
- Amend the Illegal Immigration Reform and Immigration Responsibility Act of 1996 to permit states to determine state residency for of higher education purposes. This will eliminate punishing children for the decisions of their parents.
- Amend the Immigration and Nationality Act to cancel the removal and adjust the status of certain alien college-bound students who are long-term U. S. residents.
- Increase funding for Tech Prep and TRIO programs that prepare disadvantaged students for college.
- Keep the interest rate on student loans as low as possible so that students leave college with a manageable debt load.
- Increase Title V funding which assists in increasing the capacity of institutions such as the University of Texas–Pan American.
- Increase the funding of HSI's to $100 million for fiscal year 2004.

Teacher Preparation

- Provide financial support to doctoral students in the fields of bilingual/dual language education, and English as a Second Language, by reinstating the Title VII doctoral fellowship program. This will provide more faculty for institutions of higher education who will be able to prepare tomorrow's teachers to help the limited English speaking students they will encounter in their classes.
- Provide 100% loan forgiveness for teachers in underserved elementary and secondary schools.

Research

- Increase federal funding for research, especially in areas that impact the health and economic well-being of the Rio Grande Valley.
- Increase grants and other financial aid for graduate students.
- Establish a set aside in federal research dollars to encourage and enable emerging research institutions, especially those that serve minority populations, to establish themselves as research partners with the federal government.

Chairman HOEKSTRA. Just one quick question. How many of your students are minority?

Dr. NEVAREZ. Eighty-seven percent out of 6,000.

Chairman HOEKSTRA. Great. Thanks.

Dr. Juarez.

STATEMENT OF DR. RUMALDO JUAREZ, PRESIDENT, TEXAS A&M UNIVERSITY-KINGSVILLE

Dr. JUAREZ. Good morning, Mr. Chairman and members of the Subcommittee. My name is Rumaldo Juarez, I'm President of Texas A&M University-Kingsville. Thank you for this opportunity to testify before your Subcommittee about our mission and our plans at Texas A&M University-Kingsville. A special thanks to Congressman Hinojosa and yourself for bringing these hearings to South

Texas where we can more easily participate. And also a special thanks to Dr. Nevarez and this outstanding university for being our host today.

I must also take credit that Dr. Nevarez is one of our alums, so we're very proud of him.

A&M-Kingsville, established in 1925, is the oldest comprehensive and the only research-intensive university in South Texas. A&M-Kingsville seeks to provide quality undergraduate and graduate programs in agriculture, business, education, engineering, pharmacy and arts and sciences. The emphasis is on providing an intellectually challenging education reflecting high standards of academic performance. Our mission is to develop well-rounded leaders and critical thinkers who can solve problems in an increasingly complex, dynamic and global society.

We serve a student body that is largely from South Texas, but there is wide diversity in the population, with students from more than twenty-eight States and more than thirty-three countries. Graduate students comprise about twenty percent of our student body. The average age of our students in Kingsville is twenty-four years and more than sixty percent of our freshmen are first generation college students. Our total enrollment between our campus in Kingsville and a new campus that is South San Antonio is approximately 6,800 students. Of these about sixty-one percent are Hispanic reflecting the demographics of our region.

Our university currently offers fifty-one bachelor degree programs, fifty-four masters and five doctoral programs. The doctoral programs are in Environmental Engineering, Bilingual Education, Educational Leadership, Wildlife Sciences and Horticulture. All of these programs are in good demand and have a healthy enrollment. These five programs, however, hardly touch the surface on the demand for additional post baccalaureate and professional programs in South Texas. Due to a lack of funding we are being held back from starting five new doctoral programs. These are: Pharmacy, Wildlife Medical Science, Hispanic Studies, Chemical Engineering and Civil Engineering. In addition, we have plans for five new masters degrees in; Fine Arts, Computer Information Systems, Instructional Technology, Industrial Management, and Ranch Management.

Not surprisingly, funding is always an issue when considering new degree programs. Finding sources of funding for new programs is one of the greatest challenges facing A&M-Kingsville today. We can identify the demands for new programs. We can develop proposals and curriculum. We can develop meaningful research projects. What we cannot do is fund these new programs without some type of startup funding. We cannot create the infrastructure required for quality doctoral programs without some type of financial support from State, Federal or private sources.

A&M-Kingsville has a commitment to keeping pace with degree offerings in other parts of the State and the Nation, including a number of masters degree programs and selected doctoral degree programs. These advanced degree programs are critical to the economic development of our region as well as to the professional and personal development of our citizens. They provide important opportunities for better jobs and better pay for South Texans. These

opportunities will not come without some assistance in the form of seed or startup funding to develop and expand our post baccalaureate degree offerings and the research capacity that accompany these types of programs. Seed funding or startup funding for development of new masters and doctoral programs will multiply the dollars invested in a very short period of time. These dollars, in turn, will result in an educated workforce that will contribute to the strengths of this region, this State, this Nation, and the rest of the world.

Let me share with you one example of how an investment of only $350,000 from State funds made possible the creation of a doctoral program in Environmental Engineering at Texas A&M-Kingsville. This program began enrolling students in January 2002 and 3 months later in March of the same year the faculty succeeded in obtaining a National Science Foundation grant for $5 million to establish the Center for Research Excellence in Science and Technology.

Also created during the same year was the South Texas Environmental Institute. Within one and one half years of operation this program has generated a total of $7.7 million in research grants that are helping to support the research projects, provide financial support for graduate students and faculty and conduct valuable environmental research for the South Texas region. Initial enrollment for this program exceeded our expectations. We currently have twenty-eight doctoral students enrolled and twenty-five percent of these are Hispanic. That means we will be the largest producer of Hispanic environmental engineers in the country very shortly. This program has provided an important opportunity for South Texas students, for the State of Texas, and for this Nation. Just as important as producing environmental engineers is that the program is conducting valuable environmental research for this region. My point in elaborating on this example is that with a very small investment this doctoral program has flourished and is providing a valuable service to this Nation. It demonstrates what is possible when we identify a need and are able to find sources of funding to meet that need.

We are currently attempting to start a doctorate of pharmacy program, the first such professional program in South Texas. This program is scheduled to begin in the Fall of 2005, but it is being jeopardized by lack of funding. We have secured construction funding of $50.5 million. Construction, in fact, has already started. Unfortunately we have yet to secure the $5.486 million needed for the operation of the school. This program was created in response to a critical need for pharmacists statewide and across the Nation. By locating this professional school in South Texas we hope to have a positive impact on the number of pharmacists in our own region, especially in the rural communities of South Texas. In addition to training much needed pharmacists who are more likely to remain in the region we also anticipate that the pharmacy program will bring in approximately $10 to $20 million into our region through related industries and research within the first 5 years of operation.

In my earlier remarks I mentioned that we had plans to start five new doctoral and five masters programs. These will require

startup funding. The cost for starting a new quality doctoral program is in the range of $3 to $5 million over a 4-year period. In order to develop highly competitive and well respected programs we need to be able to hire faculty who have a high level of expertise. These faculty can literally ensure the success and growth of the program because they attract top quality graduate students, additional faculty members, and write competitive research proposals. They conduct important research and attract external sources of funding for their programs. These startup funds are also needed for providing the necessary graduate research and teaching assistantships, funds for maintenance and operations, and funds for the required lab and office equipment and supplies. In the State of Texas we have a method of funding that requires institutions to start new programs on their own for the first 2 years before State formula funding begins to flow. Typically it is these startup funds that are the major obstacles to our starting new graduate level programs.

Programs such as the McNair Scholars program have been very successful in recruiting underserved students into graduate study. Ninety-eight percent of our McNair students completed their bachelors degree and seventy percent have entered graduate programs. Twelve percent have gone on to pursue doctoral degrees and that's better than the national average of 7 percent. There is little doubt that these types of programs that provide financial support for students wanting to pursue post baccalaureate programs really work. What we would like to see is more of these types of programs.

These statistics show that federally funded programs can make a difference. We have seen the difference at Texas A&M-Kingsville and we remain dedicated to continuing to affect positive changes in our region. These programs have begun the important process of bridging the educational gap that exists in South Texas, but there's always more that is needed. We must continue to develop new programs to provide the needed educational infrastructures and to provide the necessary opportunities for our students to succeed.

It is our hope that the Federal Government will only remain—will not only remain a partner in the process of providing educational opportunities in South Texas, but that it will increase its contribution to that process. South Texas institutions of higher education have consistently demonstrated that small investments result in a multiplier effect for the expansion of our programs, a multiplier effect for the economic development of our region and more important a multiplier effect for the improvement of the quality of life of South Texans. Thank you.

Chairman HOEKSTRA. Thank you.

[The prepared statement of Dr. Juarez follows:]

Statement of Rumaldo Z. Juarez, Ph.D., President, Texas A&M University–Kingsville

Good morning Mr. Chairman and Members of the Subcommittee. Thank you for this opportunity to testify before your subcommittee about our mission and our plans at Texas A&M University–Kingsville. A special thanks to Congressman Hinojosa for bringing these hearings to South Texas where we can more easily participate.

Texas A&M–Kingsville, established in 1925, is the oldest comprehensive and the only research-intensive university in South Texas. Texas A&M–Kingsville seeks to provide quality undergraduate and graduate programs in agriculture, business, edu-

cation, engineering, pharmacy and arts and sciences. The emphasis is on providing an intellectually challenging education reflecting high standards of academic performance. Our mission is to develop well-rounded leaders and critical thinkers who can solve problems in an increasingly complex, dynamic and global society.

We serve a student body that is largely from South Texas, but there is wide diversity in the population, with students from more than 28 states and more than 33 countries. Graduate students comprise about 20 percent of our student body. The average age of our students in Kingsville is 24 years and more than 60% of our freshmen are first generation college students. Our total enrollment between our campus in Kingsville and new campus in South San Antonio is approximately 6800 students. Of these, about 61 percent are Hispanic, reflecting the demographics of our region.

Our university currently offers 51 bachelor degree programs, 54 masters and five doctoral programs. The doctoral programs are in Environmental Engineering, Bilingual Education, Educational Leadership, Wildlife Sciences, and Horticulture. All of these programs are in good demand and have a healthy enrollment. These five programs, however, hardly touch the surface on the demand for additional post baccalaureate and professional programs in South Texas. Due to a lack of funding, we are being held back from starting five new doctoral programs. These are: Pharmacy, Wildlife Medical Science, Hispanic Studies, Chemical Engineering and Civil Engineering. In addition, we have plans for five new masters degrees in: Fine Arts, Computer Information Systems, Instructional Technology, Industrial Management and Ranch Management.

Not surprisingly, funding is always an issue when considering new degree programs. Finding sources of funding for new programs is one of the greatest challenges facing Texas A&M–Kingsville today. We can identify the demands for new programs. We can develop proposals and curricula. We can develop meaningful research projects. What we cannot do is fund these new programs without some type of start-up funding. We cannot create the infrastructure required for quality doctoral programs without some type of financial support from state, federal or private sources.

Texas A&M–Kingsville has a commitment to keeping pace with degree offerings in other parts of the state and the nation, including a number of master's degree programs and selected doctoral degree programs. These advanced degree programs are critical to the economic development of our region as well as to the professional and personal development of our citizens. They provide important opportunities for better jobs and better pay for South Texans. These opportunities will not come without some assistance in the form of seed or start-up funding to develop and expand our post baccalaureate degree offerings and the research capacity that accompany these types of programs. Seed funding or start-up funding for development of new master's and doctoral programs will multiply the dollars invested in a very short period of time. These dollars, in turn, will result in an educated workforce that will contribute to the strengths of this region, this state, this nation, and the rest of the world.

Let me share with you one example of how an investment of only $350,000 from state funds made possible the creation of a doctoral program in Environmental Engineering at Texas A&M–Kingsville. This program began enrolling students in January 2002 and three months later in March of the same year the faculty succeeded in obtaining a National Science Foundation grant for $5 million to establish the Center for Research Excellence in Science and Technology (CREST). Also created during the same year was the South Texas Environmental Institute. Within one and one-half years of operation, this program has generated a total of $7.7 million dollars in research grants that are helping to support the research projects, provide financial support for graduate students and faculty and conduct valuable environmental research for the South Texas region. Initial enrollment for this program exceeded our expectations. We currently have 28 doctoral students enrolled and 25% of these are Hispanic (that means we will be the largest producer of Hispanic environmental engineers in the country). This program has provided an important opportunity for South Texas students, for the state of Texas and for this nation. Just as important as producing environmental engineers, is that the program is conducting valuable environmental research for this region. My point in elaborating on this example is that with a very small investment, this doctoral program has flourished and is providing a valuable service to this nation. It demonstrates what is possible when we identify a need and are able to find sources of funding to meet that need.

We are currently attempting to start a Doctorate of Pharmacy program, the first such professional program in South Texas. This program is scheduled to begin in the fall of 2005, but it is being jeopardized by lack of funding. We have secured con-

struction funding of $15.5 million dollars. Unfortunately, we have yet to secure the $5.486 million needed for the operation of the school. This program was created in response to a critical need for more pharmacists statewide and across the nation. By locating this professional school in South Texas, we hope to have a positive impact on the number of pharmacists in our own region, especially in the rural communities of South Texas. In addition to training much-needed pharmacists who are more likely to remain in the region, we also anticipate that the pharmacy program will bring in approximately $10 to $20 million dollars into our region through related industries and research within the first five years of operation.

In my earlier remarks I mentioned that we had plans to start five new doctoral and five masters programs. These will require start-up funding. The cost for starting a new quality doctoral program is in the range of $3–5 million dollars over a four-year period. In order to develop highly competitive and well-respected programs, we need to be able to hire faculty who have a high level of expertise. These faculty can literally ensure the success and growth of a program because they attract top-quality graduate students, additional faculty members, and write competitive research proposals. They conduct important research and attract external sources of funding for their programs. These start-up funds are also needed for providing the necessary graduate research and teaching assistantships, funds for maintenance and operations, and funds for the required lab and office equipment and supplies. In the state of Texas we have a method of funding that requires institutions to start new programs on their own for the first two years before state formula funding begins to flow. Typically, it is these start-up funds that are the major obstacles to our starting new graduate level programs.

Programs such as The McNair Scholars program have been very successful in recruiting underserved students into graduate study. Ninety-eight percent of our McNair students completed their bachelor's degree, and 70 percent have entered graduate programs. Twelve percent have gone on to pursue doctoral degrees, and that's better than the national average of seven percent. There is little doubt that these types of programs that provide financial support for students wanting to pursue post baccalaureate programs really work. What we would like to see is more of these types of programs.

These statistics show that federally funded programs can make a difference. We have seen that difference at Texas A&M–Kingsville and we remain dedicated to continuing to affect positive changes in our region. These programs have begun the important process of bridging the educational gap that exists in South Texas, but there is always more that is needed. We must continue to develop new programs, to provide the needed educational infrastructures and to provide the necessary opportunities for our students to succeed.

It is our hope that the federal government will not only remain a partner in the process of providing educational opportunities in South Texas, but that it will increase its contribution to that process. South Texas institutions of higher education have consistently demonstrated that small investments result in a multiplier effect for the expansion of our programs, a multiplier effect for the economic development of our region, and more important, a multiplier effect for the improvement of the quality of life of South Texans.

Thank you!

Chairman HOEKSTRA. Dr. Brockman.

STATEMENT OF DR. JOHN BROCKMAN, PRESIDENT, COASTAL BEND COMMUNITY COLLEGE

Dr. BROCKMAN. I'm John Brockman. I'm president of Coastal Bend College and I appreciate the opportunity of presenting testimony before the Select Committee this morning. I also appreciate the opportunity of meeting more informally last evening. My only regret is that I'm not currently teaching a political science class where I could share some juicy inside information with my students. I teach political science from time to time, but not this semester.

As I was preparing for this hearing I began to get phone calls from people all over the country that I didn't know and faxes and e-mails and suggestions for what I should say and what I shouldn't

say at the hearing. And I suppose—Well, even over the weekend I continued to receive information. And I suspect if I was starting over today I would probably re-write some of the things I would say.

Coastal Bend College is a Hispanic Serving Institution. We have a student population that's fifty-eight percent Hispanic, a total of sixty-five percent minority. The college started or opened its doors in 1967. We operate in Beeville, Texas, which is about 160 miles north of here. We have three operations outside of Beeville; one in Pleasanton, Texas, which is just south of San Antonio; another one in Alice, which is about a hundred miles north of Edinburg, and another one in Kingsville. Coastal Bend College serves all or part of nine counties in Texas. The population is majority Hispanic. All of these counties have populations with per capita incomes and median family incomes that are below average for Texas and for the United States.

When Congressman Hinojosa was visiting our campus a few years ago he met with students at the college and asked if there were any questions and the very first raised his question. His question was why didn't Coastal Bend College participate in the student loan program. And the next question I got was from Congressman Hinojosa asking why didn't Coastal Bend College participate in the student loan program. And when I read the invitation to this meeting student loans was mentioned and I thought, oh, gosh, I'm going to have to explain why we don't participate. But Congressman, I will say this, one result of this hearing is that we are beginning to really look at the student loan program. We heard from our friends at the Texas Guaranteed Student Loan Program last night. I got some additional information about student loans and we will certainly be looking into the possibilities of once again participating in student loans.

We dropped out of the program in 1989 because our default rate began to trigger letters from the Department of Education that suggested that unless there was some improvement our Title IV funding might be terminated. Community colleges are different from universities in that we offer a great variety of programs from cosmetology and child development to fuel cell and nanotechnology. We go from all kinds of different programs that lead to all kinds of different jobs. Some lead to well paying jobs. Some lead to very important jobs that don't pay so well. Child care workers, for example.

When we were in the loan program we did not have any say on who was eligible or what programs a student was going into. A number of students who took out loans some of them would enroll in classes or programs that would lead to jobs with less than desirable pay. Apartment rent, car payments, utilities, food costs perhaps would consume their paycheck with very little left to pay their student loans.

I understand now that the student loan default rate is probably at an all-time low and it's about 4 percent for universities and about 9 percent for community colleges. And with this information we may consider re-entering the program.

I wanted to mention just a little bit about Title V and HSIs. The set aside for HSIs first under Title III and now under Title V has

been a great benefit for Coastal Bend College. We use these funds to establish a distance learning program so that we can tie our three campuses—now four campuses together and that we could offer access to more classes to more students and teach classes more efficiently. We just received word last week that we received a Rusk grant and we will be adding to our distance learning capabilities with this money.

One thing I wanted to say, there are more and more colleges, as we were talking last night, that are becoming Hispanic Serving Institutions. And more and more colleges then are eligible to apply for Title V grants. The current proposal for an increase from 93.4 million to 94.4 million would not even keep up with the growth and the numbers of Hispanic institutions. And we certainly support Congressman Hinojosa's efforts to raise the funding level up to $125 million.

We also support the Part B that would support graduate programs. I know from personal experience faculty and staff that teach and work at Coastal Bend College if they had the opportunity or encouragement to go on for a masters degree or a doctors degree that they would enhance their career possibilities. That many of them have been passed over for jobs because although they have the skill we tend to look for that Ph.D. When we're in the hiring process.

At the same time I wanted to point out that all Hispanic Serving Institutions are not alike in terms of financial resources. As a group Hispanic Serving Institutions receive less than one half of the Federal funding per student compared to other types of his colleges and that's the reason why we have the set aside for Hispanic Serving Institutions. But among the Hispanic Serving Institutions there are some colleges and universities that are well funded and others that are not. While adequate funding is in the eye of the beholder, no college thinks it has adequate funding I'm sure, if you look at the revenue spent per FTE you can see that there are great variations among Hispanic Serving Institutions.

I want to give you an example of two colleges, College A and College B. And these are both community colleges in Texas. They're exactly equal in size and mission. One college has expenditures of over $30 million, the other college has expenditures of less than $15 million and they're producing the same number of contact hours, as we measure these things in Texas. The college with the budget of $30 million has a grant writing office, regularly sends people to workshops and training for grant writing. The other college does not even have a full time grant writer. They both apply for a Title V grant. Which college is more likely to be funded, the $30 million college or the $15 million dollar college. Now I don't know how to do it, but I know that Pell grants and financial aid is awarded according to a student's need. And there are colleges with different kinds of needs as well.

From time to time I'm sure you hear complaints about Federal mandates and unfunded mandates. And sometimes, though, I think that mandates are things that cause us to do the things that we should be doing already, but we need a little encouragement.

Texas Community Colleges have three main sources of income; State appropriation, a local tax levy, and money for tuition and

fees. And thank goodness for Pell grants. Most of our students receive the money they need to pay tuition and fees through the Federal Government. However, as the level of State support declines local taxes and student tuition must increase. It's interesting to me that the community colleges along the Rio Grande in South and Southwest Texas serve students who live in counties where the per capita income and median family income are the lowest in the State of Texas, yet the rates of tuition and fees for community colleges are the highest in Texas. The opposite should be true, but it's fairly easy to explain why this happens. Where per capita income is the lowest home values are also the lowest. And as a result local tax levies are small.

We raised our tax rate actually by forty-three percent this year. Knock on wood because we're still in the roll back period of time. And even with raising our taxes—tax rate forty-three percent we're very close to the bottom in the tax levy per student in Texas.

When we dropped out of the Federal loan program in 1989 our tuition was very, very, very low. So we consoled ourselves by saying, well, it's better that our students don't acquire debt at this time. They can wait and get a student loan after they transfer and when they'll need the money more than they need it at Coastal Bend College. Well since 1989 our tuition has increased 435 percent.

Now we don't want to publicize this a great deal, but we are concerned that now—tuition may not have been a problem in 1989, it's becoming a serious problem in 2003. However, at the same time, as we talked last evening, if there's some kind of a cap or punishment for colleges that raise tuition above a certain amount we would be hurt because we have no other place to go. And our tuition is still low compared to other States and to universities, thank goodness. We're still able to operate with a fairly low tuition rates. But if the trend continues I see the rate going up higher and higher and higher. And if there's a cap we will be punished despite the fact that our tuition rate is still, comparatively speaking, low.

Spending per student among Texas community colleges varies—and I used the word "obscenely" because you're looking at one where the spending rate is very low. When I point this out to some of my other community college presidents in Texas that are at the other end of the spectrum they will say, so what, higher education is a right, not a privilege. There's no State or Federal mandate. There's no constitutional proviso that says there should be equality of opportunity among community college students. In other words it's constitutional. Well, does it make it right? No, I don't think so. I think that the spending from local taxes and from State taxes per student among community colleges should be more equal. I don't know how to accomplish that, but I'm working on it at the State level and just I thought I would mention it in case there's a similar problem in the other States.

As has been pointed out already we have a very difficult time, whether we're a university or a community college, starting new programs. It's difficult to find money to start new programs. And I don't know if there's something in Title V that would help us in this effort. If so, I think that would be—as Dr. Juarez had pointed out sometimes a small investment can lead to great dividends. We

have to eat the cost of new programs for a couple of years. If you're in a community college that has a very limited tax base it is even more difficult to start new programs.

Well, two other things I need to cover. One is that as I mentioned last night I've heard that there is an effort to establish a set aside for rural colleges. Now I don't know if it's colleges and universities or just rural community colleges. I suspect its community colleges, because community colleges usually depend on the local tax base for buildings. But I will be attending a meeting, the Rural Community College Alliance, later today in San Antonio and as I get more details I'll be glad to pass them along to you.

The last thing I wanted to mention concerns our TRIO program. And I agree with those who have said before me that we need to increase money for the TRIO program. I know that this has made a tremendous difference at Coastal Bend College and throughout South Texas. And there are people that are working at every one of our institutions in South Texas now who got their start in higher education because of an upward bound program or because of an education talent search.

There's some controversy now about points for experience. And some congressmen I understand want to take the points for experience away. And those of us, of course, with programs will argue that we would like to keep those. And I've had friends in the TRIO program for thirty years at Coastal Bend College and I know how it has been in the past when there were no points for experience. You had people who were working in TRIO programs, and I acted out a little bit, they're working in a TRIO program but they're looking around for another job because they're on what is called soft money. And their contract say no grant, no job. And in the old days it was no grant, no job, no COBRA, you know. And it was reinforced that you needed to be looking for another job probably if you wanted job security. In higher education we often attract people who are—job security is a very high priority. And when you cannot offer it you have people that—you have a much bigger turnover. So we would favor the provision to keep the points for existing TRIO programs.

I think there was another issue that was just casually mentioned to me and I don't have any details on it, but as you know the TRIO programs have been color blind and ethnically blind. And there may be a talk for a set aside for Hispanic institutions. The TRIO people that I talked to said that they felt like the color blindness of the TRIO program was something that seemed to cause a lot more collegiality among the people that worked at different colleges and TRIO programs and they were afraid that might be hurt somewhat if there was a particular set aside. That the better solution might be increased funding so that more people can participate in the TRIO programs. And I believe that's it. Thank you very much.

Chairman HOEKSTRA. Great. Thank you.

[The prepared statement of Dr. Brockman follows:]

Statement of John Brockman, President of Coastal Bend College, Beeville, Texas

Federal Student Loan Program

Coastal Bend College (CBC) is a Hispanic Serving Institution (58%) with its main campus in Beeville, Texas, and with three satellite operations in Pleasanton, Alice,

and Kingsville. CBC serves all or part of nine counties. The population is majority Hispanic. All of these counties have populations with per capita incomes and median family incomes that are below average for Texas and for the United States.

CBC dropped out of the federal student loan program in 1989 because an increasing default rate placed all of our federal funding in jeopardy. Community colleges such as CBC offer a variety of programs from cosmetology and child development to fuel cell and nanotechnology. Most of our programs lead to well paying jobs, but some lead to very important jobs, child care workers for example, that don't pay so well. When CBC was in the loan program, all students were eligible for student loans no matter what program they entered and with no questions asked. The college had no say in who received loans. So, out of the number of the students who took out loans, some of them would enroll in programs that would lead to jobs with less than desirable pay. Apartment rent, car payments, utilities, food costs could consume all of their paychecks with nothing left for student loan payments. Because of the increasing default rate, the Department of Education began to send a series of letters that appeared to threaten all of our Title IV funds. We elected to drop out of the program in order to protect our Title IV funding. (I understand that colleges now can have some say in who is eligible for a loan and who is not, but I also understand that denying a student a loan is difficult. I also understand that today the lending institutions are more diligent in servicing loans that are in default. In other words, there have been some changes in the way the loan program is administered.)

I want to suggest the possibility of restricting federal student loans to students enrolling in certain designated community college programs. There are multiple federal grants and programs that single out certain programs or majors for scholarships, namely mathematics, science and engineering. Students planning to teach school are eligible for a number of different kinds of scholarships offered through various federal grants. Perhaps community colleges should have the flexibility to designate certain programs as being loan eligible. I know the loan issue is complicated by proprietary schools, community colleges, and private and public universities and the desire to make one set of rules fit all. Perhaps it would be better to make different rules for different types of higher education institutions.

Title V and HSIs.

The set aside for HSIs, first under Title III and now under Title V, has been a great benefit for CBC. We have used the money well to improve our college and to increase access to higher education in South Texas. As more and more colleges become designated as HSIs it is necessary to increase the funding for Title V or the impact on HSIs will be diminished. The current proposal for an increase from $93.4 million to $94.4 million would, in practical terms mean a decrease in funding due to the increasing numbers of HSIs. I support funding at $125 million.

In a related issue, any change that would enable "for profit" institutions to participate in Title III or Title V funding would further diminish the effectiveness of this funding. While I can see the rationale of granting aid to students who attend "for profit" institutions, I am also aware of various reports of abuses. Making these institutions eligible for Title V would be like investing in a private company which should, at the same time, make the national government "stockholders" in these private companies.

I would also like to point out that all HSIs are not alike in terms of financial resources (and I'm sure this is also true for HBCUs). As a group HSIs receive less than one-half of the federal funding per student on average compared to all other groups of degree-granting institutions and thus the justification for the set asides. But among the HSIs, there are some colleges and universities that are well funded and others that are not. While "adequate funding," is in the eye of the beholder, it can be substantiated empirically by spending per FTEs. I want to give you two examples of community colleges in Texas—College A and College B, equal in size, equal in FTEs. College A has expenditures of $30,000,000, while college B has less than $15,000,000 to spend. College A has a grant writing office and it sends several people to grant writing workshops every year. College B does not even have a full-time grant writer and no money for workshops. Both colleges submit grants. Which college's proposal is more likely to be funded?

Pell Grants, student loans, and most other federal student aid programs are "need based." Shouldn't federal grants such as Title V grants to colleges and universities also be need based?

Federal Mandates

Texas community colleges have three main sources of income: state appropriation, local tax levies, and tuition and fees. (Most of our students in South Texas depend

on Pell Grants for their tuition payments.) As the level of state support declines, local taxes and tuition must increase. The community colleges along the Rio Grande, in South and Southwest Texas, serve students who live in counties where the per capita income and median family income are the lowest in Texas. Yet the rates of tuition and fees in this same area of Texas are, on average, the highest in Texas for community college students. While the opposite should be true, it is fairly easy to explain why this is so. Where per capita income is the lowest, home values are also the lowest. As a result local tax levies are small. CBC raised its tax rate 43% last month and we are still near the bottom in local taxes per FTE.

When CBC dropped out of the federal student loan program, we consoled ourselves and our students by saying that our tuition and fees were very low. Our students could afford to go to CBC without student loans, we thought in 1989. Since 1989 our tuition has increased at least 435%. It is a lot more difficult to say that our students can get along without student loans today. While CBC has raised tuition 435% and recently raised local tax rates by 43%, we are still very near the bottom of the state in expenditures per student.

Spending per student among Texas community colleges varies obscenely and as a result the poorest students pay the highest rates of tuition. Those students paying the highest rates of tuition often have fewest number of program choices. The students paying the highest rates of tuition often do not have access to the higher tech or the allied heath programs that are available to students who pay the lowest rates of tuition. When I point this out, I am told, "so what, higher education is not a right, it's a privilege." There is no state or federal mandate for equality of opportunity among community college students. In other words, an obscene variation in spending per community college student is constitutional. Does that make it right? This committee can change this. Mandate that the total of state and local tax spending per FTE in public community colleges must be substantially equal, state by state, to qualify for Title IV funds.

New Programs and Buildings for HSIs and Rural Colleges

Rural HSI colleges with limited tax bases have a difficult time starting new programs and almost no chance to initiate higher tech or health related programs. Nor do rural colleges have funds for building buildings to house new programs. Is it any wonder that rural areas of Texas (and the nation) continue to decline economically and in population. Texas community colleges often have to eat start-up cost for a year or two before any state funding kicks in. In Texas, maintenance and utilities are the responsibility of local taxpayers or students. If a community college has a limited tax base, then a heavier burden falls on students, as I have shown. If a community college has a limited tax base, it is out of luck with regard to start-up funds or new buildings. When the state of Texas, in response to a MALDEF suit concerning unequal higher education opportunities, initiated what became known as the South Texas Initiative (STI), hundreds of millions of dollars were spent on new buildings and new programs at South Texas universities, but not a penny on new buildings or new programs at Texas community colleges because at community colleges buildings are a local responsibility.

I believe that there is a move to create a set aside for rural colleges similar to what has been established for HSIs and Tribal Colleges and for HBCUs. I support this effort. I have seen wonderful new buildings at community colleges in Eastern Kentucky that were built with federal dollars. I think these came through "earmarks" as opposed to grants so there was no RFP or anything like that. I would like the opportunity to apply for federal funds to build buildings and to start new high tech or allied health programs to support the economic development of my area of South Texas. I would not object should this new set aside be need based.

TRIO

Coastal Bend College has participated in the TRIO program practically from the beginning. In the early years a program would be funded, we would lose the funding, then later regain it. People, both professional and secretarial, who were working in a TRIO program were well aware of the "soft" money aspect of the TRIO grants because their contracts would say, "no grant = no job." So as they were working for a TRIO program, most would be looking for another job at CBC or at another college. After points began to be awarded for experience, most of the programs were refunded most of the time. This added to the job security in this area and it reduced the very high turnover rate. As a result the various TRIO programs have improved and improved. I would hate to return to the days of rapid turnover and disruption.

[In a similar situation, whenever campaign finance reform comes up, the power of incumbency is noted. An incumbent congressman is difficult to unseat and so in campaign finance reform debates, it is sometimes argued that the "points for experi-

ence" informally credited to incumbents should be negated someway. I don't know how one would do this unless you required incumbent congressmen to change their names every two years. While Congressman Hoekstra might favor this provision, Congressman Hinojosa could change his name every two years and still will 90% of the vote. This is because a Congressman Hinojosa by any other name would still be the best congressman in Texas.]

To turn to another matter, I have heard some reference made to the possibility of setting aside some TRIO funding for this group or that group. TRIO has focused on low income and first in family to go to college rather than on racial or ethnic groups. As a result, the program is widely supported. I have attended a number of TRIO support group meetings and I have witnessed a lot of cooperation and unity of purpose. I would hate to see an element of racial or ethnic competition introduced to this program. I know what I am saying can be used as an argument against set asides for HSIs or HBCUs and if these set asides were replace by a set aside for institutions with limited financial resources (measured by spending per FTE), I would not object.

Caps on Tuition

Coastal Bend College raised its tuition by 25% this year, or eight dollars. The new tuition total is only $43.50 per semester hour. Other colleges and universities may have gone up only 2% or 3%, but this might have resulted in a ten dollar increase from $300 to $310. While I think caps on tuition (or on prices in general) are unwise, if one is mandated I would prefer than it be described in terms of dollars per semester hour instead of by percentages.

Thank you.

Chairman HOEKSTRA. Thank you very much to the entire panel.

Dr. Nevarez, you brought up a very difficult issue. I face it in my district as well. I've got a few communities with a sizable Hispanic population. But whether it's Hispanic or whatever background, the whole issue with financial aid for kids or for students who came here when they were young children. What do you propose we do?

Dr. NEVAREZ. Well, the proposal is to be able to amend the immigration—You're talking about illegal aliens?

Chairman HOEKSTRA. Yeah.

Dr. NEVAREZ. Yeah. The proposal is to amend the Immigration Act so that the States are permitted to determine residence requirements so that they can—that's at State level so that they can do—we can do in State tuition. Because what they do now that we have to charge them out of State tuition. At the Federal level so they'd be able to qualify for financial aid. As it is they do not qualify for financial aid. These are students that have—you know they've finished high school. They've been with their counterparts in high school. They've been successful. They've been persistent. They have the same qualifications of the students that they kind of grew up with. Yet when they come to higher education they're—you know, they're put aside and have an additional burden of cost there. I think—You know, it does all of us a lot of good to give these students an opportunity for higher education. I think we all will benefit as a society in doing that. So I guess the answer to the question is if the Immigration Act could be amended to allow that to happen. The Immigration Naturalization Act of 1996.

Chairman HOEKSTRA. The end result is, as you know, that there will be students who were here legal in the country who will get fewer benefits.

Dr. NEVAREZ. Well, that may be true, but I think you can put some safeguards against that.

Chairman HOEKSTRA. I'd like to know how.

Dr. NEVAREZ. We can work with you.

Chairman HOEKSTRA. I mean it's a limited pool. I mean I think it is—you know, it is an ugly issue in that you have some very, very talented young people who end up going through K through 12. And what we see in our district or as I talk to some of my K through 12 folks is that, you know, these kids get the message, you know, as they're going through where they see their friends who have done very well in K through 12 and all of a sudden have a dream or aspire to go to college and all of a sudden that dream is closed and not open to them. And the end result is that other kids who are in 9th or 10th grade say, well, you know I guess that's not an opportunity for me and they start dropping out of school.

Dr. NEVAREZ. Right. Absolutely.

Chairman HOEKSTRA. And, you know, it is an issue that we have to resolve one way or another. I mean I don't know what the other way is, but it has to be addressed.

Dr. NEVAREZ. Let us try to make some concise recommendations. I know we have fourteen days more to submit some things?

Chairman HOEKSTRA. Sure.

Dr. NEVAREZ. And if we're allowed to do that we'd be more than glad to do that.

Chairman HOEKSTRA. And I recognize it's part of a much bigger immigration issue that we have to deal with in Congress. But it is—it's probably one of the more painful elements of current immigration law that, you know, it's just very, very difficult to get your hands around and identify a strategy. But if you've got any suggestions on safeguards or whatever I'd be very open to hear it. How much of your State funding comes from—or how much of your funding comes from the State?

Dr. NEVAREZ. It's been going down every year.

Chairman HOEKSTRA. So State versus tuition.

Dr. NEVAREZ. This year the State allows—gave us flexibility on tuition so that they—instead of the State setting the tuition now the board of regents sets tuition.

Chairman HOEKSTRA. Right.

Dr. NEVAREZ. I believe that every university in the State of Texas is going to have a tuition increase, not only for next year, most of them are going to have a tuition increase this January and another one in September. That's why I'm real concerned about the cost of education that we're passing it on to the students on it. It's happening all over. This is not just Texas.

Chairman HOEKSTRA. Right. I'm interested in your budget—what are the sources of funds, tuition, State funding?

Dr. NEVAREZ. Tuition, State funding, local funds and Federal funds or restricted funds.

Chairman HOEKSTRA. Do you—Can you tax locally?

Dr. NEVAREZ. No. No, sir.

Chairman HOEKSTRA. All right, so what's the breakdown?

Dr. NEVAREZ. It's about forty percent State, thirty-five, forty percent local monies in terms of tuition and the balance is restricted funds.

Chairman HOEKSTRA. That's a grant—.

Dr. NEVAREZ. Or contracts. Federal, private contracts.

Chairman HOEKSTRA. Dr. Juarez, is it similar for you?

Dr. JUAREZ. The State funds right now we're running between forty-five and forty-eight percent. I don't have the figures with me of the remaining breakdown.

Chairman HOEKSTRA. OK.

Dr. JUAREZ. But one of the things that we have seen in the presentations by the Texas Higher Ed Coordinating Board is that over the years this percent of State funding and State contributions has been decreasing. You know, at one point it was as high as—as I recall about seventy or eighty percent and, you know, it is just going the reverse at this point. It is very coincidental in this relationship that it is also a time, as the coordinating board points out, that the number of Hispanics or minorities were beginning to enter the higher educational system.

Chairman HOEKSTRA. So Dr. Nevarez what does a student pay for tuition?

Dr. JUAREZ. Fifteen hours right now is about 1,500 a semester for a fifteen hour load.

Chairman HOEKSTRA. Dr. Juarez?

Dr. JUAREZ. We're approximately in the same range.

Chairman HOEKSTRA. We'd say that's a pretty good bargain.

Dr. NEVAREZ. It is. It is in terms of what other States are doing. You have to take into consideration the kind of students that we're serving also. You know, we just went through hearings on this campus because we're raising their tuition in September. And the concern the students have here is that they're already working beyond twenty hours a week. The additional burden that they have to do to pay it's going to cause them to work more than twenty hours, therefore they're going to be taking less courses and it's going to take more time to graduate from the institution on it. I think that's why it's so critical that financial aid, you know as I mentioned particularly the Pell grants, be increased. And that more be done on grants than in loans because as you probably know Congressman the shift has been over the years to do more in loans than grants. And some of our students are coming out with a tremendous debt burden when they graduate.

Chairman HOEKSTRA. Yeah, but I mean for 4 years you're telling me the debt burden would be about $12,000?

Dr. NEVAREZ. Undergraduate.

Dr. JUAREZ. In our case they're averaging between 22 and $25,000. And I know we have a few that are as high in the eighties that have gone on for graduate degrees.

Chairman HOEKSTRA. For masters or a doctorate, yeah.

Dr. JUAREZ. But at the undergraduate level they're averaging around 22,000, somewhere in there.

Chairman HOEKSTRA. For the ones coming out of debt or for the—.

Dr. JUAREZ. For the ones coming—recent graduates with a bachelors degree. And I would concur with Dr. Nevarez that one would need to consider—well, a couple of things. One is certainly the income level of the students coming into the university. But the tuition and fees tell only a part of the story. The other costs of higher ed are going up very rapidly. A new algebra book, for example, is now between 120 and $140. So these kinds of costs, you know, just

books alone easily a student will now pay a $600 or $800 tab before the semester is over with.

Chairman HOEKSTRA. Sure.

Dr. NEVAREZ. The other thing—the other variable here is that a lot of our students contribute to family income while they're going to school. In other words they're working, but some of the funds that they earn is going to go to the family contribution for the household. I remember some years back our computer had problems, we couldn't get the checks, financial aid checks on time on that. We had more calls from parents that rely on those checks—And I know that's not supposed to be the case on it, the financial aid should go totally to the—you know to contribution of the cost of education. But the reality of the thing is that a lot of the families rely on the students to work. And a lot of the students in order to come to college, you know, commit to the parents that they will work in order to help the family.

Dr. BROCKMAN. They do not always get a lot of encouragement to go to college because of the fact that sometimes they feel pressure from their families to go ahead and work as much as they can full-time to contribute to the family well being. So we hear from students all the time where they have to overcome the objections of one or both parents in order to come to college. And the Pell grant and increasing the size of the Pell grant I think would make it easier for some of these students to overcome these parental objections that they shouldn't have to face but they do.

Chairman HOEKSTRA. The largest cost item in the school is what, salaries for staff and personnel?

Dr. NEVAREZ. Eighty percent of our budget is salaries.

Chairman HOEKSTRA. And benefits, right? Or—.

Dr. NEVAREZ. Salaries and benefits.

Chairman HOEKSTRA. Same thing Dr. Juarez?

Dr. JUAREZ. Yes, sir.

Chairman HOEKSTRA. Dr. Brockman, same thing?

Dr. BROCKMAN. Yes, it's at least eighty percent.

Chairman HOEKSTRA. And the top drivers toward increasing total cost at the college would be, what, the costs of benefits and those type of things right now. I mean what's driving the overall cost?

Dr. NEVAREZ. The main thing that's driving us is that we're getting less percentage of our support from the State.

Chairman HOEKSTRA. Yeah, I know, but I mean that's what impacts tuition. But I mean if you're taking a look at your expenses this year versus last year why—Is it health care costs? What's driving your costs—.

Dr. NEVAREZ. The health care the benefits are obviously increasing at a bigger percentage than the price index on it. But also salaries are increasing. Particularly for those institutions that are trying to go into the graduate and doctoral professional programs, it's a very competitive area. If we want to do this in the, for example, in engineering and in the business area, in the health-care, you have to pay top dollar for faculty.

Chairman HOEKSTRA. Dr. Juarez.

Dr. JUAREZ. A similar situation, but I would add another variable and that is it depends on the age of the university or the campus and depending how old your buildings are, because the mainte-

nance and upkeep of our buildings is becoming an issue. And especially as—in universities that are growing, such as the University of Texas-Pan American that are growing very rapidly, and South Texas Community College and some of these universities. And even in our case the need for building new buildings or remodeling some of the old buildings the methods of instruction and needs have changed from the time that the universities were first established. And that's, you know, forcing us to make some modifications on campus, including some that involve some safety issues. For example, putting sprinkler systems in the dorms. In the early years when these were built that was not a requirement. Now the State is requiring that. It's one of those mandated kinds of things that we get no funding for, so we have to continually allocate some of the resources for those kinds of expenses.

Dr. NEVAREZ. The increased need of technology is another variable on it. We're going through an administrative software revision right now. In the next three to 5 years we're going to have to spend about 14 to $15 million for the revision just in software. That doesn't count everything else in hardware that we would have to do. So technology is also driving—it's a driving force. And as you know computers and computer labs after three to 5 years have to be replaced.

Chairman HOEKSTRA. Just—if you don't mind, what does the University of Texas charge for tuition?

Dr. NEVAREZ. I don't know what they charge. They have—I can tell you because the fees are all over the place for all of us in fees. But in tuition there is a statutory mandate and we—all State institutions pay the same and that's $48—I think it's $46 or $48 this semester. Now there's another—there's another which is more locally controlled called designated tuition and that can go to the equal amount of what's the statutory condition. In other words you can raise that to forty-eight. I would think that UT-Austin in tuition is already at $96 per semester credit hour. I'm not too sure where we are on all the other fees because in the fees we're all very different. We're at thirty—At this year we're at—obviously at the State-mandated we're at $48, but on the designated we're at $32 a semester credit hour, so that's a difference of about—in intuition of $16 a semester credit hour.

Chairman HOEKSTRA. So the most that the University of Texas could charge is about $96 a credit hour?

Dr. NEVAREZ. Most of them are—for tuition it's at $96 right now, but it's all going to go up.

Dr. BROCKMAN. But they also have a lot of fees that—.

Dr. NEVAREZ. Well, the fees that's—.

Dr. BROCKMAN. —could be almost as much as the tuition sometimes.

Chairman HOEKSTRA. You know, last night at dinner we were talking about the—you know, you've heard about the proposal in Washington, although it hasn't been written yet, that says if you—for colleges that increase at a certain rate they will lose access to certain Federal programs. Do any of you have any comments on that proposal?

Dr. JUAREZ. I certainly do, Mr. Chairman. Considering the—And that's, I believe, the proposal that is proposing on charging—if the

tuition rate increases more than 2 percent over the inflation rate—.

Mr. HINOJOSA. Twice.

Dr. JUAREZ. Twice the inflation rate, right. That they would be penalized. And if you'll look at what is occurring, for example, in the State of Texas right now the trend is for the State to start decreasing the State funding. So what else is left to us except probably put some caps on enrollment in order to make some of those ends meet. So I don't think it would be in the interest of higher education, especially in South Texas, to impose that kind of a penalty.

Dr. NEVAREZ. I agree with that, because you're putting it based on a percentage. A lot of us in South Texas have kept traditionally the tuition and fees low, like Dr. Brockman has mentioned, but had been forced to raise the tuition recently where I think you mentioned, John, awhile ago 400 percent in a short period of time. Where other universities that are already at the high end of tuition, you know, their 2 percent above the CPI is a lot more money than what we would generate, because we start at a lower base than some others.

Chairman HOEKSTRA. OK. Mr. Hinojosa.

Mr. HINOJOSA. Thank you, Mr. Chairman. I was very pleased to hear some of the questions that you asked so that we could get into the record the feelings of the leaders of colleges and universities on some of the proposals that are before us, such as the caps, such as—Another one that I'm anxious to have some of you give us your feelings and your thoughts and that is the changing of the definition of institutions of higher learning. We presently have two separate, one for the for profit proprietary schools and then we have another one for community colleges and universities which we refer to as non-profits. And I know that there is a very strong lobbying effort in Washington coming into our congressional offices and asking us to change that definition to one for the 21st century allowing proprietary schools under certain circumstances to be able to compete for pockets of—for monies in pockets of money that are very low. And all of you have been talking about the lack of Federal resources to reach the eligible students that are out there. So I'll start with you, Dr. Juarez, what are your thoughts about this definition, going to just one?

Dr. JUAREZ. Well, Mr. Hinojosa, I believe it really gets down to the real issue of what are our priorities in the country. Do we place a priority on education or not. And the fact is that it is going to cost more money. There are more students coming into the educational pipeline. Many of us in our institutions are doing better jobs at recruitment and better jobs at bringing these students into the educational hierarchy. So it stands to reason that it's going to require more dollars. And, you know, trying to divide the same pie in different ways is—I don't think is the real issue. The fact is that there are more students that we need to educate and that we're dealing with and that's why it's costing a lot more than it used to several years ago.

Mr. HINOJOSA. Recently, maybe three or 4 weeks ago, the Chairman called a panel to Washington to talk to us about—about fellowships in areas like math and science. And we had four African

American administrators, some presidents, some deans. We had one Hispanic dean of education talk to us about the growing demand of students wanting access to higher education and the lack of supply being the number of professors to teach the courses. And with the explanation that you all have given us a few moments ago, legislatures giving us less money, then it forces you as presidents to offer fewer programs simply because that's the way you can cut the cost of running your universities and colleges. Well, I introduced a piece of legislation known as H.R. 2238 and this is a program that would increase the support for masters and Ph.D. Programs in Hispanic Serving Institutions creating Part B under Title V. And I'd like to ask Dr. Nevarez if Texas requires institutions to support programs for 2 years prior to State funding do you see my pending legislation being even more crucial for institutions like yours?

Dr. NEVAREZ. Absolutely. I would agree. One of the things—one of our arching goals is to become a doctoral research university and one of the things that we need to do other than increase the dollar amount in research is to increase their rate of graduate and professional programs that we offer. So that effort would certainly be very beneficial for this institution on it.

Mr. HINOJOSA. In your comments you talked about trying to take the University of Pan-American to another level becoming a research university. What do you need to reach and be able to get to that next level?

Dr. NEVAREZ. Research funds. One of my recommendations that I mentioned is that hopefully the HSIs can start partnering with the Federal Government in research. And particularly research that is applied that has economic or health benefits to the area that we're serving on it. That's definitely a need. The other need would be is what you just mentioned is to develop additional graduate and professional programs and support for faculty in those graduate programs. And even more important to support for graduate students. One of the ways to grow this is through graduate fellowships, doctoral fellowships that I mentioned, and particularly—And for institutions like HSIs it's even more important to do research at the undergraduate level.

Sometimes we tend to concentrate student support at the graduate level. I think we need to start thinking about involving students in research at the undergraduate level. Part of the problem is transitioning students through these leaky pipelines. You know, one of the things that we're doing with public schools in access is already having the students start taking college credit courses while they're still in high school through concurrent enrollment, AP programs and things like that. Well, the same thing applies at the upper-level. We have a great program here with Baylor Medical School where eighty-seven percent of our students go on to medical school out of that program. Why? Because we begin to transition those students while they're undergraduate and they start doing research and start working with Baylor into that program. The same thing applies if we do need to increase our graduate programs we need to get our students to start thinking that at the undergraduate level that they can still start going into graduate programs to do research.

Mr. HINOJOSA. Let me interrupt you. Would you then continue that explanation—you said earlier that your rate of success—access and success rate increased from fifty-five percent to sixty-seven percent?

Dr. NEVAREZ. In first year freshmen.

Mr. HINOJOSA. To what do you attribute that?

Dr. NEVAREZ. I think we're putting a lot more—First of all I think we're getting better students—we've been working with getting better students from the public schools right now. We have some real good partnerships. They're much more prepared. Eight years ago only about twenty-five percent of the students that were coming from the high school had gone through the recommended college prep curriculum. This past fall it was ninety percent. So that has a variable. No question, better students will give us better retention rate. But then also is the support programs that we give students while they're here, from academic support outside the classroom to mentoring programs for students.

And then the financial aid. I think financial aid is very important for our students because we have—there's a tendency for students to take just minimum loads of let's say twelve hours. What we're trying to do is get students to take, you know, a higher load. The problem is the work study. What we're trying to do—For example, one of the benefits of the flexible tuition that the State has given is to give incentives to students or a flat fee to students after let's say thirteen or fourteen hours. That if you take fifteen, sixteen, seventeen or eighteen hours you pay the same amount of tuition and fees on it so that we can get students more to take, you know, additional hours so they can, you know, complete—.

Mr. HINOJOSA. That sounds like a good incentive. So that leads me then to a question to Dr. Brockman who knows very well that when I went to visit you the first term that I went to Congress I was not a happy camper when I heard the past president talk about not participating in student financial assistance to a college that represents or rather serves a region of the State that has very low income. A lot of families just barely making minimum wage. And so I realize that in your talking points you talked about knowing that we've made great progress and that universities have a rate of only 4 percent not paying their loans and community colleges 9 percent or lower. Tell me why it's taken you all so long to hire an individual who knows how to sell and how to convince and recruit and get them into the program because I think that it takes trained individuals, administrators to be able to increase that student enrollment in our area simply because we have so many below the national poverty level. And the only way that they're going to go to college is with a student loan or a Pell grant or some type of a grant?

Dr. BROCKMAN. Now we participate in the Pell grant program and supplemental Pell and all of the State financial aid programs.

Mr. HINOJOSA. That's not enough.

Dr. BROCKMAN. I understand.

Mr. HINOJOSA. Today's Pell grant even though it doubled in size pays less than what it did 10 years ago percentage wise. No, but what I'm saying is it seems to me that with your leadership Coastal Bend College would already be in the student loan program and

not be afraid. All you need is some good administrators to do the recruitment. And I encourage you to move in that direction because here in this southern part of my district over ninety percent are on student loans. That's the only way they can come to the community college at STCC. And I'm sure that when Dr. Reed comes to testify on her panel that we'll hear some of those accurate numbers. But tell me what we can do to help you get into the student loan program.

Dr. BROCKMAN. Well, I think having this hearing certainly brought me into contact with several people from the Texas Guaranteed Student Loan Program. And we plan to have some follow-up visits and begin the process of looking into re-entering that program.

Mr. HINOJOSA. Dr. Brockman, forgive me for interrupting you, the Chairman has thought of something important to ask you.

Chairman HOEKSTRA. I don't know important, but why wouldn't all of your students get Pell grants to cover the vast majority of their tuition costs?

Dr. NEVAREZ. The amount of money we get will not cover all the students that qualify for Pell grants. We have to balance—In order to stretch the money we have to balance the grants with loans and work study.

Chairman HOEKSTRA. What percentage of your students would get Pell grants?

Dr. NEVAREZ. Pell grants, I'm guessing here, but sixty-five to seventy percent would get Pell grants.

Chairman HOEKSTRA. For the bulk of their tuition cost?

Dr. NEVAREZ. For the bulk of their tuition at the freshman level, because we have less than a 1-percent default rate. At the freshman level what we try to do is give almost a hundred percent grants for freshman coming in. That may be part of the retention that we're experiencing, one of the reasons. But once you get beyond the freshman level we balance that with work study and loans and the percentage goes down.

Chairman HOEKSTRA. Dr. Juarez.

Dr. NEVAREZ. Our student population characteristics are pretty similar and we're running just about the same breakdown. I don't have the specific figures with me, but we wouldn't be too far off from what Dr. Nevarez just reported.

Chairman HOEKSTRA. Dr. Brockman.

Dr. BROCKMAN. We have over fifty percent of our students that are Pell eligible.

Chairman HOEKSTRA. OK.

Mr. HINOJOSA. Dr. Brockman, I'll finish the point that I was trying to make about the importance of your college being involved and participating in student loan programs. In addition—in addition to those there are scholarships available through some of our Federal agencies that include the following; HUD, Department of Defense, Department of Energy, Department of Labor, and USDA. And if those in the audience who represent colleges and universities are not looking into those agencies you are missing out on an opportunity that other regions of the country, other colleges in Maryland and California, East Coast, the West Coast, are indeed picking off those scholarships and those grants, fellowships that

are offered by those other agencies. So I encourage you to take a look at that and that you contact my staff, particularly Moria Lenehan and Ricardo Martinez, so that we can help you and guide you into those sources of funds.

Dr. BROCKMAN. We do have a Department of Agriculture grant that is providing scholarships as we are beginning to re-establish our Ag program at Coastal Bend College. So we are taking advantage of that. I expect that we will have another grant proposal in this year as well.

Mr. HINOJOSA. And I'm going to conclude my questions so that—Mr. Chairman, by saying that I've discovered in these last three or four terms that I've been in Congress that there is—there is a great—a huge shortage in nursing, in medical careers, an acute shortage of engineers and math and science technicians. And as a result of that I have worked very closely with Dr. Reed at South Texas Community College and we have leapfrogged the amount of money—Federal money that has come in to try to move us into having a lot more students in nursing and medical careers. We've done the same thing with UT-Pan American in raising the level of awareness of this acute shortage of the engineers and technicians. And I'd like to ask you Dr. Nevarez this HESTEC 2003 that you all are advertising here tell us what success you had as a result of 2002 and what you project over the next two or 3 years.

Dr. NEVAREZ. I think we had a tremendous success last year. First of all we had an entire week that was devoted here on campus which brought over 15,000 public school kids to our campus here and they mingled with our students and our faculty. But the real advantage of HESTEC is that this institution is involved with the GEAR-UP program almost year round. Our students serve as mentors in that program and faculty serve as advisers to the program. So when HESTEC—when the celebration of HESTEC comes in, you know, it brings everything together. The other thing that attracts a lot is the kind of speakers that we have for HESTEC. There are speakers that we bring in that are specialized that will attract the attention of the students like astronauts and things like that that they've talked to. And aside from other scientists that come in and will attract our faculty particularly in science and engineering. So I think overall it's been a tremendous success. What's going to happen this year, it's going to—It's going to be a challenge just try to match what we did last year, but we're going to try to surpass it.

Mr. HINOJOSA. Thank you. With that I yield back the balance of my time.

Chairman HOEKSTRA. Thanks. I need some help here. I'm trying to figure out the financial support level because I think that's critical. If the average or if the maximum Pell grant is $4050 each year, your tuition is roughly around $3,000 and Dr. Brockman yours would be less, I think, right?

Dr. BROCKMAN. Mine would be a little less than that.

Chairman HOEKSTRA. That for your students who come from low income backgrounds the Pell Grant should cover a hundred percent of their tuition costs; is that correct?

Dr. NEVAREZ. First of all let me make a correction here.

Chairman HOEKSTRA. Yeah, I'm here to learn.

Dr. NEVAREZ. Yes. Let me make one correction. When we—I think when we use the 1,500 or at least when I used the 1,500 I was talking about basically tuition and fees.

Chairman HOEKSTRA. Right.

Dr. NEVAREZ. When you look at the other costs of coming to college, which is living expense or stuff it goes up to—I think it's 3,200, almost twice that much. But the point is—your point is still very valid, it still does not reach the maximum of Pell grants. The problem, as I understand it, is that the funds that we get is not enough to cover 100 percent of the needs of those students, so we have to spread it over or use other kinds of sources of funds to be able to—you know, to meet a hundred percent of the need. As I mentioned we have to use work studies, we have to use loans.

Chairman HOEKSTRA. But for Pell grants, Pell grants the 4,000 is available to every student or every family that meets the income guidelines, right? I mean you're not taking a look at a pool of students and saying "X" amount of dollars is coming to your school and saying I've got more than those students that qualify, therefore I have to spread it around. I mean the student qualifying for a Pell grant is strictly a process between that student and the Federal Government where if their family income falls below a certain level they qualify for the maximum Pell grant and they then get that money. Then you compliment that for that students needs by work study and by, you know, loans and those types of things, right? I want to go through this with you.

Dr. NEVAREZ. I'm going to have to look into that, Congressman, but it's $4,050 per year?

Chairman HOEKSTRA. 4,050 is the maximum Pell grant.

Dr. NEVAREZ. Per year?

Chairman HOEKSTRA. Yeah.

Dr. NEVAREZ. All right. And if we're looking at $1,500 for one semester of tuition, plus another let's say 1,500 of other expenses now you're looking at 3,000 per semester. And if you go to the second semester it's 6,000 or six thousand and then sometimes—So I guess what I'm leading to is that the 4,000 does not cover the whole—.

Chairman HOEKSTRA. The total amount.

Dr. NEVAREZ. The total cost.

Chairman HOEKSTRA. It would cover the—Right. OK. It would cover the cost for tuition—.

Dr. NEVAREZ. Tuition and fees.

Chairman HOEKSTRA. Tuition and fees, but not—Do you charge $1,500 for room and board?

Dr. JUAREZ. Well, ours runs around eighteen—depending on what kind of plan they get, between 1,800 and 2,000.

Chairman HOEKSTRA. Yeah, OK.

Dr. JUAREZ. And then added to that would be the cost of their books and then some transportation costs as well.

Chairman HOEKSTRA. So the total cost, perhaps, of attending either of your colleges would be eight to ten thousand a year?

Dr. NEVAREZ. Eight thousand.

Chairman HOEKSTRA. OK.

Dr. NEVAREZ. A full load is $8,000.

Chairman HOEKSTRA. A full load, somebody living on campus, would be about eight—.

Dr. HOEKSTRA. Full load scholarship for fall and spring semester is 8,000.

Chairman HOEKSTRA. All right. Dr. Brockman.

Dr. BROCKMAN. And they cannot expect in most cases any kind of family contribution. But the contrary is true that the student often is expected, as Dr. Nevarez said, to contribute to the family's economic well being. And this is something—it took me awhile before people were able to actually convince me that this was true, that families were not encouraging of their children to participate in higher education. I just thought that it didn't happen, but it does. And I've been informed many, many times through stories and actual interviews with students that many of them have to overcome many more obstacles to participate in higher education than you would normally expect.

Dr. JUAREZ. I don't know about Bee County, but in our particular region I would say that the number of students in that category are in a very small minority. For the most part you've got a lot of family support, a lot of extended family support that is encouraging their children to get a college education.

Chairman HOEKSTRA. But their income earning ability may still be essential to the family?

Dr. JUAREZ. Yes, sir, it is.

Chairman HOEKSTRA. Well, this has been very helpful and very informative and we've got another panel that is waiting in the wings. You know, thank you very much for being here and I'm hoping we can continue our conversations through the day. Thank you very much.

Dr. NEVAREZ. Thank you.

Dr. JUAREZ. Thank you.

Chairman HOEKSTRA. Now you're leaving, right?

Dr. BROCKMAN. I have to go to another meeting.

Chairman HOEKSTRA. This new organization.

Dr. BROCKMAN. Yes.

Mr. HINOJOSA. Dr. Brockman, take with you the model of UT-Pan American that was able to bring down their rate to 1 percent was it?

Dr. NEVAREZ. Less than 1 percent.

Mr. HINOJOSA. Less than 1 percent.

Dr. BROCKMAN. I'll certainly try to.

Chairman HOEKSTRA. All right. Thank you very much. With that we will dismiss this panel and we'll invite the second panel to come forward. Thank you very much.

[Short Break.]

Chairman HOEKSTRA. All right, let's begin with the second panel. Before we do that I really do want to extend my appreciation to my colleague, Mr. Hinojosa. He's done a wonderful job in setting up the hearings and the panels for today. When we went through this process he said, you know, want do you want to get done? And I said, you know, it is your day, Mr. Hinojosa, so it's your day to do what you'd like to get on the public record, to expose me to the issues that you think are important down in your district. And I think you've done a great job putting together some—with the folks

that we met with last night and the folks that we're seeing today. Just done a very nice job. And he also is a wonderful colleague of mine on the Subcommittee in Washington. We break it down if you're a member of the majority party you're the Chairman, if you're a member of the minority party you're the ranking member. But he's been a great partner in us getting done what we wanted to get done on the Subcommittee on Select Education. And so I appreciate the work that we can do together.

Chairman HOEKSTRA. With that I would like to just introduce the second panel. Dr. Juliet Garcia. She is currently President of the University of Texas in Brownsville. She serves as a member of the Ford Foundation, Project Grad USA, and has also recently been heralded by Hispanic Business Magazine as one of the 100 most influential Hispanics. Welcome and thank you for being here. Also not on the bio she was also on the—the chairwoman for—What was the commission, student financial—.

Ms. GARCIA. It's the advisory committee to Congress on student financial aid.

Chairman HOEKSTRA. So we have the expert here who can answer any and all of the questions that we—or curveballs that we maybe threw at the last panel. So thank you for being here.

Ms. GARCIA. Thank you, sir.

Chairman HOEKSTRA. Dr. Shirley Reed. Dr. Reed was a founding of the South Texas Community College in McAllen, Texas and has served in this capacity since 1994. Under her leadership South Texas has become one of the fastest growing community colleges in the Nation. Previously she was the District Vice-president For Administrative Services at Northland Pioneer Community College in Holbrook, Arizona. Dr. Reed welcome to you.

You know, I thought college presidents had a short tenure at colleges, but—.

Dr. REED. It depends on how good you are.

Chairman HOEKSTRA. I was going to say—Well, you're not as good as the guy before us who has been here since 1981, but you—.

Dr. REED. I'm not done yet either.

Chairman HOEKSTRA. Yeah, you're not done yet either. I think we actually had the longest serving college president in the country in West Michigan, in my district, at Grand Valley State University who had been there for close to forty years, Dr. Lubbers. So that gives you something to shoot for. But I am impressed that the folks and the presidents that you have here have fast, rapidly growing colleges. Isn't that true that the average tenure of a college president is, what? Is it—.

Dr. REED. About 5 years.

Chairman HOEKSTRA. It's about 5 years, yeah. Well, congratulations to each of you.

Mr. HINOJOSA. Just a little longer than congressmen.

Chairman HOEKSTRA. You know, we'd actually do anything for a 5-year term, wouldn't we? Although we might not be willing to give it up after 5 years.

And then our third witness is Ms. Ariana de la Garza. She is a native of Mission, Texas and currently attends the University of Texas-Pan American in Edinburg. She serves as a student rep-

resentative at the university and will be speaking with us today about the issues and challenges facing Hispanic college and university students. Welcome to you.

So, Dr. Garcia, we will begin with your testimony.

STATEMENT OF DR. JULIET GARCIA, PRESIDENT, UNIVERSITY OF TEXAS-BROWNSVILLE

Ms. GARCIA. Thank you, Mr. Chairman. I also would like to join the others in thanking congressman and yourself for taking time to visit us in our part of the country. There's nothing like actually being onsite to get the feel and the ambience of an environment. And also the needs. So we appreciate very much all that it takes for you and your staffs to make these arrangements. I'd also like to thank my colleague, Dr. Nevarez, for hosting us so graciously on his campus.

My testimony is going to shift dramatically from what I submitted, so if you're looking to follow along you'll be lost immediately. But I thought I might refocus more clearly on those issues that have not been covered by my colleagues and that might be of interest to the discussion. I will, however, affirm—take the moment to affirm some of the things that they have said so that on the record you understand my concurrence with theirs.

Dr. Nevarez spoke about the immigrant students and the need to find a solution for the issue of trying to involve them in higher education to the same extent as the nonimmigrant student. And I would offer one suggestion as you requested that we might do. And that is remember when Senator Gramm allowed for a bill that would import expertise to the United States because there was such a lack of technical expertise in engineering and in sciences. And then Senator Gramm came back and asked for an expansion of that. And so yet there was another wave of import. And what I would offer is if there's a model in Congress already that allows you for importing talent like that that there should be some way to create a similar kind of model that would say there's some immigrants who are already here who have except for legal status paid their dues and should have the same rights to work and to go to school as those that we might import for a specific cause.

Chairman HOEKSTRA. You're actually proposing making it an incentive for kids in—or for kids K through 12 saying if you do really really well you might fall under a category that—a necessary skill.

Ms. GARCIA. That's exactly right. There's no reason why—that might be one of the ways to lead into.

Chairman HOEKSTRA. That's an interesting approach. Thanks.

Ms. GARCIA. Thank you, sir. I would also affirm what Dr. Nevarez mentioned about the shift from grants to loans. And while we have been very aggressive at University of Texas at Brownsville in increasing the number of grants to students today those number of grants are almost $35 million dollars per year that we get from the Federal Government and goes directly to the students on our campus. There is also increasing amount of loan debt. And I'll talk a little bit about that in just a moment.

We would also request that you consider full funding of Pell grants. And again I'll focus on Pell more extensively.

We also would ask that you continue to fund in the reauthorization consideration, the Tech Prep, the TRIO programs, the GEAR-UP programs, and the Title V programs. Every one of them has been essential in building capacity in fast growing Hispanic Serving Institutions like the two that we—like the many that we represent today.

Loan forgiveness for students that are going to go into those fields is a wonderful idea. It's a perfect kind of carrot to hold for students who are reticent and reluctant to take out loans. And remember when you've got a family that's earning less than $25,000 a year a loan burden of 17,000—which is the average, by the way, of a student in the country these days upon exiting a bachelors degree program. There's a tremendous amount of reluctance to borrow 17,000 when your family makes 25,000 a year. So some sort of forgiveness program especially aimed at those targeted occupations seems to make sense to me.

Grants for graduate students. Again I'll focus a little bit on the bill that Congressmen Hinojosa has proposed. But that there is probably no greater incentive for getting students in than to provide some sort of financial assistance, or teaching assistance, or fellowships for them to do research, or teaching as graduate students.

And then support for building research capacity at the graduate level. Our university is a new one. We're only twelve years old, as compared to the University of Texas at Austin, for example. And we don't have the oil revenues, by the way, that is enjoyed by others. We are in the fastest growing region in the State of Texas and yet building as fast as we can trying to accommodate that growth. So any incentive, any additional dollars that would come to help us build capacity, meaning buildings literally, faculty, or monies for graduate students would help spur that effort.

I'd also like to agree with Dr. Juarez as he talks about the number of dollars it takes to build doctoral programs. He mentioned 3 to $5 million for one doctoral program a year. And that was in engineering. That's a very real cost and it can be returned to the institution, and of course to the Nation, in a very short-term. It's been discovered—I mean the results are that if a small investment in higher education in HSIs the return is twenty fold. So while it sounds like an awful lot of money up front capital it is just that to start a business or to start a new industry.

Dr. Brockman discussed the tuition differences between university and community colleges. And he mentioned that it was not without some cause that there seemed to be the irony that those community colleges on the border seemed to have to charge more when in fact those are the students who can least afford it. And that's because of their dependence on an ad-valorum tax. And I think that's a sad irony of the kind of financial situation that we're in.

Let me tell you a little bit about UT-Brownsville. We are a neighbor of Pan-American University. We're about sixty miles southeast of here. Our campus is one block from Mexico. So when people say where you located and I'll say, you know, close to Mexico. And literally we can go across the border to eat lunch quicker than we can to go across town. Which means that students can also blur that

national boundary and come across more easily prior to the new immigration laws than before.

Our faculty are the hardest working faculty in the State of Texas. I can say that because they actually have been measured to work more hours and teach more students than any other faculty in the State of Texas. They're also concurrently the lowest paid faculty. And, yes, it is eighty percent of the cost. And some of that is driven by a 17 percent insurance rate increase last year, a 14 percent insurance rate this year. But it's not because you're putting an awful lot more money in the faculty pockets, it is because you've got so much more need than you're able to supply.

We also are tied for first in the State of Texas as the most well utilized campus. That's a nice way of saying in Texas you're the most crowded. Only with University of Texas at San Antonio in comparison.

But given all of that we are producing now the third most mathematics graduates—Hispanic mathematic graduates in the Nation. Now what's amazing is that only after twelve years as a university it would be us that would be producing the third most math Hispanic graduates in the Nation. I say that not in a braggadocios kind of way. I say that because there's something wrong with the system of higher education that would allow us to come up so much—so close to that front line and not provide for other Hispanics in mathematics, the same thing.

The potential is great. And the way I'd like to talk about that is to talk about two points. One is we've had the fastest growth in getting research dollars over a 3-year period in the State of Texas of any other university. Between '99 and '01 our increase in research dollars was over 2000 percent. We thought there was an error in that so we called the coordinating board just to make sure. The real clue there is that we started at such a small number that that number was easy to reach. But the year subsequent to that we rose by another 170 percent. So there is no lack of initiative in terms of these border institutions to try to access Federal dollars, NSF dollars, NIH dollars. We're running as fast as we can and so are our faculty to try and bring those extra resources to bear to our programs.

I'd to like to tell a story about one student. Her name is Tania Perkins. T-A-N-I-A is her first name. As an example of why a community university, like ours, that combines the best characteristics of a community college, open admissions, a nurturing environment, an opportunity to do occupational/technical studies as well as academic studies and graduate studies, with the very best of a university and why that seems to be working. We're a unique kind of model where we simply built an upper level university on top of a community college. Instead of duplicating administrations, instead of duplicating campuses and efforts, we're going to streamline administrative efforts, streamline expenses, and break down barriers that usually exist between community colleges and universities. The best community college in the State-- in the Nation, excuse me—in the Nation still has only about a 17 percent rate for transfer of students to baccalaureate degrees. The reason that's so crucial to us is because most Hispanics, most Blacks, and most women start out in community colleges nationwide. And if they're not mak-

ing that transfer over to the baccalaureate, and the graduate, and the doctoral degree then that access that community colleges do such a good job of providing is not realized in benefits to a new economy that requires advanced degrees.

Tania Perkins starting out in our institution in the English as a Second Language program. She came from Matamoros, which is the city directly across the border from Brownsville. She said she remembered sitting in the classroom watching the real college students pass by—what she meant was students that were not in English as a Second Language—and said one of these days I'm going to be a real college student. She learned English and then she got into the real college classes. Ended up with her bachelors degree from our institution in physics.

Now if you had asked me 5 years ago if UT-Brownsville would be doing cutting edge analysis in gravitational wave analysis—I did not know what that was 5 years ago—I would have said, no, we'll be in education, we'll be in math, but not in physics. We now have twelve physicists on our campus and that's kind of another story.

But Tania was recruited by those physicists into that bachelors program. She decided then to get married, have a couple kids and then she was lured away by her husband and an opportunity for a higher degree because we don't have a masters degree in physics yet, to another university where she got her masters. Tania Perkins now after stopping out of school for 5 years has returned to school and she's now at the University of Texas Health Science Center Medical School working on her doctorate degree in Bio-Engineering.

By all measure of the word Tania is so non-traditional that if you measure her by time to degree she would have been a failure, and so would we. If you measure her by what her SAT scores were, she had none, she was ESL programs. If you measure her on almost any other traditional criteria that we use you would have seen that she probably would have predicted her not to succeed. But she's not an anomaly, her sister is also working on her doctorate at the University of Texas at Austin. She's in Spanish literature. The reason I tell you Tania's story and her sister's story is because the student in the border and in South Texas is often a non-traditional student. And while some of those criteria measurements—we don't look as good, our students don't look as good on the traditional ones the value of that student often is greater than or at least comparable to that of other students. And certainly the potential for them to succeed is great.

Now I'd like to go to the issue of financial aid if I might just have one more moment. According to Tony Carnevale, who is with the educational testing service in a study he did, the most underrepresented group of Americans at the Nation's top colleges and universities is not Blacks, and it's not Hispanics, it's students from low income families. Only 3 percent of the freshmen at the 146 most selective colleges and universities come from families in the bottom quarter of the Americans ranked by income.

The reason I mention that is because the discussion earlier today about financial aid. And I would like to refer you to a study that was done by the committee that I was privileged to serve on for awhile called "Access Denied." It was followed by a committee re-

port called "Broken Promises." What we decided to do was to get experts from around the Nation to study the issues that you all were focusing on this morning. What's the problem? If we're giving Pell grants what else is there that we're not counting. Now are students working too much or what are the other issues that are involved. So both reports I commend to you and I'd be glad to get copies sent to you because they very clearly delineate the issues that you were referring to.

But I might mention just one and that had to do with unmet need. If we're paying $4,000—4,050 for the maximum Pell grant award doesn't that cover tuition? Yes, sir, it does. And yes, sir, it is regulated. That is I can't decide to change that. If a student qualifies for a certain amount of aid that's the amount that the student will get. It comes through us as a conduit only, but it goes directly to the student.

On average, however, the very lowest income students face $3,200 of unmet need even at 2 year institutions, which are the lower tuition institutions. At 4 year a low income student faces $3,800 of unmet need. It's apparent that excessive unmet need is forcing many low income students to choose levels of enrollment and financing alternatives not conducive to academic success and persistence. Well, what does that mean? It means that they have to work too many hours. That is they work—Now this is unmet need after Pell, after work study, and after any other sort of assistance that they might get of an additional job. The unmet need includes everything from child care, to transportation, to housing, to all of those things that are not reflected in tuition in addition to the fees. And the fees is really where—I guess we should have like a truth in advertising stipulation for colleges and universities.

Chairman HOEKSTRA. Be careful, if you ask for it we might give it to you.

Ms. GARCIA. Well, it would be a way to candidly tell parents here is what it costs you. Because to look at just the per credit hour cost of tuition is to look at a very thin slice of the cost of higher ed. And so your suggestion about not raising that beyond twice the CPI would control one thin slice and perhaps may not be the incentive to use.

One final point and that has to do with graduate programs. At a time we know that when the advanced skills are becoming a more important a future earnings and of this Nation's economic strength only twenty percent of all the HSIs in the Nation offer a master's degree. Less than twelve percent of HSIs offer doctoral degrees. It is a chronic shortage. And let me just give you an example. Only 4 percent in 2000 of the doctoral degrees went to Hispanic graduates. When I graduated from university as a doctoral candidate I was told that I had now joined the ranks of the 1 percent of the students that year—one percent of all the doctorates went to Hispanics in the 1970's when I finished. That doubled twenty years later to 2 percent. Now we are at 4 percent. So anything that we can do, including the bill that Congressman Hinojosa mentions, anything we can do to provide financial assistance to build capacity at universities, to bring more faculty to that process, to add more degree programs would be beneficial to that end. Thank you, sir.

Chairman HOEKSTRA. All right, thank you.

[The prepared statement of Ms. Garcia follows:]

Statement of Juliet V. Garcia, PhD, President, The University of Texas at Brownsville and Texas Southmost College

Good morning, Mr. Chairman and Members of the Subcommittee on Select Education.

I am Juliet Garcia, President of The University of Texas at Brownsville and Texas Southmost College. I appreciate the opportunity to testify today at this hearing on "Expanding Opportunities in Higher Education: Honoring the Contributions of America's Hispanic Serving Institutions."

Let me first give you a glimpse of our university, our mission, and our student body, and then share my recommendations with you.

The University of Texas at Brownsville in partnership with Texas Southmost College is located in Brownsville, which is about 60 miles from this meeting site at our sister component, UT Pan American. Our university is one block from the border of Mexico.

Our partnership is a unique community university that serves over 10,600 students on campus and through distance education. We offer a wide range of programs—academic and technical—with certificate, associate, baccalaureate, and graduate degrees.

Recently, we have experienced tremendous growth in our Workforce Training and Continuing Education division that serves more than 16,000 (duplicated) enrollments per year.

To meet the growing demands for higher education in the fastest growing region in the state, UTB/TSC needs to double its enrollment to 20,000. That will take increased funding for all areas of the university.

Our mission at UTB/TSC is to provide accessible and affordable postsecondary education of high quality, to conduct research that expands knowledge and to present programs of continuing education, public service, and cultural value to meet the needs of community.

We accomplish this mission by ensuring that we maintain the strengths of both the community college and the university. Our primary goal in forming the partnership was to increase student access and eliminate inter-institutional barriers that hinder students from continuing their education.

On average, over 80 percent of our students have received a form of financial assistance. They are students who are predominantly first-generation college students. And, about 93% of our students are Hispanic, and for many, Spanish is their preferred language at home.

Fortunately, we are making progress in enrollment and graduation at every level of study offered at the community university.

I now offer recommendations for how the federal government can appropriately strengthen and enhance programs designed to meet the unique challenges and needs of Hispanic students through the reauthorization of the Higher Education Act (HEA).

Our partnership marked its 12th anniversary last month; we felt fortunate to be left standing and ready to move forward after the budget work during the state's 78th legislative session. Given the short time that we have been a university, we had to make a case that our progress would be severely impeded without sufficient state funding. Without sufficient federal dollars, our students' progress would be stopped. Thus, my recommendations focus on how to facilitate their progress.

Recommendations

I address the recommendations in order of their priority to ensure access to education at The University of Texas at Brownsville and Texas Southmost College.

Financial Assistance

As you know, too many Hispanics are poor and undereducated. Since Hispanics are the largest and youngest minority group in the country, the effect of the situation is important for individual lives and for the nation.

Our university is situated as follows: in our service area, the poverty rate is twice that in the state. The number of people over the age of 25 in our community without a high school diploma is twice that in the state. Thus, many first generation college students who depend extensively on financial aid to attend college arrive full of hope on our campus each semester. They don't know if it will take five years or ten for them to graduate. Their measure of success is not a national average; persistence and working through difficult situations make them successful. We need the federal

government's support to make sure that their hope for higher education is not left void due to the lack of money.

My parents taught me the lessons of advocacy for the education of children—mine and others. So when I was asked to serve on the Advisory Committee on Student Financial Assistance (ACSFA), it was a chance to join with others across the nation to understand the impact and advocate for financial assistance. During my tenure as a member and as chair of ACSFA, we produced two reports: Access Denied and Empty Promises.

What was found?

- The cost of higher education has risen steadily as a percentage of family income only for low-income families; however, middle-income affordability and merit have begun to displace access as the focus of policy makers at the federal, state, and institutional level.
- Families of low-income, college-qualified, low-income high school graduates face annual unmet need of $3,800 in college expenses not covered by student aid, including work-study and student loans. And the shortage in grant aid requires these families to cover $7,500—two-thirds of college expenses at public four-year colleges and one-third of family income—through work and borrowing. Their peers from moderate-income families face similar barriers.
- Financial barriers prevent 48 percent of college-qualified, low-income high school graduates from attending a four-year college, and 22 percent from attending any college at all, within two years of graduation.

These important national findings apply to too many families in our region. Now, with the state's budget crisis, my request is that the federal government will help to cover the dire shortfalls and growing need with increased financial funding for students and partnerships with the states.

I will begin with the partnership option. Our state's program, Toward Excellence, Access and Success (TEXAS) Grant, was created with the best of intentions to help provide additional dollars to the students and incentives to prepare for college. The Texas Grant is a merit based program that favors school district students who have had access to the recommended curriculum.

Based on where they live, some students will have better access to this curriculum. With an influx of students who are better prepared for college and even with this particular criterion, the does not have adequate funding.

At UTB/TSC, in fiscal year 03, 872 initial year students were allocated Texas Grant monies; in fiscal year 04, 315 initial year students were able to be funded. That is a decrease of more than 60%. This shows that additional partners are needed to ensure the state program succeeds in rewarding students for their preparation. And, in keeping with the spirit of access, other considerations need to be made for students who have limited access to the recommended high school programs.

Next, I will talk about loans. Each year our students have to borrow more money. Finding yourself in steep debt after completing college diminishes your earning power. The federal government needs to find means to help these students. Suggestions may include doing away with any processing fees for students or even forgiving loans for selected students where a greater good could be served with their talents.

In a study sponsored by the Century Foundation, Anthony Carnevale concluded that poor students are the most disadvantaged students in America, particularly those students whose parents did not graduate from high school and earned less than $25,000 per year. That is a typical student at UTB/TSC.

In the work-study programs, I recommend that additional funding be added to the college work-study program, and you reexamine the distribution formula to take growing institutions into consideration.

Long term immigrants are another group of students who could benefit from college, but find themselves shut out of federal financial aid programs. Long term immigrant students need to be given access to financial assistance. Through no doing of their own, they are in a situation that keeps them away from a route to a better financial status. The HEA could make allowances for students who have been in the country for a continuous period on a long term basis.

Outreach Programs

Our community university operates more than 30 outreach program. This year, we have added another Upward Bound Program for another school district. We also received a CAMP grant that helped us to fund migrant students into campus housing. Adequate funding for such programs throughout the HEA cycle must be assured.

Our GEAR–UP program is completing its 5th year, after having served an average of 6,000 in six school districts. My monthly meetings with the area's super-

intendents and curriculum supervisors provided partnerships that have forged paths for middle school students to start planning for college and enrolling with the goal to finish.

Let's increase funding to help this widespread program continue to bring college preparation to the plans of students early in middle school.

Title V

Undergraduate education is our start. What about graduate students?

I support Congressman Hinojosa's H.R.2238 to expand and enhance post-baccalaureate opportunities at Hispanic–Serving Institutions. We certainly hope that the House Committee on Education and the Workforce will support this important bill.

The $2.1M Title V funding received by the University of Texas at Brownsville and Texas Southmost College has helped us to meet the needs of students who were at risk of stopping out of college. Retention is the primary focus of our funding. Between Fall 1997 and Fall 2002, our sophomore retention increased 16.1%; junior retention increased by 19%; and senior retention increased by 25.1%.

The need is as great at the graduate level. As our campus serves a majority of first generation undergraduates, our students need to be recruited into graduate school and assisted in succeeding. Congressman Hinojosa your new provision for Title V would be most helpful in our ability to do that.

Many students in our area are just beginning to realize the possibilities that they can generate with obtaining a graduate degree. In the last 12 years, our master's programs have tripled, and we are expanding offerings in education, health, and math. The students who go into these programs will help shape our region because they are likely to stay in the Lower Rio Grande Valley.

Technology is an area that could use a hearing of its own. As a member of Hispanic Educational Telecommunications System consortium, we have benefited from the experiences and assistance of others who are upgrading and utilizing new technology. I will be brief in an example to show how more funding is needed.

In March, we had to send 7% of our general revenue budget back to the state. That return took away our ability to purchase new equipment, particularly computers for the classrooms. Our students should not have to take turns with computer equipment to participate in their classes or study labs. With adequate funding included for technology, the HEA would help HSIs tremendously.

Lastly, in the area of Title V, I believe that the "50% percent low-income" assurance requirement should be eliminated from the funding criteria of Title V. It is a requirement that applies only to HSIs among minority-serving institutions, which adds an administrative burden in efforts to assist students.

Teacher Shortage

Our local schools are short on teachers with master's degrees and on teachers in the areas of math, science, and technology.

Additional funding for teacher training would help HSIs to address needs at the PK–12 level and, thereby, the college level.

Our partnerships with other University of Texas System components have helped us to produce graduate school graduates in physics and engineering. Yet, certainly there are not enough graduates in those areas who go into teaching. Additional funding targeting those areas would help us to recruit and train people who want to stay in the area to teach.

The reauthorization of the Higher Education Act is an important opportunity to take a stand on the future of this nation. As a world leader, we can set a pace for removing barriers to undergraduate and graduate education by putting adequate funding where the investment could give immeasurable returns. It would be the best way to honor the contributions of Hispanic Serving Institutions.

Again, thank you for the opportunity to testify at this hearing.

Chairman HOEKSTRA. Dr. Reed.

STATEMENT OF DR. SHIRLEY REED, PRESIDENT, SOUTH TEXAS COMMUNITY COLLEGE

Dr. REED. Good morning.

Chairman HOEKSTRA. Good morning.

Dr. REED. And thank you for coming to South Texas. And thank you, Congressman for arranging this. And thank you, Dr. Nevarez for hosting us. This is a community of many dichotomies. You've

heard us talk about the booming increase in enrollment. And yet I opened up Sunday's Monitor, "Developing the Displaced." This community has lost 7,000 jobs since 1994. Training programs—"Unemployed workforce lacks a training outlet." "Search for jobs in saturated market proves difficult." "Plowing ahead: Training programs yield low job counts." And yet this community is the fastest growing in the State of Texas. We have the fastest job creation rate in the State of Texas. We are the fourth fastest growing metropolitan area in the country. So how can we have headlines such as this when we're all bragging of our tremendous successes in increasing higher ed.

Now the 8,000 jobs that were lost they're all primarily in the sewing operations that have gone offshore. And the typical profile of these employees would be a female—Hispanic female, early fifties, fourth grade education, has a family. Now these are workers that may not work again. Half of them go back to work after several years. They may not ever earn a living wage again. And of the two million residents that live along our border only thirteen percent of them have a college degree compared to about thirty-three percent in other parts of this country. And I—I share that background with you to help put in perspective that one of our greatest challenges, particularly for the community college, is to create a match between the skills of the workforce and the needs of business and industry coming to our community.

The loss of the sewing operations we don't have comparable jobs right now. We're most challenged with how to provide the re-training that will bring a person from the fourth grade, without any fluency in English, up to college level to pursue a degree in nursing, or to go on to UT-Pan American.

So our challenge for the community college, and specifically South Texas Community College, is to prepare that workforce. That's why we were created. That is the most important plank in our mission.

We define our enrollment as being revenue constrained. We would be a much larger institution than we are today if we would have had the resources and the buildings to accommodate the growth. We went from 1,000 students to over 15,000. We now have eighty-one different degree and certificate programs for students. Students are taking classes in a vacated elementary school, using high school facilities in the evening. We teach at churches. We teach at police substations. We even began our nursing assistant program in a Laundromat. This is from where we came, because we simply did not have the revenue to accommodate the students, hire the faculty and build the buildings.

Since that time the voters in our community have voted to double their tax rate. They approved a $98 million bond issue which will allow us to finally build facilities. Then the State of Texas cuts back our funding almost nineteen percent. And one-third of our funding comes from the State of Texas, a third comes from our local taxpayers, and a third comes from student tuition. So while we move forward on this front we go even further back on that front.

Among our challenges are helping students complete their 2 year degree and transferring to the university. A study that was done

by HACU stated that the biggest deterrent to Hispanic students earning a bachelor's degree is they never leave the community college for many, many reasons. Financial, they can't afford the tuition. They have family responsibilities. They have geographical limitations where they cannot leave the area because the commitments to family. We have to find funding to help us provide support services for our Hispanic students so that they can transfer to the universities, earn their bachelor's degree and go into masters and doctoral level programs.

Among the most valuable to the community college are the TRIO programs and Title V. Specifically Title V permits us to work with our students who our "not college ready." We find ourselves with forty-five percent of our incoming high school graduates that are not able to pass the Texas academic readiness test. These students have to go through a developmental studies routine. They have to take courses in English, Math and Reading. Those are very expensive courses for us to offer. We do not have the funds to provide the intensive counseling and support that is needed for those students to be successful. That's why TRIO and Title V has been invaluable to us.

There are 11 million Hispanic students in this country's community colleges. Sixty-two percent of those students begin in community colleges. Half of the institutions they attend are HSI institutions. There are only two hundred HSI institutions in the country. We're attempting to serve among the most uneducated, unserved population in this country and yet we only receive half of the Federal funding that's provided for students compared to what all other degree granting institutions are earning.

There's also the expectation that there will be a fifty percent increase in HSIs within the next decade which is going to further dilute the amount of funding that's available. And also with the discussion of including for profit institutions you're going to see a rapid increase in the number of HSIs. And if the pie stays the same that means all of us are simply to get less and less to serve a very needy population.

In Texas there are seventeen percent less Hispanics enrolled in colleges as compared to white non-Hispanics in Texas. And there are nineteen percent less Hispanics with a bachelor's degree than the white non-Hispanic population. This is a result of lack of access, lack of funding, lack of support.

When South Texas Community College began there was a question, do we really need another institution in this region of Texas. We already had UT-Pan American, we had UT-Brownsville. We have Texas State Technical College. And some people sincerely questioned the need to increase access. We opened our doors—and the Congressman will remember—They were in line at 2 a.m. In the morning with sleeping bags. They lined the entire campus just for an opportunity. That's all they asked. Give us an opportunity. They knew they couldn't afford the tuition at UT-Pan Am, even with Pell grants.

And as you were asking the questions earlier we were doing a little math. You get your $4,000 Pell grant. At South Texas Community College—Now that's $4,000 for the year. It has to cover summer also if you're going to summer school. You'll need $1,200

for tuition. $1,000 for textbooks. Almost more than your tuition. That leaves you with $1,800. And if you do it on a twelve month basis you have a $150 a month. You've got to pay for child care. You have to have transportation. You have to have a place to live. You have to pay your medical expenses, plus all those unforeseen surprises life provides.

So $4,000 in the Pell grant just doesn't begin to provide an opportunity for our students to complete their education. We see it over and over again. And we have a fifty-seven percent retention rate. Much lower than UT-Pan American. You have your Pell grant. You're an honor student. All of a sudden your grandmother becomes ill. You have to drop out of school because there's no one to provide care, or you have the only car in the family. Even a modest additional $1,000 a year would make a substantial difference in these students being able to complete their college education.

In closing I just have one quote I want to share with you. This is from Steve Murdoch, who is the demographer for the State of Texas. And the State of Texas, the Coordinating Board Higher Ed Plan of Closing the Gaps is calling for another 300,000 students to come into higher ed by 2015, sixty percent of which will be beginning in the community colleges. And Dr. Murdoch says, "If all ethnic groups in Texas had the same educational attainment and earnings as white non-Hispanics the total personal income in the State would be $44 billion higher and the State would realize an estimated $16 billion in additional tax revenue." You know at the State level, at the Federal level that will go a long way to increasing funding for HSIs, Pell grants, TRIO and Title V. Thank you for the opportunity.

Chairman HOEKSTRA. Thank you.

[The prepared statement of Dr. Reed follows:]

Statement of Shirley Reed PhD, President, South Texas Community College

As the founding President of South Texas Community College, I welcome the opportunity to share with you the challenges and needs before South Texas Community College as a Hispanic Serving Institution.

South Texas Community College (STCC) was created on September 1, 1993, by Texas Senate Bill 251 to serve Hidalgo and Starr counties, which are located in deep South Texas along the U.S.–Mexico border region. It is the only community college in Texas to have been legislatively established because of the compelling need for a comprehensive community college to serve the over 600,000 residents of the region, with over ninety-six percent (96%) being Hispanic and who previously did not have access to such an institution.

STCC began as an institution with 10 certificate programs and less than 1,000 students. An enrollment of 1,000 students in 1993 has increased to over 15,000 in Fall 2003 with 81 degree and certificate program options available to its students.

South Texas Community College serves the over 623,000 residents of its districts, with over ninety-six percent (96%) of the population being Hispanic and a student population who are 96% Hispanic, which parallels the ethnic distribution of the counties served by the College.

South Texas Community College's two-county district of Hidalgo and Starr counties had unemployment rates of 24.1% and 40.3%, respectively, in 1993. Since the creation of STCC, unemployment has dropped significantly to 12.7% and 21.7% in Hidalgo and Starr counties. The future employment market related to industrial growth in McAllen/Reynosa will be dependent upon the ability of STCC to develop a highly skilled workforce that is specifically trained to meet the needs of businesses and industries relocating to deep South Texas.

STCC has become a model throughout the state for providing access to higher education to Hispanic students who have had limited opportunities to pursue higher education. These are achieving and successful Hispanic students as measured by job placement, graduation rate, transfer success and employer satisfaction.

South Texas Community College is strategically located on one of the world's most dynamic borders dividing an industrial power and a developing one. The local, predominantly Hispanic, workforce is being faced with many challenges as well as opportunities. The local workforce simply has not had the opportunity to develop the skill levels necessary to assume the new employment opportunities readily becoming available in the community. South Texas Community College is the primary provider of workforce development for deep South Texas and must address the challenge of preparing the Hispanic workforce for an economically competitive deep South Texas, state of Texas as well as the United States.

By way of background information, the Texas Higher Education report: Closing the Gaps by 2015, the strategic plan prepared by the Texas Higher Education Coordinating Board, has recognized the need to expand access to an additional 500,000 new higher education students by 2015 and to increase the degree completion rate by fifty percent (50%). Of these students, 60% or 300,000 will be attending community colleges and 50% or 150,000 of these new students will be Hispanic. Hispanic enrollment in the state of Texas increased by over 40,000 students since 2002, according to a report released by the Texas Higher Education Coordinating Board. Most of the state's increase in Hispanic enrollment came from South Texas, along the Mexican border and around the Houston area. Two-year colleges, including South Texas Community College, were responsible for 58% of the increase in Hispanic student enrollment.

The Texas Higher Education report Closing the Gaps by 2015 states:

> "Currently, Texas is profiting from a diverse, vibrant and growing economy. Yet, this prosperity could turn to crisis if steps are not taken quickly to ensure an educated workforce for the future."
>
> "A large gap exits among racial/ethnic groups in both enrollment and graduation from the state's colleges and universities. Groups with the lowest enrollment and graduation rates will constitute a larger proportion of the Texas population. If the gap is not closed, Texas will have proportionately fewer college graduates."
>
> "Hispanic enrollment must continue to increase statewide by 22,000 students each year through 2005 to be on track with the Higher Education Coordinating Board's goal of strong college enrollment among all ethnic groups by 2015. The recent enrollment trends put Hispanics at 35% of the state's goal to have 340,000 Hispanics enrolled in Texas colleges by 2015."
>
> "By 2008, Texas will become a minority-majority state. Hispanics will account for more than forty percent (40%) of the state's population."
>
> Steve Murdock, the state of Texas demographer, indicates; "If Texas does not close its education racial gap, the average state of Texas household in 2040 will be about $6,500 a year poorer than in 2000. By then, the poverty rate among family households could increase by three percent." Increased levels of enrollment for Hispanics are critical for their own betterment and the future of the state of Texas as well."

The State–by–State Report Card for Higher Education, prepared by the National Center for Public Policy and Higher Education, has reported the performance gaps in the Texas higher education system. These gaps include the following:

- Thirty-nine percent (39%) of white non–Hispanic 18 to 24 year olds enroll in college as compared to twenty-two percent (22%) for all other races.
- Thirty-three percent (33%) of white non–Hispanic 25 to 65 year olds have a bachelor's degree, compared to fourteen percent (14%) for all other races.

This same report put the higher education performance gaps in financial perspective and stated, "If all ethnic groups in Texas had the same educational attainment and earnings as white non- Hispanics, total personal income in the state would be $44 billion higher, and the state would realize an estimated $16 billion in additional tax revenues." Increased opportunities must be provided for Hispanic students to achieve the same educational attainment level as white non–Hispanic students.

The Texas Workforce Commission has projected a 17.6% job growth rate over the next ten years for the state of Texas and a 16.6% job growth rate for this region of deep South Texas. Unless new initiatives are implemented to prepare the competitive workforce, the job growth rate will not be achieved, opportunities will be lost and there will be a long-term social and economic price to be paid. In order for the region of deep South Texas to close the substantial economic and educational gaps, significant workforce development investments must be made to prepare the Hispanic workforce and to build the workforce training infrastructure that will be necessary to continue attracting industry to the region.

The Texas Border Infrastructure Coalition reported in its Legislative Recommendations for the 78th Legislative session of the Texas Legislature, "Less than thirteen percent (13%) of the two million border residents have a college degree."

This disturbing statistic depicting the low educational attainment levels of deep South Texas has kept the region from preparing the competitive workforce necessary to attract new business and industries to deep South Texas and that provide "living wages" for their employees.

The Hispanic Outlook in Higher Education, March 2003 edition, contained a telling article, "Baccalaureate Access through Two–Year Colleges," which addressed the disparities affecting Hispanics. Thirty percent (30%) of white non–Hispanic adults have attained the baccalaureate degree by the age of 24, while only seven percent (7%) of Hispanics have done so. The biggest single reason cited for the difference in the baccalaureate degree completion rate is that the majority of minority students who attend post-secondary education initially enroll in public community colleges and do not transfer to complete the baccalaureate degree. For the citizens of deep South Texas, there is much more than the digital divide, the place between having access to computers and being shut out of cyberspace. The people of deep South Texas have experienced a great degree divide, a lack of access to a community college education and a baccalaureate degree for Hispanics who are seeking preparation in specific workplace skills and professional preparation.

The Rio Grande Valley, along the U.S.–Mexico border, is key to making Texas competitive in a global economy and companies are relocating to deep South Texas on an ongoing basis; however, they are recruiting professionals from other parts of the country to take these new jobs. The Hispanic potential workforce from deep South Texas has the talent and initiative to excel in these new job opportunities; however, they lack the diploma and adequate workforce preparation. Access to a college degree would ensure them not only a valued employment opportunity but also a complete change in their lives impacting generations to come. The increased and new employment opportunities in deep South Texas are now requiring high skill technical workers with certified skills at the community college and four year baccalaureate degree level. Hispanic Serving Institutions are the front line institutions that must respond to this need.

There is a strong connection between workforce development and economic development in the counties STCC serves. Business and industry function as an economic engine by providing employment opportunities for the community and by investing in a region that has been previously underserved. South Texas has been slowly transforming from an agricultural area to an area driven by agribusiness and has been experiencing an increase in the business sector and an increase in the number of industrial plants which relocate to the area on a monthly basis. These new trends continue to create opportunities for STCC graduates, challenges for the business and industry sector, and many direct and indirect benefits to the community.

Preparing Hispanic students to be competitive in the workforce offers profound economic and social benefits to the region. This is affirmed by the key role STCC has played in decreasing the unemployment level in deep South Texas by almost fifty percent (50%) and it has been achieved by working collaboratively with the Economic Development Corporations in the area to serve the needs of the communities within the STCC service area.

Community colleges currently comprise 53% of all HSIs. Community colleges also enroll 62% of all the Hispanic students in American higher education while only enrolling about 44% of all the students. In the fall of 2001, community colleges had Hispanic student enrollments of over 11 million students, including both credit and non-credit students.

As the nation's youngest and largest ethnic population, Hispanic Americans will have a dramatic impact on this nation's economic success and security. Hispanics are the backbone of the American workforce. They currently account for one of every three new workers and are projected to provide one of every two by 2025. Much greater investment in Hispanic higher education is required to supply the number and quality of highly skilled workers demanded by our high technology and knowledge-driven economy. Yet, the country's more than 200 HSIs, which serve the most undereducated and underserved racial/ethnic population in America, continue to receive half the federal funding per student on average compared to all other degree-granting institutions. This inequity will prove catastrophic in the coming years, especially with an expected 50 percent increase in the number of HSIs within the next two decades.

Concerns:

HSI colleges and universities are opposed to a proposal to create a new category of "for-profit" Hispanic–Serving Institutions (HSIs). This is a proposal that would immediately dilute already inadequate Title V federal funding for HSIs by dramatically increasing the numbers of HSIs with a new category of institutions not re-

quired to meet the same accountability or accreditation standards as institutions currently meeting the HSI definition.

The existing funding inequity exacerbates the funding crisis by asking an even larger number of institutions to compete for the same, already inadequate pool of Title V funds. The number of "for-profit" institutions that would become eligible to be HSIs under the bill's current "for-profit" component would immediately increase by 107 or more, which is an increase of approximately 33%.

While H.R. 3039 (the "Expanding Opportunities in Higher Education Act of 2003") reauthorizes the HSIs programs, community colleges have two concerns.

- Community colleges emphatically object to the addition of proprietary schools to the program.
- Community colleges also find the legislation's authorization ceiling of $94 million for Fiscal Year 2004 inadequate. In fact, this year's funding will exceed the cap. However, community colleges do approve of the bill's elimination of the two-year "wait-out" period for grantees.

Recommendations to Strengthen and Enhance Programs Designed to Meet the Unique Challenges and Needs of Hispanic Students Through the Reauthorization of the Higher Education Act (HEA):

1. Authorize substantial new federal funding to historically under-funded Hispanic–Serving Institutions (HSIs) and other Minority–Serving Institutions to better address the digital and college degree divide between Hispanic students and other students in higher education.
2. Authorize $50 million under Title II for eligible HSIs to expand teacher education programs of high quality in academic areas of urgent national need.
3. Increase the authorized funding level for HSIs under Title V to $465 million to meet the needs of under funded HSIs and new HSIs emerging within the next five years.
4. Authorize $125 million for a new Part B under Title V for increased and improved graduate education at HSIs and support programs to recruit more Hispanic students to enroll in graduate programs so that community colleges can recruit these individuals as faculty to serve as role models and mentors for Hispanic students.
5. Authorize a program for faculty who have student loans to be "encouraged" to teach in HSIs with a percentage of the student loan forgiven for each year they teach at a HSI.
6. Authorize $50 million for a Technology Enhancement Program that would close the "digital divide" at HSIs. The need for substantial new technology funding is especially critical for HSIs, which serve the country's youngest and largest ethnic population with the least access to technology.
7. Provide funding for increased professional development to better prepare faculty and staff to participate in strategies and initiatives to directly improve the teaching effectiveness of faculty serving the needs of Hispanic students. The curriculum alignment and students" readiness to perform college-level work must be improved if Hispanic students are to achieve the college completion rates of other student groups.
8. Provide funding for increased linkages to the public schools in order to develop stronger ties between HSIs and public schools. Outreach efforts are needed to support the needs of first generation college students, to encourage Hispanic students to pursue higher education, and to smooth the transition from secondary to higher education.
9. Provide funds to support Developmental Studies programs to help the almost 50% of Hispanic students who are not ready for college develop the basic academic skills necessary to be successful in college. Many students in HSIs are first-generation college students; many are under-prepared and need supportive services to help them be successful.

On behalf of the 15,284 Hispanic students served by South Texas Community College, I thank you for the opportunity to present the challenges before and the needs of our Hispanic student population. Let me restate a quote included in my testimony:

> "If all ethnic groups in Texas had the same educational attainment and earnings as white non- Hispanics, total personal income in the state would be $44 billion higher, and the state would realize an estimated $16 billion in additional tax revenues."

Source: State-by–State Report Card, National Center for Public Policy on Higher Education

I urge you to put an end to the inequity in funding of programs, services, and access to higher education to the millions of very talented and most deserving His-

panic students who rightfully deserve the opportunities available to others in the United States. Thank you.

Chairman HOEKSTRA. Ms. de la Garza.

STATEMENT OF ARIANA DE LA GARZA, STUDENT REPRESENTATIVE, UNIVERSITY OF TEXAS-PAN AMERICAN

Ms. DE LA GARZA. Good morning. I am grateful for the opportunity to present my testimony before the Subcommittee on Select Education. I am a senior in the physician's assistant program here in the university, the University of Texas-Pan American and I'll be graduating in May 2004.

I am from a migrant farm worker family and I have had many opportunities to participate in programs which have helped me to be successful in my postsecondary education. What I would like to concentrate on today is the challenges that many migrant and Hispanic students face when attending a college or university and to make recommendations on how you may be able to continue to support them in achieving their academic goals.

First of all, I know that many migrant students leave the Valley during the summer months to work and lose touch with the financial aid and admissions officer. Because of this it is important for them to have programs focused on keeping in touch with them and reminding them of university and financial aid deadlines. The program that I know which does this the best is the College Assistance Migrant Program. I hope that as you consider the reauthorization of the higher education act you will continue to fund programs like CAMP which support migrant students.

Second, Hispanic students need more programs which give them a strong step into college. I hope that you will continue to fund programs like GEAR-UP and the TRIO programs, Education Talent Search, Upper Bound program, Upper Bound math and science and Student Support Services, which currently provides support to low-income and first generation college bound students.

Third, many Hispanic students, migrant in particular, come from a low income family—families where the parents do not have accurate information about financial aid. If students don't get financial aid they probably are not attending college full time. I hope that you will continue to fund personnel who can assist both Hispanic and migrant youth in obtaining financial aid. As I hope that more financial aid information can be presented in Spanish for parents.

Fourth. From what I've seen many students are missing the opportunity to get the full college experience because they cannot afford to live on campus. They're working in order to pay their own bills and to contribute to the family income. When students work too many hours in order to make ends meet this cuts into their study time and consequently they get low grades and lose what financial aid they have. It is an endless cycle, once a student loses they work more hours and drop out of college—or drop down to one or two classes per semester. I hope as Congress looks at Federal financial aid for college students it will take into consideration the benefits associated with living on college campuses and will increase amount that is given to college students who reside in university housing.

Fifth. I think many migrant Hispanic students need role models and mentors to help them be successful in post-secondary education and make them feel connected to the university they are attending. I hope that you will continue to promote and fund mentor programs which match upper level college students with entering freshmen and high school students.

Sixth. I have talked with young female migrant students who have both the financial struggles and the cultural expectations that make it more difficult for them to achieve a baccalaureate degree. In my culture it's harder for a female to move away from home and from your family and travel a great distance to go to college. I hope that you will continue to fund universities like UT-Pan American which are located near large Hispanic populations, so that they will continue to offer quality post-secondary education to young Hispanic females.

Seven. More migrant students are not—some migrant students are not yet legal residents or citizens. These students have attended public school in the United States and have achieved high grades, but then they are held back and discouraged from attending college due to high tuition rates and the inability to receive Federal assistance. I hope that you will support legislation like the DREAM Act, which gives hard working students the opportunity to continue their education.

Thank you for this opportunity to be voice for migrant Hispanic students and to express these concerns and recommendations through my testimony.

Chairman HOEKSTRA. Great. Thank you.

[The prepared statement of Ms. de la Garza follows:]

Statement of Ariana M. de la Garza, Student Representative, University of Texas—Pan American

Good Morning, I am Ariana M. de la Garza. I am a senior in the Physician Assistant Studies Program at the University of Texas–Pan American. As a representative of the students at UT–Pan American, I thank you for the opportunity to present my story and testimony before the Subcommittee on Select Education.

I am from a migrant seasonal farmworker family. My mom and dad are originally from Mexico. My dad has worked as a machinist and seasonal farmworker in order to meet the expenses of our family of four. My dad began to do seasonal farmwork in his late 20's, he has worked in different crops in the Rio Grande Valley and also migrated to West Texas, Florida, Minnesota and Arizona to do seasonal farmwork. When I was in 8th grade, my dad lost his job, so we packed up and migrated to West Texas to hoe cotton. When I was in 9th grade we migrated to Minnesota and hoed sugar beets. During my 10th grade, we went back to West Texas and hoed cotton and peanuts. When we migrated, my whole family worked in the field. Unlike some migrant students, I was fortunate because my parents knew the value of an education, so they made sure that I got back on time for school in the fall. There was only one time, that I had to leave school a little early in the spring, so that we could travel up north.

The living conditions in West Texas were much better than when we migrated to Minnesota. In Minnesota, we lived in a farmer owned trailer camp. The trailers had no toilet, no air conditioning and we had to cleanup in communal showers and use out houses. In West Texas, we rented a wooden house which had sewage and a water air conditioner. Also in Minnesota, we were paid by contract based on the number of rows completed at the end of the day. The rows were a mile long and it was very difficult to at least earn minimum wage. In West Texas we were paid by hour.

During my high school education, I had the opportunity to be part of the Mission Migrant Club. Through the migrant club I had resources and people who provided academic counseling, trips to universities and laptops that we could check out. Through the migrant club, I also had the opportunity to attend a Close–Up Con-

ference in Washington, D.C. My migrant counselor provided valuable information concerning college admissions and financial aid. Through the help of my high school counselor, I also took the opportunity to take some concurrent enrollment classes at UTPA, so that I could get a headstart with college credit.

When I enrolled at UTPA as a full-time student for the Fall 1999 term, I did so with the anticipation of participating in the College Assistance Migrant Program (CAMP). CAMP helped me to get a solid foundation during my first year at UT–Pan American. I attended a five-day CAMP summer orientation which helped me to become more familiar with the UTPA campus. The CAMP staff was honestly interested in my success and in the success of other CAMP students. They provided tutoring, academic advice, financial aid assistance and counseling. The CAMP Center was my home base on campus, I felt comfortable enough to go there, ask questions and get help applying for scholarships. CAMP opened the door for me to stay on campus during my first year. Without CAMP I wouldn't have had the money to live on campus. Living on campus made me feel connected to the university, gave me more access to university resources and led me to a fuller college experience. I had the opportunity to join different student organizations, do community service, and participate in mentoring programs such as ESTRELLA project and UTPA Student Ambassadors. As an ESTRELLA cyber mentor I mentored high school migrant students. The program provided laptops to the students and I would communicate with my mentee via email. I answered her questions, sent important college information and encouraged my mentee to attend college. As a UTPA Student Ambassador, I mentored Freshmen and helped them to have a smoother transition to college and a successful entering Freshman year by involving them in university activities and providing them with important college information. By being a mentor, I took what I learned from CAMP about transitioning into college and shared that with others

As I reflect on my own experience, the experience of other migrant students and the experience of Mexican American students in the Rio Grande Valley, I think that there are many challenges which deter us from succeeding in post-secondary education. A few of those challenges are:

1. Many students migrate during the summer months. During the time that they are migrating, they lose touch with the traditional financial aid and admissions offices. Migrant students need people like the CAMP staff who take special interest in tracking and contacting them while they are out of state. They need a home base to come back to while their family is still up North in the early months of the fall.
2. Hispanic students need more programs which give them a strong step into college. I was lucky because I was able to attend a college enrichment program, Health Careers Opportunity Program (HCOP), during the summer before I started at UTPA. This helped me to learn more about health careers and to be more prepared for college classes. I hope that you will continue to fund summer enrichment programs for Hispanic students and programs like GEAR–UP and TRIO which help Hispanic Students to start preparing for College early.
3. Many Hispanic students (migrants in particular) come from low income families where the parents do not have accurate information about financial aid. I was lucky because my high school migrant counselor and the CAMP staff gave me the information I needed in order to get the Pell Grant. Also, the CAMP staff knew me personally, so they wrote recommendation letters and helped me to apply for scholarships. With their help, I obtained the Gates Millennium Scholarship (which provided the money that I needed to continue to live on campus all four years). Many students and their parents don't get the information that they need and if students don't get financial aid they probably are not attending college full-time. I hope that you will continue to fund personnel who can assist both Hispanic and migrant youth in obtaining financial aid. I also hope that more financial aid information can be presented in Spanish for parents.
4. When students live at home, they are often expected to contribute to the family income; they often don't have access to computers; and they aren't able to get the full college experience. In the Rio Grande Valley, transportation is a big issue, there is not a well-developed transportation system. Students miss classes because they "don't have a ride". Its an endless cycle, when students work too many hours in order to make ends meet and consequently do not have the time to study, they get low grades and lose what financial aid they have. Once a student loses financial aid, they either drop out of college or their course load drops down to one or two classes per semester. I hope that as Congress looks at federal financial aid for college students it will take into consideration the

benefits associated with living on college campuses and will increase the amount that is given to college students who reside in university housing.

5. Migrant and Hispanic students need role models and mentors to help them be successful in post-secondary education and make them feel connected to the university they are attending. During the time that I was in CAMP, I became a cyber-mentor through the ESTRELLA project. This gave me the opportunity to pass on the information that I learned from the CAMP staff to high school migrant students. I also became a UTPA Ambassador and mentored entering Freshmen. Both of these experiences taught me leadership skills and gave me the opportunity to give back to my community. I hope that you will continue to promote and fund mentor programs which match upper level college students with entering freshmen and high school students.
6. Young female migrant students have both the financial struggles and the cultural expectations that make it more difficult to achieve a baccalaureate degree. In my culture, it's harder for a female to move away from the family and travel a great distance to go to college. I hope that you will continue to fund universities like UT–Pan American which are located near large Hispanic populations, so that they will continue to offer quality post-secondary education to young Hispanic women.
7. Some migrant students are not yet legal residents or citizens. These students are long time residents of the United States. They have attended public school in the United States and have achieved high grades, but then they are held back from attending college due to high tuition rates. They are unable to receive the Pell Grant or participate in federal programs like CAMP. It's sad because students who have such potential to be successful in our society are discouraged because they don't have the money for college. I hope that you will support legislation like the DREAM Act which gives hardworking students the opportunity to continue their education.

In May 2004, I will be graduating from the Physician Assistant Studies Program. When I become a certified and licensed physician assistant, I would like to practice in the Rio Grande Valley. As a bilingual health care provider I will be able to provide quality care to my community. Having a migrant background, I will also be able to understand the needs and struggles of migrant families that reside in the Rio Grande Valley.

Finally, as you consider the reauthorization of the Higher Education Act, I hope that you will continue to fund programs like the College Assistance Migrant Program which support migrant students.

I am grateful for this opportunity to be a voice for migrant and Hispanic students and to express these concerns and recommendations through my testimony.

Chairman HOEKSTRA. I've got a question for you.

Ms. DE LA GARZA. Yes.

Chairman HOEKSTRA. In our family we'd always get together Sunday morning after church for coffee. So my brother is there and my sister was there. It was a few years ago that we were—What triggered this was your comment about, you know, living on campus. And I've got two kids in college right now, but at that time my brother had two in college. One of them was married and the—the one made the choice to go to a State college to live at home and to work, so they pretty much—she was covering all of her cost. And the other one had made the decision to go to a private liberal arts college, not to work and to live on campus so that she would be able to fully experience life on campus. And so we were having coffee and she says, you know, you're not giving me enough financial aid. And we kind of had the discussion. And I said, that's interesting because I'm not giving it to you, I'm the conduit in that it's coming through the Federal Government, but it happens to be your brother who is paying for your financial aid because they're working, contributing to their family or the amount of money that they can support for college. So actually he's paying so that you don't have to work. And that's just the kind of tradeoff.

Those are the tough issues I'm sure that you've dealt with on the committee is how do you structure financial aid to be fair to the taxpayer and to the student and to the various student groups who—and different students who make different decisions which have significant financial ramifications. I don't know if there's a question there or not. But, you know, it is the difficulty that the two of us have and with our colleagues in Washington in designing a fair system. So do you live on campus now?

Ms. DE LA GARZA. Yes, I do.

Chairman HOEKSTRA. OK. And do you receive financial aid? What financial aid do you receive?

Ms. DE LA GARZA. I receive the Pell grant. I also receive Texas grant. And I'm under a scholarship called Gates Millennium scholarship which cover the rest of my expenses.

Chairman HOEKSTRA. All right, the programs that you talked about, TRIO, GEAR-UP and those types of things, did you participate in those programs?

Ms. DE LA GARZA. I participated in the CAMP program, College Assistance Migrant Program during the year 1999-2000. That is my entering freshman year. And because I had the opportunity to live on campus I was able to participate in school and be more active and give back to my community.

Chairman HOEKSTRA. Sure.

Ms. DE LA GARZA. They provided me with the housing—the money for housing my first year, my entering freshman year.

Chairman HOEKSTRA. Yeah. With the kids that you graduated with from school—I mean for those who decided not to pursue their education what were the major issues that they said, you know, I'm not going to go? Was it a lack of interest? A lack of culture in the family of kids going on to higher ed, or the money or—.

Ms. DE LA GARZA. It's a lot of factors. From the people that I've met, friends, it can be because they don't have the money to go. That's a main problem. I think that's the most important concern for the parents. They're thinking about how am I going to be able to support my child when they're in college. And if they're thinking about going to another college, which is not in the area that's even more difficult for them. It can be a factor of not having the information available, not knowing about the different resources that are out there for them, for example, of the scholarships which they can apply their junior and senior year in high school. Or not having the information about financial aid. Many times counselors get very busy. And especially with migrant students what I've noticed is they leave—I was a migrant student myself and sometimes they have to leave early to go and work during the summer and come back later on in the year. And many times migrant students miss opportunity to attend financial aids fairs that the high school provides. And also that's why it's so important to have people that are interested in helping migrant students. People that are interested in keeping in touch with them to let them know about the different deadlines and the different important information out there.

Chairman HOEKSTRA. And as a migrant family how far did you travel from here?

Ms. DE LA GARZA. Minnesota.

Chairman HOEKSTRA. So you'd be gone for three, four, 5 months potentially?

Ms. DE LA GARZA. The whole summer, basically, yeah.

Chairman HOEKSTRA. Well, summer in Minnesota the joke is only 1 week, but—.

Ms. DE LA GARZA. Yeah, it's shorter than that.

Chairman HOEKSTRA. OK. I'd be very interested in getting those reports that you referenced and taking a look at those. You know, I think the statistics that Dr. Reed talked about it is—we're faced with this choice or the consequences of the decisions that we make if we—If we get these young people educated there's a higher probability that they will go into quality jobs. They'll become workers and Mr. Hinojosa and I are excited that when they become workers they become taxpayers and we all benefit. And the flip side is also true, if they don't become—if they don't necessarily get the education even more in the future—I don't know if there's a nice way to say it, but they actually become a drag on society and we all end up bearing the cost.

Ms. GARCIA. May I?

Chairman HOEKSTRA. Yeah.

Ms. GARCIA. When I was a new community college president a hundred years ago, as you observed, I looked around to see who were the best community college presidents in the Nation. And I went to try and meet with them and talk to them and find out what it was that they were doing that was so significant. And I met the president of Miami-Dade University. And I had my little notebook and my pen and I was taking notes and asking him these questions that I thought would tell me what the secret was of being a good community college president. And finally I said what is the most important part of your work? His name is Bob McCabe. And I said, "Dr. McCabe, what is the most important part?" And he says, "Maintaining and ensuring the democracy of our country." And I said, "Excuse me" and put down my pen. And he said, "Well, this is how I see it." He had been president of Miami-Dade when the first Cubans came over. And it fell to him to try and create an ambience at Miami-Dade Community College that would receive that—those Cubans in a way that would engage them in college and then into society. He was in the middle of receiving the Haitians and so he was trying to make his staff trilingual so that they could provide information to the new immigrants. And he said, "I see my job as providing a way for these immigrants, the newest wave of immigrants, whatever they are, to become citizens of this United States. Because I love democracy. And I know that the premise of democracy is founded on is an engaged population. And the moment we lose the majority of us who are engaged civically, through education, invested in the outcome we lose the very essence of our country. And I want to be involved in saving our democracy." And I thought that was the most important lesson that I learned from anyone. That's really what I think you hear of all the border institutions, whether it's on the Canadian border or on the Mexican border, and that is trying to provide that access for students in a very real way as a citizen, as a tax payer, as a voter, et cetera.

One more comment on financial aid. Pell grant used to provide much more of a cost of going to school than it does now. To give you an idea of how much more, if we wanted to return Pell grant to its buying power that it had in the 70's we'd have to increase it for a student to $7,000 per student. Now in addition—that's just per student right now. In addition what we know is that there is this baby boom echo that is being described. That is there's more and more students coming to reach for that same Pell grant money. And so that student that's coming, that baby boom echo, looks more like Ms. de la Garza than it does like the student whose been at that trough before. So not only is Pell going to be strained to try and provide just the buying power it had three decades ago, but it's also going to be further strained in the future unless there's a tremendous amount of focus on increasing that.

Chairman HOEKSTRA. I'm assuming that the $7,000—and that's the number we have too, that is the—that would be if we increased the Pell grants at the rate of inflation, not necessarily higher ed inflation; is that correct?

Ms. GARCIA. That's exactly right, sir.

Chairman HOEKSTRA. And if we put it in at higher ed inflation it might actually even be higher?

Ms. GARCIA. Yes, sir, that's right.

Chairman HOEKSTRA. Yeah, one of the—the other concerns that we have at a Federal level is we typically or quite often we refer to it as maintenance of effort. One of the things that's impacting your institutions is that it doesn't appear that there's maintenance of effort at the State level in that the States are significantly reducing their cost. So part of the reason that folks are asking for the Federal Government to increase is for us to catch up to perhaps the level that we were at before, but also then to make up that—that shortfall that's coming from the States. Is that accurate?

Ms. GARCIA. You may know Professor Duderstat or President Duderstat. He's from—I think it was maybe Indiana. It wasn't Michigan. I'm not sure where. One of those—.

Chairman HOEKSTRA. One of those—.

Ms. GARCIA. —Midwestern States. With names difficult to pronounce because you don't have enough vowels in your—in your name. You think you're at a disadvantage. But he used this term to describe that phenomena of less and less State support. He said, "We used to say we were State supported. We then went to saying we were State assisted. Then we began to say we were State regulated. And now we're State harassed."

Chairman HOEKSTRA. Well, I think that—We had a good discussion last night at dinner. I mean I think the thing that concerns me about some of the proposals affecting tuition is that we'd probably put in a system that wouldn't penalize a school for increasing at twice the rate of inflation if they justified to us how they got there. You know, saying our tax revenues went down, the money we got from the State went down, healthcare went up nineteen percent. And after you filed those thirty or forty pages and we had a bureaucrat in Washington evaluate it and you sat on pins and needles for three and 6 months as to exactly what the result was going to be we'd probably send you back a letter asking for more information. And then we would—but they we'd send you back a letter say-

ing, OK, that's OK. But you again would have utilized some valuable resources in filling out some paperwork that I'm not sure—well I'm positive it would have added no value to the role of your college or university, is—whether it's creating citizens or educating young people or whatever, but would have provided absolutely no value. And I think it would also be interesting if—whether there have been groups and taken a look at all of the mandates that we have imposed on colleges and universities and said, you know, if you streamline some of these things we might—we might not save a lot, but we might save one or 2 percent. And my guess is that each of you in your colleges and universities are doing everything you can to save every penny and every nickel that you can. I don't know if any of you have looked at—We know that at K through 12 the cost of mandates from the State and Federal Government are a significant portion of the burden that these school districts bear. Have you taken a look at all at the Federal level?

Ms. GARCIA. If I may. The University of Texas system took on as an agenda this last—for the last two legislative sessions actually the issue of deregulation and asked all of us as component universities to submit all of those regs at the State level that we thought were cumbersome and produced very little output on the other end. And they've been successful in simply ticking them off and going through—.

Chairman HOEKSTRA. Great.

Ms. GARCIA. And often—I think thirteen or fourteen regs one session and another one—and now a more significant regulation this year to the extent that one of the deregulation proposals that passed the State legislature was keeping indirect costs for universities. That is research indirect costs. Texas was one of the only States in the Nation that was having to return some of that indirect cost for research grants over to the State of Texas. We were not allowed to keep the administrative cost. Providing no incentive for universities to be aggressive in getting more research dollars. And that was accomplished. Now that helps the UT-Austins to the extent of I think $22 million this year. It has not helped the newer, growing institutions who don't have a strong research base, yes. But yes, sir, there was an attempt to do that at the State level. I don't know of one at the—.

Chairman HOEKSTRA. Yeah, we ought to probably take a look at that at the Federal level. I just want to make one other comment and then yield to my colleague. I hope I've not offended anybody as to how I've referred to the Universities in Texas. OK? I sense that it's a—after listening now it's a single system, University of Texas, then delineated by location or some other secondary name?

Ms. GARCIA. A single system. It's the University of Texas system with fifteen components. Some of us are academic, some are medical schools.

Chairman HOEKSTRA. All right, because in Michigan it's different, but we don't have—We have the University of Michigan and then—since I'm a graduate from there, then we have everybody else. But I mean it's not University of Michigan Ann Arbor and then University of Michigan East Lansing. It's kind of like we've got the University of Michigan, we've got Michigan State, we've got Grand Valley, Saginaw Valley and those types of thing. So if I've

offended any of your institutions by how I've referenced or when I said "University of Texas" I thought Austin and the Longhorns. I apologize for any offense I may have caused.

Ms. GARCIA. We're the Scorpions.

Chairman HOEKSTRA. Yeah.

Mr. HINOJOSA. Thank you. Mr. Chairman, I have been listening very intently and taking some of our conversation from last night's events and today's testimony and I can't help but think that we may not have this discussion if we did not have such a large national debt. I first got involved in education by running for and winning a position on the local school board and I thought that I could really make a difference in my community. And then someone urged me to consider going to the Texas State Board of Education and I ran for that position and I won it. And I said now I can really make a difference. And then I was appointed first to the South Texas Community College board and again I told the business community I think I can make a difference and help us move toward a well trained workforce. And now I'm on the college—rather the Committee on Education in Congress where comparing the budget in the local school board with what I work with in Washington, which is in excess of $60 billion for our education budget. I really thought that I could solve a lot of the problems in the region that I represent, but there are some uncontrollable factors that I hadn't expected and that is we have spent so much money as a result of the war on terrorists. We have spent so much money, unexpected amounts on the war in Iraq and now the reconstruction of Iraq. As a result of that our national debt ceiling had to be raised by one more trillion that we can spend because we had already hit that debt ceiling of six trillion and now we have it at seven trillion. And our deficit on the budget I thought had been under control back in 1998 when we balanced the budget and started paying off the national debt, but unexpected things occurred. Certainly can't be controlled by our Chairman, nor by me your congressman. And the interest that we are paying on the national debt will exceed $300 billion a year. Just the interest alone on the national debt. If we had that 300 billion because we had paid off the debt we wouldn't be having this discussion.

Unfortunately the situation is different today and we have to deal with what we have. And so I'm going to move right into some comments and maybe a question or two to Ariana de la Garza. Your testimony has reminded me of the many times that I've heard migrant students tell us about the challenges and what they have done to overcome them and be able to graduate from high school and then go on to do great things getting through college. And you certainly are one of those wonderful role models that will be an example to so many of our students, that they shouldn't be complaining about having it tough to get up eight in the morning and go to school at eight thirty. You all would have to get up at three thirty in the morning and probably be in the fields helping your parents at the crack of dawn.

So I heard you say that what you wanted us to consider doing is to continue to fund programs that have helped you overcome the obstacles. Programs like CAMP. Programs like TRIO. Programs like GEAR-UP. And so as you were talking I remembered also that

2 weeks we brought experts from throughout the country to Washington D.C., the Congressional Hispanic Caucus Institute held a hearing so that we could find out what were the most important concerns throughout the country from west coast to east coast. And they enumerated some twenty or twenty-five concerns.

But the assignment given to each group was to give us and prioritize the top three. And I'm going to share that with you so that you can see how close your testimony reflects what the national leaders in education for the Hispanic community said was important. No. 1 was parental involvement. No. 2 was college affordability. And No. 3 was to help children of immigrant parents with the DREAM Act.

Without going into the details of those concerns the parental involvement is what has made it possible for those of us who are first generation college graduates to get there. Were it not for my father and my mother, Mexican immigrants as children back in the year 1910, we would not have graduated from high school. We would not have gone to college but for them.

So I then go to this college affordability and it seems that that's where we spent the majority of the morning talking about how expensive it is. And parents are saying that the Federal Government should not be seven or 8 percent of the local education agency budget as it is today, that it should be twice that much. That the Federal Government should spend much more money. And the reason they say that is because they see that the State legislatures throughout the country have been cutting down the amount that they—who have the first, biggest responsibility of education, that they're making those cuts. So then they look to the Federal Government to make up that gap. And unfortunately all of my colleagues cannot be here to listen to this wonderful testimony that Congressman Hoekstra and I have heard this morning. But when they read the report I think it will probably be easier for us to be able to include in the Reauthorization Act of Higher Education for this next 5 years some of the ideas and some of the suggestions that this second panel, as well as the first one, have given us.

So having said that I'm going to ask you, Ms. de la Garza, which of those three high priorities that I mentioned; parent involvement, college affordability and DREAM Act, which would you consider to be your highest priority?

Ms. DE LA GARZA. That is a difficult question because all three are important.

Mr. HINOJOSA. OK, that's a good answer, because they go hand-in-glove.

Ms. DE LA GARZA. Right.

Mr. HINOJOSA. If the parents come to the school and if they stay involved they will find ways sometimes to maybe get that extra amount that the Pell grant doesn't cover or some of the other expenses that Dr. Reed and Dr. Garcia pointed out, which can be maybe as much as 8,000 a year versus the 4,000 of the Pell grant.

And of course the DREAM Act is one that I've heard some great speakers talk to us about the courage and the valor of immigrants who have come from other countries in Europe, and Mexico, and South America. Courage because they leave the comfort of home and family to come here, with or without documentation and work

and send back money, remittances to the sending family back home. And so those folks have children here in the United States and those children go on to schools, maybe all the way K-12 or in some cases maybe the last 5 years, and they have the same genes of courage and creativity and how they can help our country. And if given an opportunity to access higher education I think that this kaleidoscope that we have in the United States of different ethnic groups will just keep on getting better and better and help us keep the prosperity that we have enjoyed in this last decade.

So I'm delighted with what you contributed in your thoughts and your ideas and recommendations and we want to thank you for that.

Ms. DE LA GARZA. Thank you for this opportunity.

Mr. HINOJOSA. Dr. Garcia, you're always so eloquent and well informed at the national level because of your participation in so many of these committees and groups that you have been appointed to by Presidents of the United States. And so you give great education to us in this Committee so that we can go back to Washington and possibly get on the house floor or in our Committee and present facts that are real substantive so that we do a better job in the reauthorization of higher ed. And we want to thank you.

Ms. GARCIA. Thank you, sir, for the opportunity.

Mr. HINOJOSA. And Dr. Reed, I compliment you because the challenges that you've had have been awesome with very little money. And maybe you could tell me how is it that you have been able to get the business community and the banking community to collaborate with you and the board of trustees to be able to get us to where we are in the Rio Grande Valley, South Texas, that you serve with the community college? How have you done that?

Dr. REED. The business community recognizes the concept of investing and investing in the development of the workforce. That's the key reason why business and industry has stepped up to support the community college.

Chairman, one of the very first investments we had a company called Parker Seal that manufactured O-rings for engines, left the community, left their building behind. And business and industry went together, acquired that facility for the college, 138,000 square foot facility, and that is now our technology center.

We went to the voters and asked for 98.7 million. They weren't happy. They had to reach deep in their pockets, but they did support it, because they recognized it is an investment. Without preparing the workforce we will continue to attract jobs. And the jobs that we do have now they, too, are at peril to go offshore. And without that high tech workforce we're not going to have the stability in our workforce.

Mr. HINOJOSA. I am going to avoid asking more questions because we have reached noon and I know that the university has plans for lunch for everyone that is participating. And I cannot thank you enough for the wonderful information that you all have shared with us. We thank the people in the audience for your patience and your willingness to join us in this hearing and hope you will join us again this afternoon for the next group that is going to address the Select Education Subcommittee on issues that con-

tinue to be very important to this region. Thank you, Mr. Chairman.

Chairman HOEKSTRA. Thank you, Mr. Hinojosa.

Thank you very much to the panel. It was great having you here. It was very good testimony. Appreciate both of the committees that have been here. And the Subcommittee having no further business the Subcommittee will stand adjourned until the roundtable this afternoon. Thank you very much.

[Whereupon, the Subcommittee was adjourned.]

[Additional material submitted for the record follows:]

Follow–Up Letter Submitted for the Record from Miguel Nevarez

October 16, 2003

The Honorable Peter Hoekstra
Chairman
Subcommittee on Select Education
Committee on Education and the Workforce
U.S. House of Representatives
2181 Rayburn House Office Building
Washington, D.C. 20515–6100

Dear Congressman Hoekstra,

It was a pleasure hosting you and the Committee on our campus last week for Hearings on Hispanic Serving Institutions. During my testimony, you asked several questions that I was unable to provide you, but promised that I would submit to your office.

Enclosed is The University of Texas–Pan American Financial Aid Student Profile. This profile was provided by our Financial Aid Office and provides specific information as to the need of our students, the amount covered by Pell grant and other types of financial assistance. The numbers speak for themselves.

You also requested that I submit some suggestions on how the committee could address the problem of immigrant youth.

Undocumented students attend public schools with the concurrence of the state and federal government, however, when those same students want to attend college, they are then between a rock and a hard place. They are not eligible for financial aid, they are not provided status to attend college as a foreign national, are not permitted to work, and are left with no place to go.

There are several solutions to this problem and all of the solutions need to be debated and addressed by the federal government.

The Supreme Court ruled that legal residency in the United States is not a requirement for enrollment in a K–12 public school. Students, regardless of immigration status, are allowed to attend and graduate from our public schools. If we are going to permit these students to attend and graduate from our public schools, then we need to afford them the same opportunities for a college education. Current law prevents these hardworking students from completing their education.

Federal legislation is now needed so that immigrant students in all states can attend college and work legally upon graduation. These students would then be able to not only maximize their potential but also, begin paying back the investment that was made into their education. Without education or legal status, these students will be condemned to being at the bottom rungs of our economy.

Thank you for the opportunity to provide this additional information.

Sincerely,

Miguel A. Nevarez
President

Colleges	Counties	Median Household	Per Capita Income	Tuition and Fees SCH
		> $40 K	> $20 K	$33
Collin	Collin	$ 70,835	$ 33,345	$ 31
Austin	Travis	$ 46,761	$ 25,883	$ 46
North Harris Montgomery	Montgomery	$ 50,864	$ 24,544	$ 38
Dallas	Dallas	$ 43,324	$ 22,603	$ 26
Tarrant	Tarrant	$ 46,179	$ 22,548	$ 39
Galveston	Galveston	$ 42,419	$ 21,568	$ 29
College of the Mainland	Galveston	$ 42,419	$ 21,568	$ 22
Houston	Harris	$ 42,598	$ 21,435	$ 41
San Jacinto	Harris	$ 42,598	$ 21,435	$ 32
Lee	Harris	$ 42,598	$ 21,435	$ 25
Midland	Midland	$ 39,082	$ 20,369	$ 39
Weatherford	Parker	$ 45,947	$ 20,305	$ 35
Alvin	Brazoria	$ 48,632	$ 20,021	$ 30
Brazosport	Brazoria	$ 48,632	$ 20,021	$ 26
		$ 46,635	**$ 22,649**	**$ 33**
		> $30 K	> $ 15 K	$ 38
Tyler	Smith	$ 37,148	$ 19,072	$ 39
Grayson	Grayson	$ 37,178	$ 18,862	$ 36
Kilgore	Gregg	$ 35,006	$ 18,449	$ 31
Victoria	Victoria	$ 38,732	$ 18,379	$ 33
Alamo	Bexar	$ 38,328	$ 18,363	$ 40
North Central	Cooke	$ 37,649	$ 17,889	$ 34
Trinity Valley	Henderson	$ 32,533	$ 17,772	$ 26
Blinn	Washington	$ 36,760	$ 17,384	$ 46
Texarkana	Bowie	$ 33,001	$ 17,357	$ 31
Frank Phillips	Hutchinson	$ 36,588	$ 17,317	$ 54
Temple	Bell	$ 36,872	$ 17,219	$ 48
Central Texas	Bell	$ 36,872	$ 17,219	$ 32
McLennan	McLennan	$ 33,560	$ 17,174	$ 47
Del Mar	Nueces	$ 35,959	$ 17,036	$ 42
Paris	Lamar	$ 31,609	$ 17,000	$ 42
Vernon	Wilbarger	$ 29,500	$ 16,520	$ 37
Clarendon	Donley	$ 29,006	$ 15,958	$ 39
Angelina	Angelina	$ 33,806	$ 15,876	$ 27
Western Texas -5% Stop	Scurry	$ 31,646	$ 15,871	$ 43
Hill	Hill	$ 31,600	$ 15,514	$ 37
Northeast Texas	Titus	$ 32,452	$ 15,501	$ 41
Panola	Panola	$ 31,909	$ 15,439	$ 37
Wharton	Wharton	$ 32,208	$ 15,388	$ 35
Navarro	Navarro	$ 31,268	$ 15,266	$ 35
Odessa	Ector	$ 31,152	$ 15,031	$ 35
Howard	Howard	$ 30,805	$ 15,027	$ 42
South Plains	Hockley	$ 31,085	$ 15,022	$ 36
		$ 33,860	**$ 16,774**	**$ 38**
		< $30 K	< $ 14 K	$ 46
Amarillo	Potter	$ 29,492	$ 14,947	$ 31
Cisco	Eastland	$ 26,832	$ 14,870	$ 47
Ranger	Eastland	$ 26,832	$ 14,870	$ 42
El Paso	**El Paso**	**$ 31,051**	**$ 13,421**	**$ 49**
Southwest Texas	**Uvalde**	**$ 27,164**	**$ 12,557**	**$ 47**
Texas Southmost	**Cameron**	**$ 26,155**	**$ 10,960**	**$ 72**
Laredo	**Webb**	**$ 28,100**	**$ 10,759**	**$ 38**
Coastal Bend	**Bee**	**$ 28,392**	**$ 10,625**	**$ 39**
South Texas	**Hidalgo**	**$ 24,863**	**$ 9,899**	**$ 53**
		$ 27,653	**$ 12,545**	**$ 46**

BOLD = South Texas & along Rio Grande

Statement of Cornelia M. Ashby, Director, Education, Workforce, and Income Security

DISTANCE EDUCATION–Challenges for Minority Serving Institutions and Implications for Federal Education Policy

Why GAO Did This Study

The Higher Education Act of 1965 gives special recognition to some postsecondary schools—called Minority Serving Institutions—that serve a high percentage of minority students. These and other schools face stiff challenges in keeping pace with technology. One rapidly growing area, distance education, has commanded particular attention and an estimated 1.5 million students have enrolled in at least one distance education course.

In light of this, GAO was asked to provide information on: (1) the use of distance education by Minority Serving Institutions; (2) the challenges Minority Serving Institutions face in obtaining and using technology; (3) GAO's preliminary finding on the role that accrediting agencies play in ensuring the quality of distance education; and (4) GAO's preliminary findings on whether statutory requirements limit federal aid to students involved in distance education.

GAO is currently finalizing the results of its work on (1) the role of accrediting agencies in reviewing distance education programs and (2) federal student financial aid issues related to distance education.

What GAO Found

There are some variations in the use of distance education at Minority Serving Institutions when compared to other schools. While it is difficult to generalize, Minority Serving Institutions offered at least one distance education course at the same rate as other schools. When Minority Serving Institutions offered distance education, they did so to improve access for students who live away from campus and provide convenience to older, working, or married students. Some Minority Serving Institutions do not offer distance education because classroom education best meets the needs of their students. Additionally, schools view the overall use of technology as a critical tool in educating their students and they generally indicated that offering more distance education was a lower priority than using technology to educate their classroom students. The two primary challenges in meeting technology goals cited by these institutions were limitations in funding and inadequate staffing to maintain and operate information technology.

Selected Characteristics of Minority Serving Institutions

	Type of Institution		
Characteristics	**Historically Black Colleges and Universities**	**Hispanic Serving Institutions**	**Tribal Colleges**
Number of schools[a]	102	334	29
Percent of each type of institution			
Public	50	45	100
Private nonprofit	50	23	0
Private for-profit	0	32	0
Average number of students per institution	2,685	5,141	467
Number of students served in 2000-01	274,000	1.7 million	13,500

Source: Department of Education and GAO analysis.

Accrediting agencies have taken steps to ensure the quality of distance education programs, such as developing supplemental guidelines for reviewing these programs. However, GAO found (1) no agreed upon set of standards for holding institutions accountable for student outcomes and (2) differences in how agencies review distance education programs. Finally, several statutory rules limit the amount of federal aid for distance education students. GAO estimates that at least 14 schools are not eligible or could lose their eligibility for federal student financial aid if their distance education programs continue to expand. While the number of schools potentially affected is relatively small in comparison to the more than 6,000 postsecondary institutions in the country, this is an important issue for the nearly 210,000 students who attend these schools. Several factors must be considered before deciding whether to eliminate or modify these rules. They include the cost of implementa-

tion, the extent to which the changes improve access, and the impact that changes would have on Education's ability to prevent schools from fraudulent or abusive practices.

Mr. Chairman and members of the subcommittee:

I am pleased to be here today to discuss issues related to distance education [1] and its implications for federal programs that support postsecondary schools serving a high percentage of minority students and for the federal student financial aid programs that exceeded $60 billion in 2003. For over 100 years, the Congress has recognized that some postsecondary institutions—including the University of Texas Pan–American—have unique roles to play in educating minority students. These schools serve a high proportion of minority students and have special designation under federal law as Minority Serving Institutions. [2] Like other postsecondary institutions, over the last decade, Minority Serving Institutions have faced the challenge of trying to keep pace with the changing face of technology in education. One rapidly growing area—distance education—has commanded particular attention on campuses around the world. In the 1999–2000 school year, an estimated 1.5 million postsecondary students, or about 1 in 13 students, enrolled in at least one distance education course, and the Department of Education (Education) estimates that the number of students involved in distance education has tripled in just 4 years. The Higher Education Act of 1965, as amended, will be reauthorized within the coming year. Among other purposes, the act provides federal support for Minority Serving Institutions through Titles III and V, including support for technological improvements at these schools. Title IV of the act authorizes the federal government to provide grants, loans, and work-study wages for millions of postsecondary students each year; however, there are limits on some financial aid to distance education students.

Given the changes in how education is being offered, you asked us to testify on the following issues: (1) the use of distance education by Minority Serving Institutions compared to non–Minority Serving Institutions; (2) the challenges Minority Serving Institutions face in obtaining and using technology and how Education monitors technological progress at these schools; (3) our preliminary findings on the role that accrediting agencies play in ensuring the quality of distance education programs; and (4) our preliminary findings on whether statutory requirements limit federal student aid for students involved in distance education. In addition to this statement, we are releasing a report today on distance education at Minority Serving Institutions. [3] This report discusses many of these issues in more detail. We will issue a second report in December 2003 on accrediting agencies and statutory and regulatory issues related to distance education.

Our statement is based on responses to distinct surveys developed and sent to Historically Black Colleges and Universities, Hispanic Serving Institutions, and Tribal Colleges; data on distance education produced by Education; [4] analysis of Education databases; [5] visits to seven accrediting agencies responsible for reviewing two-thirds of all distance education programs; and interviews with Education officials, accreditors, and officials of schools with substantial distance education programs. We performed our work between October 2002 and September 2003 in accordance with generally accepted government auditing standards.

In summary:

- There are some variations in the use of distance education at Minority Serving Institutions and other schools. While it is difficult to generalize across Minority Serving Institutions, Minority Serving Institutions tend to offer at least one distance education course at the same rate as other schools, but they differ in how many courses are offered and which students take the courses. Like other schools, larger Minority Serving Institutions tend to offer more distance education than smaller schools and public schools tend to offer more distance education than private schools. However, Historically Black Colleges and Univer-

[1] The Higher Education Act of 1965, as amended, defines distance education as an educational process in which the student is separated in time or place from the instructor (20 U.S.C. 1093(h)).

[2] The three main types of Minority Serving Institutions are Historically Black Colleges and Universities, Tribal Colleges, and Hispanic Serving Institutions. Other types of Minority Serving Institutions include Alaska Native and Native Hawaiian serving institutions.

[3] U.S. General Accounting Office, Distance Education: More Data Could Improve Education's Ability to Track Technology at Minority Serving Institutions, GAO–03–900 (Washington, D.C.: Sept. 12, 2003).

[4] U.S. Department of Education, Distance Education at Degree–Granting Postsecondary Education Institutions: 2000–2001 (Washington, D.C.: July 2003).

[5] We analyzed Education's National Postsecondary Student Aid Study and the Integrated Postsecondary Educational Data System (IPEDS).

sities and Tribal Colleges generally offered fewer classes, and a smaller percentage of minority students at Historically Black Colleges and Universities take such courses. When Minority Serving Institutions offered distance education, they did so to (1) improve access to courses for some students who live away from campus and (2) provide convenience to older, working, or married students. By design, some Minority Serving Institutions indicated that they do not offer distance education because they prefer classroom education to best meet the needs of their students.

- Minority Serving Institutions, like other schools, face stiff challenges in keeping pace with the rapid changes and opportunities presented by information technology. Minority Serving Institutions view the use of technology as a critical tool in educating their students and they generally indicated that offering more distance education was a lower priority than using technology to educate their classroom students. For example, all three types of institutions reported that their highest priority was providing more training for faculty in the use of information technology as a teaching method. Other priorities included improving network infrastructure, increasing the use of technology in classrooms, and guaranteeing that all students have access to a computer. More than four out of five Minority Serving Institutions indicated that they expect to have difficulties in meeting their goals related to technology. The two primary challenges cited by Minority Serving Institutions were (1) limitations in funding and (2) inadequate staffing to maintain and operate information technology. With respect to how Education monitors technological improvements at Minority Serving Institutions, we found that Education could develop better data to improve their ability to track technological improvements at Minority Serving Institutions. Specifically, we found that progress could be made by collecting more complete data on technology improvements across the three major types of Minority Serving Institutions and by developing baseline data to measure progress on the technological capacity at Minority Serving Institutions.
- Based on our ongoing work, we have preliminary findings on the role that accrediting agencies play in ensuring the quality of distance education programs and information on certain statutory requirements that limit federal financial aid to distance education students. Uncertainty about the quality of distance education programs has turned attention toward what accrediting agencies do to ensure the quality of distance education programs. Our preliminary analysis shows that while accrediting agencies have taken steps to ensure the quality of distance education programs, such as developing supplemental guidelines for reviewing distance education programs, there are two areas that potentially could merit further attention. First, there is no agreed upon set of standards that accrediting agencies use in holding postsecondary institutions accountable for student outcomes. Second, there are differences in their procedures for reviewing distance education programs—for example, some agencies require institutions to demonstrate comparability between distance education programs and campus-based programs, while others do not.
- Finally, also based on our preliminary work, we found that several statutory rules—designed to prevent fraud and abuse in distance education—limit federal aid for distance education students. We estimate that at least 14 schools are not eligible or could lose their eligibility for participation in the federal student financial aid programs if their distance education programs continue to expand. While the number of schools potentially affected is relatively small in comparison to the more than 6,000 postsecondary institutions in the country, this is an important issue for the nearly 210,000 students who attend these schools. Deciding whether to eliminate or modify these rules involves consideration of several other factors, including the cost of implementation, the extent to which the changes improve access to postsecondary schools, and the impact that changes would have on Education's ability to prevent institutions from fraudulent or abusive practices.

We are currently finalizing the results of our work on (1) the role of accrediting agencies in reviewing distance education programs and (2) federal student financial aid issues related to distance education. A report on these issues will be available in December 2003.

Background

Minority Serving Institutions vary in size and scope but generally serve a high percentage of minority students, many of whom are financially disadvantaged. In the 2000–01 school year, 465 schools, or about 7 percent of postsecondary institu-

tions in the United States,[6] served about 35 percent of all Black, American Indian, and Hispanic students. Table 1 briefly compares the three main types of Minority Serving Institutions in terms of their number, type, and size.

Table 1: Selected Characteristics of Minority Serving Institutions

	Type of Institution		
Characteristics	**Historically Black Colleges and Universities**	**Hispanic Serving Institutions**	**Tribal Colleges**
Number of schools[a]	102	334	29
Percent of each type of institution			
Public	50	45	100
Private nonprofit	50	23	0
Private for-profit	0	32	0
Average number of students per institution	2,685	5,141	467
Number of students served in 2000-01	274,000	1.7 million	13,500

Source: Department of Education and GAO analysis of IPEDS for the 2000-01 school year.

[a]This figure represents the number of schools eligible for the federal student aid programs in the 2000-01 school year based on our analysis of IPEDS.

The Higher Education Act of 1965, as amended, provides specific federal support for Minority Serving Institutions through Titles III and V. These provisions authorize grants for augmenting the limited resources that many Minority Serving Institutions have for funding their academic programs. In 2002, grants funded under these two titles provided over $300 million for Historically Black Colleges and Universities, Hispanic Serving Institutions, and Tribal Colleges to improve their academic quality, institutional management, and fiscal stability. Technology is one of the many purposes to which these grants can be applied, both inside the classroom and, in the form of distance education, outside the classroom.

Technology is changing how institutions educate their students, and Minority Serving Institutions, like other schools, are grappling with how best to adapt. Through such methods as E-mail, chat rooms, and direct instructional delivery via the Internet, technology can enhance students" ability to learn any time, any place, rather than be bound by time or place in the classroom or in the library. For Minority Serving Institutions, the importance of technology takes on an additional dimension in that available research indicates their students may arrive with less prior access to technology, such as computers and the Internet, than their counterparts in other schools.[7] These students may need considerable exposure to technology to be fully equipped with job-related skills.

The growth of distance education has added a new dimension to evaluating the quality of postsecondary education programs. Federal statutes recognize accrediting agencies[8] as the gatekeepers of postsecondary education quality. To be eligible for the federal student aid program, a school must be periodically reviewed and accredited by such an agency. Education, in turn, is responsible for recognizing an accrediting agency as a reliable authority on quality. While the accreditation process applies to both distance education and campus-based instruction, many accreditation practices focus on the traditional means of providing campus-based education, such as the adequacy of classroom facilities or recruiting and admission practices. These measures can be more difficult to apply to distance education when students are not on campus or may not interact with faculty in person. In this new environment, postsecondary education officials are increasingly recommending that outcomes—

[6]These include institutions in U.S. territories, such as Puerto Rico, that are authorized to distribute federal student financial aid.

[7]The Web–Based Education Commission, The Power of the Internet for Learning: Moving from Promise to Practice (Washington D.C.: December 2000).

[8]Education defines an accrediting agency as a legal entity, or that part of a legal entity, that conducts accrediting activities through voluntary, nonfederal peer review and makes decisions concerning the accreditation or preaccreditation status of institutions, programs, or both.

such as course completion rates or success in written communication—be incorporated as appropriate into assessments of distance education.

The emphasis on student outcomes has occurred against a backdrop of the federal government, state governments, and the business community asking for additional information on what students are learning for the tens of billions of taxpayer dollars that support postsecondary institutions each year. While there is general recognition that the United States has one of the best postsecondary systems in the world, this call for greater accountability has occurred because of low completion rates among low-income students (only 6 percent earn a bachelors degree or higher), perceptions that the overall 6-year institutional graduation rate (about 52 percent) at 4-year schools and the completion rate at 2-year schools (about 33 percent) are low, and a skills gap in problem solving, communications, and analytical thinking between what students are taught and what employers need in the 21st Century workplace.

For the most part, students taking distance education courses can qualify for financial aid in the same way as students taking traditional courses.[9] As the largest provider of student financial aid to postsecondary students, the federal government has a substantial interest in distance education. Under Title IV of the Higher Education Act of 1965, as amended, the federal government provides grants, loans, and work-study wages for millions of students each year. There are limits, however, on the use of federal student aid at schools with large distance education offerings. Concerns about the quality of some correspondence courses more than a decade ago led the Congress, as a way of controlling fraud and abuse in federal student aid programs, to impose restrictions on the extent to which schools could offer distance education and still qualify to participate in federal student aid programs. The rapid growth of distance education and emerging delivery modes, such as Internet-based classes, have led to questions about whether these restrictions are still needed and how the restrictions might affect students" access to federal aid programs. Distance education's effect on helping students complete their courses of study is still largely unknown. Although there is some anecdotal evidence that distance education can help students complete their programs or graduate from college, school officials that we spoke to did not identify any studies that evaluated the extent to which distance education has improved completion or graduation rates.

Distance Education Use Varies between Minority Serving Institutions and Other Schools, with Some Minority Serving Institutions Choosing Not to Offer Any Distance Education

There are some variations in the use of distance education at Minority Serving Institutions and other schools. While it is difficult to generalize across the Minority Serving Institutions, the available data indicate that Minority Serving Institutions tend to offer at least one distance education course at the same rate as other schools, but they differ in how many courses are offered and which students take the courses. Overall, the percentage of schools offering at least one distance education course in the 2002–03 school year was 56 percent for Historically Black Colleges and Universities, 63 percent for Hispanic Serving Institutions, and 63 percent for Tribal Colleges, based on data from our surveys of Minority Serving Institutions. Similarly, 56 percent of 2- and 4-year schools across the country offered at least one distance education course in the 2000–01 school year, according to a separate survey conducted by Education.[10] Minority Serving Institutions also tended to mirror other schools in that larger schools were more likely to offer distance education than smaller schools, and public schools were more likely to offer distance education than private schools. Tribal Colleges were an exception; all of them were small, but the percentage of schools offering distance education courses was relatively high compared to other smaller schools. The greater use of distance education among Tribal Colleges may reflect their need to serve students who often live in remote areas.

In two respects, however, the use of distance education at Minority Serving Institutions differed from other schools. First, of those institutions offering at least one distance education course, Historically Black Colleges and Universities and Tribal Colleges generally offered fewer distance education courses—a characteristic that may reflect the smaller size of these two types of institutions compared to other

[9] Students who took their entire program through distance education courses received an estimated $763 million in federal student aid in the1999–2000 school year. Students who took at least one distance education course may have also received federal student aid; however, the data sources used by National Postsecondary Student Aid Study do not distinguish aid awarded for distance education courses and traditional classroom courses.

[10] The data from our survey and survey conducted by Education are not completely comparable because they cover two different time periods. Education's survey covered the 2000–01 school year while our survey covered the 2002–03 school year.

schools.[11] Second, to the extent that data are available, minority students at Historically Black Colleges and Universities and Hispanic Serving Institutions participate in distance education to a somewhat lower degree than other students. For example, in the 1999–2000 school year, fewer undergraduates at Historically Black Colleges and Universities took distance education courses than students at non–Minority Serving Institutions—6 percent v. 8.4 percent of undergraduates—a condition that may reflect the fact that these schools offer fewer distance education courses. Also, at Hispanic Serving Institutions, Hispanic students had lower rates of participation in distance education than non–Hispanic students attending these schools. These differences were statistically significant.

We found that Minority Serving Institutions offered distance education courses[12] for two main reasons: (1) they improve access to courses for some students who live away from campus and (2) they provide convenience to older, working, or married students. The following examples illustrate these conditions.

- Northwest Indian College, a Tribal College in Bellingham, Washington, has over 10 percent of its 600 students involved in distance education. It offers distance education by videoconference equipment or correspondence. The College offers over 20 distance education courses, such as mathematics and English to students at seven remote locations in Washington and Idaho. According to College officials, distance education technology is essential because it provides access to educational opportunities for students who live away from campus. For example, some students taking distance education courses live hundreds of miles from the College in locations such as the Nez Perce Reservation in Idaho and the Makah Reservation in Neah Bay, Washington. According to school officials, students involved in distance education tend to be older with dependents, and therefore, find it difficult to take courses outside of their community. Also, one official noted that staying within the tribal community is valued and distance education allows members of tribes to stay close to their community and still obtain skills or a degree.
- The University of the Incarnate Word is a private nonprofit Hispanic Serving Institution with an enrollment of about 6,900 students. The school, located in San Antonio, Texas, offers on-line degree and certificate programs, including degrees in business, nursing, and information technology. About 2,400 students are enrolled in the school's distance education program. The school's on-line programs are directed at nontraditional students (students who are 24 years old or older), many of whom are Hispanic. In general, the ideal candidates for the on-line program are older students, working adults, or adult learners who have been out of high school for 5 or more years, according to the Provost and the Director of Instructional Technology.

Not all schools wanted to offer distance education, however, and we found that almost half of Historically Black Colleges and Universities and Hispanic Serving Institutions[13] did not offer any distance education because they preferred to teach their students in the classroom rather than through distance education.[14] Here are examples from 2 schools that prefer teaching their students in the classroom rather than by the use of distance education.

- Howard University, an Historically Black University in Washington, D.C., with about 10,000 students, has substantial information technology; however, it prefers to use the technology in teaching undergraduates on campus rather than through developing and offering distance education. The University has state-of-the-art hardware and software, such as wireless access to the school's network; a digital auditorium; and a 24-hour-a-day Technology Center, which support and enhance the academic achievement for its students. Despite its technological capabilities, the University does not offer distance education courses to undergraduates and has no plans to do so. According to the Dean of Scholarships and Financial Aid, the University prefers teaching undergraduates in the classroom because more self-discipline is needed when taking distance education courses. Also, many undergraduates benefit from the support provided by students and faculty in a classroom setting.

---

[11] Historically Black Colleges and Universities and Tribal Colleges are generally smaller in size than postsecondary institutions overall. The average Hispanic Serving Institution, however, was more than two times larger than the average postsecondary institution in 2000.

[12] The two most common modes of delivering distance education for Minority Serving Institutions were (1) on-line courses using a computer and (2) live courses transmitted via videoconference.

[13] Forty-four percent of Historically Black Colleges and Universities, 37 percent of Hispanic Serving Institutions, and 39 percent of Tribal Colleges did not offer any distance education.

[14] Conversely, only 10 percent of Tribal Colleges that are not involved in distance education indicated that classroom education best meets the needs of their students.

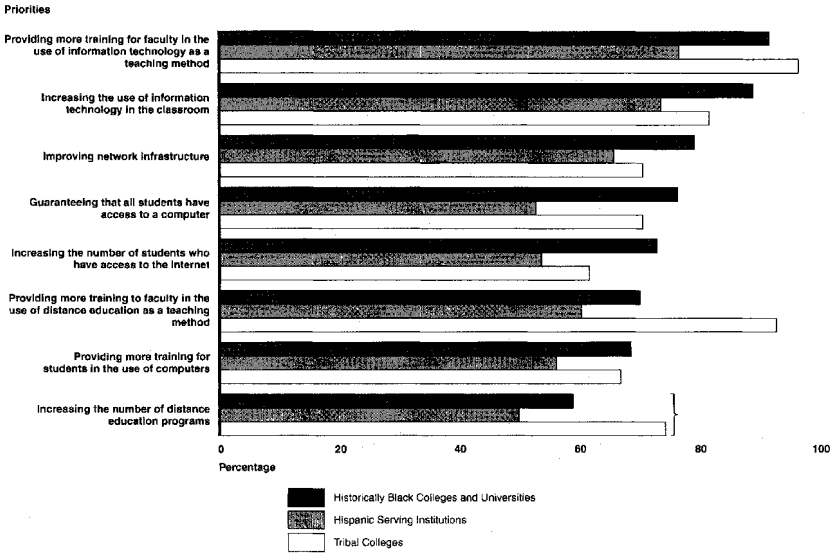
- Robert Morris College is a private nonprofit Hispanic Serving Institution located in Chicago, Illinois, that offers bachelor degrees in business, computer technology, and health sciences. About 25 percent of its 6,200 undergraduates are Hispanic. Although the College has one computer for every 4 students, it does not offer distance education courses and has no plans to do so. School officials believe that classroom education best meets the needs of its students because of the personal interaction that occurs in a classroom setting.

Among Minority Serving Institutions that do not offer distance education, over 50 percent would like to offer distance education in the future, but indicated that they have limited resources with which to do so. About half of Historically Black Colleges and Universities and Hispanic Serving Institutions that do not offer distance education indicated that they do not have the necessary technology including students with access to computers at their residences for distance education. A higher percentage of Tribal Colleges (67 percent) cited limitations in technology as a reason why they do not offer distance education. Technological limitations are twofold for Tribal Colleges. The first, and more obvious limitation is a lack of resources to purchase and develop needed technologies. The second is that due to the remote location of some campuses, needed technological infrastructure is not there'that is, schools may be limited to the technology of the surrounding communities. All 10 Tribal Colleges that did not offer distance education indicated that improvements in technology, such as videoconference equipment and network infrastructure with greater speed, would be helpful.

Minority Serving Institutions Face Sizable Challenges in Using Technology, Including Distance Education, and Education's Efforts to Monitor Technology Could Be Improved

Minority Serving Institutions, like other schools, face stiff challenges in keeping pace with the rapid changes and opportunities presented by information technology and Education could improve how technological progress is monitored. Minority Serving Institutions view the use of technology as a critical tool in educating their students. With respect to their overall technology goals, Minority Serving Institutions viewed using technology in the classroom as a higher priority than offering distance education. (See fig. 1.) Other priorities included improving network infrastructure and providing more training for faculty in the use of information technology as a teaching method.

Figure 1: Distance Education Generally Ranks Lower in Relation to Other Technology Goals



Source: GAO's Minority Serving Institution survey.

Minority Serving Institutions indicated that they expect to have difficulties in meeting their goals related to technology. Eighty-seven percent of Tribal Colleges, 83 percent of Historically Black Colleges and Universities, and 82 percent of His-

panic Serving Institutions cited limitations in funding as a primary reason for why they may not achieve their technology-related goals. For example, the Southwest Indian Polytechnic Institute in Albuquerque, New Mexico, serves about 670 students and it uses distance education to provide courses for an associates degree in early childhood development to about 100 students. The school uses two-way satellite communication and transmits the courses to 11 remote locations. According to a technology specialist at the school, this form of distance education is expensive compared to other methods. As an alternative, the Institute would like to establish two-way teleconferencing capability and Internet access at the off-site locations as a means of expanding educational opportunities. However, officials told us that they have no means to fund this alternative.

About half of the schools also noted that they might experience difficulty in meeting their goals because they did not have enough staff to operate and maintain information technology and to help faculty apply technology. For example, officials at Dine College, a Tribal College on the Navajo Reservation, told us they have not been able to fill a systems analyst position for the last 3 years. School officials cited their remote location and the fact that they are offering relatively low pay as problems in attracting employees that have skills in operating and maintaining technology equipment.

Having a systematic approach to expanding technology on campuses is an important step toward improving technology at postsecondary schools. About 75 percent of Historically Black Colleges and Universities, 70 percent of Hispanic Serving Institutions, and 48 percent of Tribal Colleges had completed a strategic plan for expanding their technology infrastructure. Fewer schools had completed a financial plan for funding technology improvements. About half of Historically Black Colleges and Universities and Hispanic Serving Institutions, and 19 percent of Tribal Colleges have a financial plan for expanding their information technology.

Studies by other organizations describe challenges faced by Minority Serving Institutions in expanding their technology infrastructure. For example, an October 2000 study by Booz, Allen, and Hamilton determined that historically or predominantly Black colleges identified challenges in funding, strategic planning, and keeping equipment up to date. An October 2000 report by the Department of Commerce found that most Historically Black Colleges and Universities have access to computing resources, such as high-speed Internet capabilities, but individual student access to campus networks is seriously deficient due to, among other things, lack of student ownership of computers or lack of access from campus dormitories. An April 2003 Senate Report noted that only one Tribal College has funding for high-speed Internet.

Education has made progress in monitoring the technological progress of Minority Serving Institutions; however, its efforts could be improved in two ways. First, more complete data on how Historically Black Colleges and Universities and Tribal Colleges use Title III funds for improving technology on campus, and thus, the education of students, would help inform program managers and policymakers about progress that has been made and opportunities for improvement. Education's tracking system appears to include sufficient information on technology at Hispanic Serving Institutions. Second, although Education has set a goal of improving technology capacity at Minority Serving Institutions, it has not yet developed a baseline against which progress can be measured. If Education is to be successful in measuring progress in this area, it may need to take a more proactive role in modifying existing research efforts to include information on the extent to which technology is available at schools.

Committee hearings such as this, reinforce the importance of effective monitoring and good data collection efforts. As the Congress considers the status of programs that aid Minority Serving Institutions, or examines creating new programs[15] for improving technology capacity at these institutions, it will be important that agencies adequately track how students benefit from expenditures of substantial federal funds. Without improved data collection efforts, programs are at risk of granting funds that may not benefit students.

---

[15] In April 2003, the Senate passed S. 196, Minority Serving Institution Digital and Wireless Technology Opportunity Act of 2003 to strengthen technology infrastructure at Minority Serving Institutions. If enacted, this statute would create a new grant program at the National Science Foundation for funding technology improvements at institutions that serve a high percentage of minority students.

Accrediting Agencies Have Made Progress in Ensuring the Quality of Distance Education Programs; However, Two Areas May Merit Attention

Accrediting agencies have made progress in ensuring the quality of distance education programs. For example, they have developed supplemental guidelines for evaluating distance education programs and they have placed additional emphasis on evaluating student outcomes. Additionally, the Council on Higher Education Accreditation—an organization that represents accrediting agencies—has issued guidance and several issue papers on evaluating the quality of distance education programs. Furthermore, some accrediting agencies have called attention to the need for greater consistency in their procedures because distance education allows students to enroll in programs from anywhere in the country. While progress has been made, our preliminary work has identified two areas that may potentially merit attention.

- While accrediting agencies have made progress in reviewing the quality of distance education programs, there is no agreed upon set of standards for holding schools accountable for student outcomes. In terms of progress made, for example, the Council on Higher Education Accreditation has issued guidance on reviewing distance education programs. In addition, some agencies have endorsed supplemental guidelines for distance education and four of the seven agencies have revised their standards to place greater emphasis on student learning outcomes. Not withstanding the progress that has been made, we found that agencies have no agreed upon set of standards for holding institutions accountable for student outcomes. Our preliminary work shows that one strategy for ensuring accountability is to make information on student achievement and attainment available to the public, according to Education. The Council on Higher Education Accreditation and some accrediting agencies are considering ways to do this, such as making program and institutional data available to the public; however, few if any of the agencies we reviewed currently have standards that require institutions to disclose such information to the public.
- The second issue involves variations in agency procedures for reviewing the quality of distance education. For example, agency procedures for reviewing distance education differ from one another in the degree to which agencies require institutions to have measures that allow them to compare their distance learning courses with their campus-based courses. Five agencies require institutions to demonstrate comparability between distance education programs and campus-based programs. For example, one agency requires that "the institution evaluate the educational effectiveness of its distance education programs (including assessments of student learning outcomes, student retention, and student satisfaction) to ensure comparability to campus-based programs." The two other agencies do not explicitly require such comparisons.

Certain Statutory Requirements Limiting Federal Aid to Students Involved in Distance Education May Cause Some Students to Lose Eligibility for Such Aid

Finally, we found that if some statutory requirements—requirements that were designed to prevent fraud and abuse in distance education—remain as they are, increasing numbers of students will lose eligibility for the federal student aid programs. Our preliminary work shows that 9 schools that are participating in Education's Distance Education Demonstration Program[16] collectively represent about 200,000 students whose eligibility for financial aid could be adversely affected without changes to the 50 percent rule—a statutory requirement that limits aid to students who attend institutions that have 50 percent or more of their students or courses involved in distance education. As part of the demonstration program, 7 of the 9 schools received waivers from Education to the 50 percent rule so that their students can continue to receive federal financial aid. We identified 5 additional schools representing another 8,500 students that are subject to, or may be subject to, the rule in the near future if their distance education programs continue to expand. These 5 schools have not received waivers from Education.

While the number of schools currently affected is small in comparison to the over 6,000 postsecondary schools in the country, this is an important issue for more than 200,000 students who attend these schools. In deciding whether to eliminate or modify these rules, the Congress and the Administration will need to ensure that changes to federal student aid statutes and regulations do not increase the chances of fraud, waste, and abuse to federal student financial aid programs.

---

[16] The Congress created the demonstration program in the 1998 amendments to the Higher Education Act to study and test possible solutions to federal student aid issues related to distance education. The program has authority to grant waivers on certain statutory or regulatory requirements related to distance education and the federal student financial aid programs.

Mr. Chairman, this concludes my testimony. I will be happy to respond to any questions you or other members of the Subcommittee might have.

Statement of Sylvia Reyna Hatton, Ph.D., Executive Director, Region One Education Service Center

Introduction

There are two significant descriptors that characterize Hispanics in the United States: rapidly growing numbers and a history of educational disadvantage. In South Texas as in other parts of this country, Hispanics constitute a majority of the public school students. The future, however, is much brighter for these young people enrolled in public schools today across this country. Decades of research, serious dialogue and coordinated support from local, state and national sources have resulted in the intentional focus of meeting the needs of all learners. Teachers, administrators and staff working collaboratively with parents, communities and universities are better equipped today for dealing with the challenges of serving a population of learners from diverse linguistic, cultural and economic backgrounds. Great strides have been made and must be maintained in order to insure the future economic prosperity and leadership vitality of this great country.

Funding for Hispanic Serving Institutions (HSIs) has empowered our institutions of higher education to act creatively in responding to the needs of Hispanic students, particularly those from low socioeconomic backgrounds. From its inception to the present, HSIs have made significant contributions to the educational literature regarding strategies that work in increasing the number and quality of Hispanic graduates from higher education. Yet, more remains to be accomplished. The success models created through this funding initiative must be expanded to include the Kindergarten through 12 grades system of education (K–12). The K–12 system of public education must embrace a K–16 philosophy of education if we are to significantly increase the number of Hispanic students, particularly low-income students, who are academically prepared to pursue and complete a higher education degree.

Our failure to acknowledge the changing demographics and to accommodate the changes in population will be to the detriment of our country's economy. The Hispanic population is the fastest growing group in the United States, and Hispanics are youngest of all racial and ethnic groups. Special attention to this population is merited and I believe that HSIs are the appropriate vehicle to address this critical area. HSIs have the structure and the resources necessary to respond to this critical need. These institutions have talented and knowledgeable staff, reside in high Hispanic communities, already have established relationships with the public school districts and have community and business networks that support new and innovative strategies.

The K–12 public school system has likewise invested local, state, and federal resources targeted on this particular group of young students. Our goals in public education are to improve the high school graduation rates and the successful transition into higher education for all of our students. Region One Education Service Center (ESC), the state education agency for which I work, has been blessed with several state, foundation and federal grants aimed at supporting the goals stated above within our service area. Today, I would like to share with you one such project, because I believe that it best represents the type of initiative that should be blended into HSIs in the future. It can make a difference for significant numbers of low income and Hispanic students. But first, I would like to share with this distinguished panel some background about Region One ESC in order to establish a rationale for the K–16 philosophy I propose and to provide the background for the initiative I am here to support.

Background

Region One Education Service Center (ESC), one of twenty regional service centers established in Texas to provide a variety of school-related services to designated school districts, has enjoyed a thirty-five year history dedicated to service to a primarily economically and educationally disadvantaged student population. The Region One ESC is uniquely positioned in southernmost area of Texas situated on the US/Mexico border and has the responsibility of serving thirty-eight (38) school districts, 15 charter schools and 1 juvenile detention facility that includes 330,000 students and over 26,000 education professionals on 472 campuses spread over a seven county area. This predominantly rural education community is considered one of the most economically depressed areas in the United States. Census data from 2000 lists the population for this area as 1.2 million people, larger that the state of Rhode

Island, with land area equal to the size of Maryland and reports the majority (85%) of the population classified as Hispanic.

Statistics for this region would seem grim to many people. The poverty rate for the general population is 36.5%, but is even higher (45%) among school-aged children. The unemployment rate is 13%, two-thirds (66%) of the adult population has less than a high school education, compared to 25% in the U.S.; and less than 8% have a college degree compared to 20% in the US. Additionally, the Region One ESC area serves as home base for over 43% of the migrant students in Texas public schools.

Demographics

Region One Education Service Center

Counties Served	7
Economically Depressed Counties	7
Total Square Miles	9,662
Total Population (2000 Census Report)	1,188,979
School Districts Served	38
Charter Schools Served	15
Other Educational Institutions	1
Total Enrollment (ISD's)	329,751
Spanish Surname Enrollment	317,026
Migrant Students	63,040*
Immigrant Students	17,032
Economically Disadvantaged Students	278,040
Limited English Proficient (LEP)	126,470
Education Professionals	26,415
LEA Elementary Campuses	283
LEA Middle School/Intermediate/Jr. High Campuses	.85
LEA High School Campuses	64
Total Campuses	432
Private Schools Being Served	15
Senior Colleges	3
Two Year Colleges	3
Graduate Schools	3
Technical Institutes	2

Source: October 2002 PEIMS Statistics

** New Generation System (as of August 2003)*

Yet, Region One ESC has been able to address the challenges/barriers to student success through a continued commitment to collaborate and network with various educational entities to provide equitable accessible education for all students. Region One ESC has developed a close relationship with the schools, parents, business and community leaders in the region, working in a targeted way to identify the needs of the schools through a comprehensive network of Regional Advisory Councils. Superintendents, university administrators, and business and community leaders serve on Advisory Councils to the Executive Director, Curriculum Directors from each district form the Curriculum Council with the Associate Executive Director for Instruction, and teacher representatives from each campus meet with Education Specialists to form the Teacher Advisory Councils. These networks of representatives at each level meet monthly to address areas of educational need and to develop action plans toward improved student performance. The Region One ESC also has a close working relationship with area Institutions of Higher Education, including South Texas Community College, Texas A & M University Kingsville, Texas State Technical College, University of Texas at Brownsville, and University of Texas Pan

American. Region One ESC also works closely with employers, community and business leaders to plan and prepare for the future.

This successful network is just one of the many initiatives at Region One ESC that has captured the respect and recognition of educational entities at the local, state, and national level. Examples of national collaborations include recent partnerships with The Smithsonian Institute in Washington, D.C. in the creation of culturally sensitive curriculum, and a new partnership between the Region One ESC GEAR UP Partnership and the National Hispanic Institute in the provision of targeted camps in the area of leadership for students in the project.

Through its various partnerships, and with financial support from the local, state, and federal foundations and government levels, Region One ESC has been able to share, sustain, and develop academic initiatives that support the core belief that all students, regardless of their personal backgrounds, are entitled to have equitable access to a quality education. The overarching goal of all regional initiatives is to improve the education levels of youth in our communities to insure a higher quality of life for all of our citizens. To this end, while no other region in Texas matches our student demographics, the Region One ESC student performance results on the state mandated assessment program, have historically exceeded the state average performance for every group: White, Hispanic, African–American, Economically Disadvantaged and Migrant.

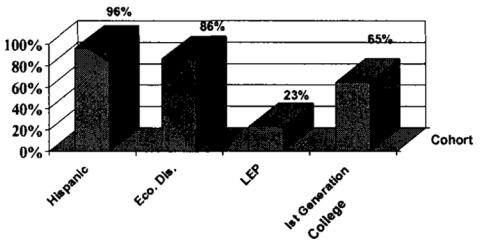
These results do not happen by accident. In this region, great strides have been made in teacher preparation and development, curriculum and instruction enhancements, strengthening of parental involvement and expansion of effective assessment and accountability processes. We have discovered strategies that work; but we have also discovered that it requires fiscal resources and policy support to achieve good outcomes. One example of an initiative that has proven hugely successful is a federally funded innovative program entitled GEAR UP (Gaining Early Awareness and Readiness for Undergraduate Programs).

During the 1999–2000 academic year, Region One ESC was awarded a federal grant to implement strategies aimed at improving the high school graduation and college participation rates of students in 25 middle schools. Currently in its fifth year of implementation, the GEAR UP: Right Choices for Youth project has instituted a variety of strategies and activities to insure student success in accomplishing that goal stated above. This project also offers us a model that can be replicated through HSIs to bring to fruition a K–16 service model to the benefit of many Hispanic and low income clients

GEAR UP: Right Choices for Youth

Our institutional core beliefs and established cohesive network of the Region One ESC provide a rich foundation for the GEAR UP: Right Choices for Youth Partnership, an initiative funded by the U.S. Department of Education. The GEAR UP partnership, funded at $3.4 million yearly for a five year period, includes local universities, community organizations, twenty-five middle schools and twenty-three high schools. The 6,140 targeted students in this partnership are 96% Hispanic, 86% economically disadvantaged, 23% Limited English Proficient, and 68.7% At–Risk collectively (see Table 1). At least 65% of the cohort students are potential first generation to attend college. This is a significant statistic in this project and provides the underlying basis for providing campus-wide interventions. Without the services provided by the Region One GEAR UP project, many of these students will not receive the information or the guidance needed to adequately prepare for post-secondary enrollment. Thus, it becomes imperative that GEAR UP and like initiatives be funded at the federal level to create and sustain a cohesive K-16 pipeline for students who might otherwise not have the requisite information or opportunity to participate in the pre-collegiate and collegiate experience.

Table 1: Region One GEAR UP Cohort Student Demographics



Total Cohort includes 6,140 Students

The Region One ESC GEAR UP: Right Choices for Youth Partnership, implemented in coordination with existing early intervention programs, establishes a structure to deliver services through three major components: mentoring/tutoring, counseling/outreach, and support services. The project began by restructuring the delivery of services at the middle school during the 1999–2000 school year. As cohort students completed the 7th and 8th grade year of middle school, the project helped their middle schools establish an awareness and focus for post-secondary preparation. Cohort students participated in targeted activities such as tutoring, mentoring, and a student Advisory component that provided activities to engage students in developing instrumental knowledge about college and academic skills such homework tips and study skills. Student Advisory was a new concept introduced at the cohort campuses by the GEAR UP project using a curriculum specifically developed by the project. These initiatives continue to be successful and have become part of the middle school culture even after the cohort students have progressed to high school.

The 2002–03 school year was the fourth year of implementation and GEAR UP students have completed their first year in high school. The GEAR UP project has continued by restructuring the high school curriculum and by restructuring the delivery of services to increase the academic performance of low-income students, enabling them to make the "right choices" early to pursue a recommended course of study for post-secondary education.

A targeted focus for services at cohort high schools has been to align the math and English curricula to provide a rigorous preparation for advanced courses. Campus stakeholders have, through this partnership, intentionally examined the ability of their campus to provide quality, equitable Advanced Placement courses through the use of the Advanced Placement Capacity Assessment Tool (APCAT). Curricula have been strengthened toward this end through the provision of curriculum tools and staff development connected with the College Board Pacesetter English, and Think Five Calculus. The partnership has also supported students toward continued college awareness and preparation through a high school Advisory Curriculum, Covey's Student Achievement Workshop, and customized student planners, college visits, summer residential college experiences, and job shadowing.

An integral part of the GEAR UP intervention is including parents in activities as partners in their children's educational success. All cohort high schools have an outreach component in which parents are invited to meetings and given information through brochures, "platicas" (chats), and activities on the requirements for their children to attend college. Among the topics broached in these meetings are the role of Advanced Placement courses as prerequisites for college attendance, graduation requirements, college enrollment requirements, and the financial aid process. Additionally, parents have accompanied students on college visits to learn first hand about the college campus. The project focus has been to provide parents with as many first hand experiences and as much information as possible to support their children through the college preparatory process.

Framework & Guiding Assumptions

The Region One GEAR UP: Right Choices for Youth Partnership operates under the leadership of project director Tina Atkins and four lead education specialists, Elsie De Leon, Elva Garcia, Sylvia Leal, and Sara Whitaker, at the regional level who lead interventions to support the project goals. A core belief among this leadership team is that it is possible to affect every child, teacher, parent and administrator touched by this partnership, and that the actions undertaken by this team

matter and have tremendous impact. Region One GEAR UP: Right Choices for Youth operates under the following guiding assumptions:

- All students can learn, and we can significantly impact that learning,
- All students must have equitable access to high quality education,
- All students must have equitable access to a college preparatory curriculum,
- Students that falter need direction, support, and opportunities, and the school environment must accommodate this need,
- Parents and educators inherently want to help students succeed, and given proper access to appropriate information will make good decisions regarding children's futures,
- Implementation of new strategies require time and support, and that on-going development requires systemic approaches.

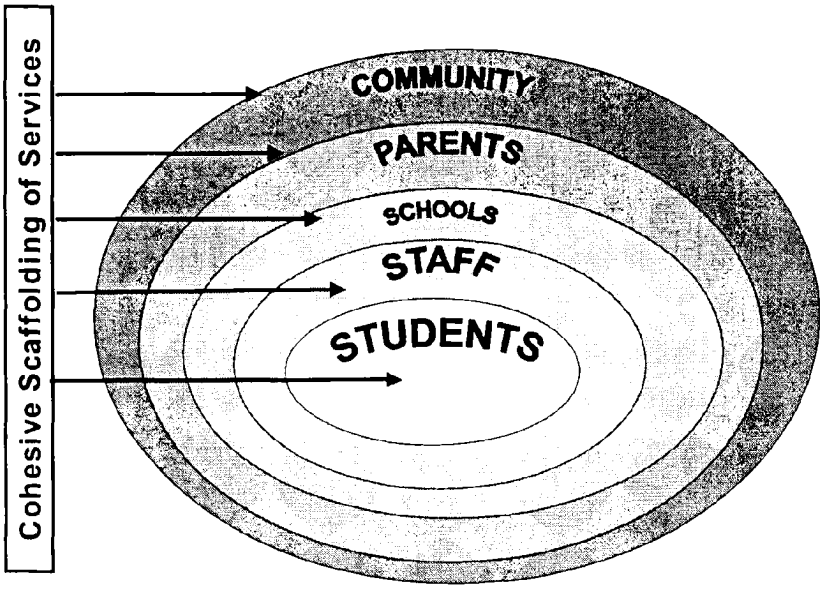
These student-centered guiding assumptions are at the core foundation of each intervention provided. Interventions provided are at many different levels, with schools, parents, teachers, and communities working in a collaborative manner to ensure the best for every child. This cohesive network is best described through a circular student-centered model that provides a rationale for several interventions implemented simultaneously to support the desired outcome (see Figure 1).

The model illustrates the fact that:

- students need and merit interventions to improve academic performance,
- educators need to implement best practices that will impact students academic performance,
- parents need to be knowledgeable of key information that empowers them to support their children, and
- the community must be aware of educational endeavors.

Activities are embedded in each component, creating a web of services that together support overall project goals.

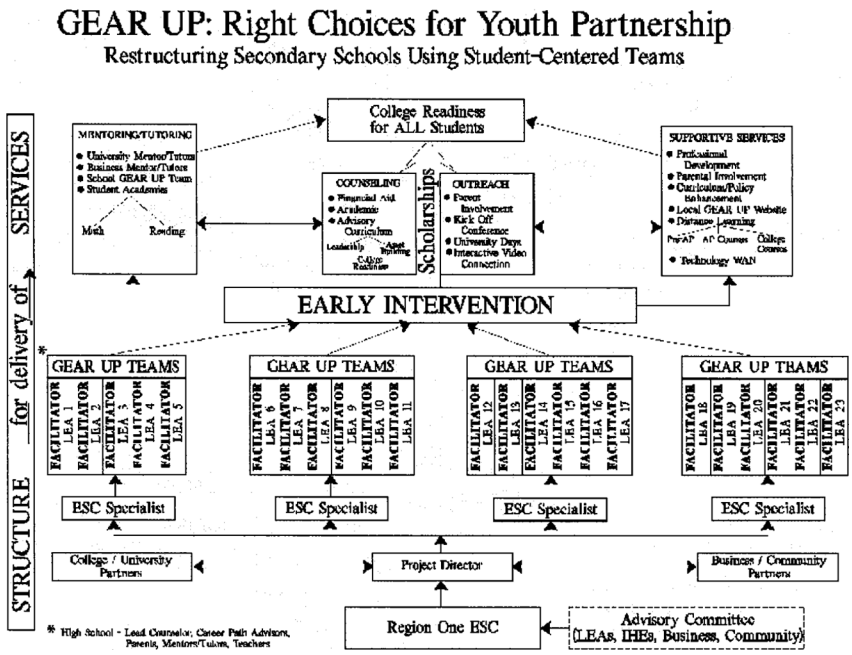
Figure 1: Student-Centered Model of Cohesive Services



A vital element to this support system is the GEAR UP facilitator, funded by the project and assigned at each campus site. This position created through GEAR UP, provides the backbone needed to integrate, implement and ultimately sustain efforts to restructure the high school's delivery of services. These facilitators have fully processed the meaning of the guiding assumptions and manifest them through careful and strategic implementation of each intervention customizing them to specific

campus needs. These facilitators work closely with the campus administration in support of project goals and initiatives. While these positions were intended to be temporary catalyst for change, many principals have found these facilitators invaluable in providing a renewed focus on college preparatory initiatives. These facilitators play an active role in offering teachers, students, and parents the support needed to increase student academic performance toward creating a pathway to post-secondary education. Campus-based activities they perform include meeting with classroom teachers to support curriculum, monitoring student academic progress, coordinating university visits, recruiting and monitoring tutoring and mentoring activities, and coordinating parent meetings and activities.

Figure 2



The GEAR UP project has developed an elaborate set of educational interventions that rely heavily on an intricate web of partnerships all contributing resources to all 23 high schools. These interventions may be categorized into the following seven areas:

- Breaking Barriers to Advanced Placement Success
- College Preparatory English Curriculum for All
- Empowering Students for Academic Success
- Exploring Options: High School Today, College Tomorrow
- Parent Involvement: Creating a Path of Student Achievement
- Creating a Web of Communication
- Linking Students, Parents, and Teachers to the Information Highway

Currently, the Region One Education Service Center GEAR UP Partnership serves 6140 high risk, minority, and economically disadvantaged students from 23 schools in 23 school districts along the southernmost Texas–Mexico border. Students within this partnership moved from the middle school setting into their Sophomore year of high school. GEAR UP campus based facilitators followed students into this new setting, providing ongoing support and services to the children, their parents, teachers, and schools.

Salient features of the partnership include:

- cohesive, ongoing initiatives that are intentionally linked and scaffolded from activity to activity, year to year, as opposed to one time, isolated experiences;
- Initiatives designed to systemically reform the participating schools, creating a sustainable framework for future success, as opposed to commercially available software and materials that are only available as long as funding lasts; and

- research-based policies, practices and activities designed to supplement and compliment existing school and community structures, as opposed to initiatives that operate in isolation of existing practices and structures.

Services for the partnership are classified into three major components: Mentoring/Tutoring, Counseling/Outreach, and Supportive Services. Each component has specific initiatives designed to provide a sustainable, cohesive network of support to students, parents and educators.

Results

The initial three years of service to students focused upon college and career awareness, while at the same time intentionally providing rigorous, content-based professional development academies to teachers in the areas of mathematics, science, language arts, and social studies. This past year, while these efforts continued, a definite and narrow focus occurred in the areas of English Language Arts, Mathematics, and Technology.

Through Region One GEAR UP's innovative partnership with The College Board, seventeen of twenty-three high schools radically altered their English Language Arts program by implementing the Pacesetter curriculum tool with all of their GEAR UP students, with the intent of providing a rigorous, direct pipeline for these pupils into Advanced Placement English coursework. After this very positive first year of implementation, all of these schools plus five of the remaining six schools have indicated their wish to participate in this initiative with 10th graders in 2003–2004. Region One Pacesetter teachers participated in challenging, year-long professional development with monthly teacher to teacher study groups that occurred via videoconferencing across district lines. GEAR UP English teachers also had the opportunity to participate in videoconferencing to address "Curriculum Conversations" with the Director of English Language Arts from the Texas Education Agency, learning about new curriculum and assessment standards implemented in the State of Texas.

In a second unique collaboration, Region One GEAR UP partnered with the Charles A. Dana Center at the University of Texas at Austin to provide campus administrators and teachers at 21 of 23 campuses with assessment tools to investigate the individual campus capacity to provide Advanced Placement coursework to upcoming GEAR UP students. These campuses were charged with creating action plans toward equitable, rigorous and accessible AP programming. Additionally, through this partnership, vertical mathematics teams were trained to provide aligned, challenging math pathways toward success. Professional development efforts began with Calculus teachers in anticipation of increased participation in Calculus by GEAR UP students. These teachers formed a network with the Dana Center via videoconferencing to discuss areas of common concern in the area of mathematics. GEAR UP staff met with Algebra I teachers to identify needs, and as a result of this effort, a specific Algebra/Geometry initiative is currently in the planning stages with Region One and the Dana Center.

Technology played an integral part in the delivery of GEAR UP services in 2002–2003, providing students with heretofore-unavailable mentoring services via videoconferencing technology provided through the partnership. Over 1,775 Region One GEAR UP students participated in these sessions, linking mentors with multiple schools to provide students the opportunity to interact with college students and career professionals to investigate education and career options. Students linked with both local mentors and mentors from over 1,000 miles away. Approximately 757 teachers also participated in ongoing videoconference curriculum networking sessions between and among districts. Over 15,000 people visited the Region One GEAR UP webpage. Approximately 5,000 GEAR UP students explored colleges and careers, and completed surveys via this site this year. Teachers received supplemental services to Pacesetter, and parents gained information about GEAR UP through a bilingual site designed specifically for them.

For the first time ever at the high school level, freshmen participated in Advisory lessons at least one hour a week, with the majority of the schools placing a specific, daily, 20 minute Advisory period or providing a semester-long class on the schedule. Students continued to use GEAR UP planners daily, and they participated in a myriad of activities, including face-to-face mentoring, university visits and conferences, tutoring by college and university students, and residential university-based academic and leadership camps. Parents participated in regional conferences and in campus and community-based sessions to learn about college and financial aid options, recommended paths of high school study, and student learning needs.

Spring 2002 data reflected that the number of Region One GEAR UP students passing state mandated Texas Assessment of Academic Skills (TAAS) increased by 34% in Reading and by 28% in Mathematics. This increase occurred despite the fact

that the TAAS underwent a legislatively required change in the past two years as the State curriculum framework and assessment shifted in a significantly more rigorous direction.

New partnerships were formed with Texas A&M Kingsville, Texas A&M College Station, and the National Hispanic Institute, all of whom provided residential academic summer camps for over 600 Region One GEAR UP students on university campuses. This is in addition to multiple camps that occurred last summer at local college and university campuses in the areas of engineering, music, health science, leadership, pre-law, and robotics. For the third year in a row, community partner KRGV TV5, the Rio Grande Valley's ABC affiliate broadcast "GEAR UP" features, providing the Rio Grande Valley community with a weekly look at the GEAR UP story, and Region One GEAR UP entered into an agreement with SureScore, Inc. to provide online college preparatory services to partnership campuses which will remain with those campuses at no cost after funding ends.

The interventions and services offered through the Region One ESC GEAR UP Partnership would not be possible without funding provided at the federal level. Students, especially those students who are first generation college-bound, students of color, and students of poverty, must have a direct, discrete pipeline through the K–12 educational system into college. This system must include components that give students the instrumental knowledge necessary to enter college, the academic background to succeed in college, and the financial resources to make post-secondary education a possibility. GEAR UP, and like programs, therefore become a necessary requisite toward this end.

Conclusion

Hispanic Serving Institutions (HSIs) must continue to have access to the fiscal resources required to recruit, prepare and support the growing numbers of Hispanic students entering our public schools today. The success of these students has a direct relationship with the success of our nation. This is not the time to short change HSIs, but rather to create new strategies and innovations targeted at improving the education levels of this rapidly growing demographic group. This is the time to invest in proven strategies and to create new avenues for serving our Hispanic youth. Further, the interventions must begin much earlier in their lives. Successful participation in higher education requires dedicated and focused attention to a rigorous academic course of study. Students while in middle school and high school must be engaged in an advanced curriculum. Supplemental proven strategies /activities, including more time for learning, personal counseling, mentoring, parent engagement and early exposure to higher education must be provided. Particularly, youngsters from low-income backgrounds require these types of direct assistance and support. The earlier the intervention begins, the greater the success potential for our Hispanic youth. Embracing a K–16 service philosophy for HSI funding initiatives will enable to yield better outcomes in the future. The beneficiaries will be our citizens, our communities and our country.

Statement of Christine Johnson, Ph.D., President, Community College of Denver

Thank you, Chairman Hoekstra, Representative Hinojosa and other distinguished members of the House Subcommittee on Select Education, for allowing me to testify on behalf of our nation's Hispanic–Serving Institutions at this important hearing on the higher education needs of our country's youngest and largest ethnic population. I applaud your leadership in bringing this national field hearing to a region of the country with a predominantly Hispanic population to address the aspirations of a population that will so profoundly impact our nation's future economic success and security.

Certainly, our nation's Hispanic–Serving Institutions, or HSIs, will play a critical role in shaping that future in serving the largest concentrations of Hispanic higher education students in the country. Our two-year HSIs have a particularly compelling role, since more than half of all Latino higher education students attend community colleges. As the first Latina to serve as the president of a college in Colorado, the Community College of Denver, a Hispanic–Serving Institution, I can attest to the enormous challenges we face in serving a population that also continues to suffer the lowest high school and college graduation rates of any major population group.

The Community College of Denver is blessed with the most diverse student body of any college in Colorado, with a 58 percent minority enrollment. Sixty-two percent of our enrollment is female. Like every Hispanic–Serving Institution, we pride our-

selves not on exclusivity, but on the principles of openness, fairness and access to opportunities that are the very foundations for our great Democracy.

The Community College of Denver is also a member of the Hispanic Association of Colleges and Universities, which, on behalf of the nation's Hispanic–Serving Institutions, has formally presented Congress with an exhaustively researched series of recommendations for reauthorization of the Higher Education Act. I urge your Subcommittee to embrace and endorse these recommendations in final legislative language for amendments to the five-year reauthorization of this Act.

Honoring the contributions of our country's Hispanic–Serving Institutions must also include recognition of the urgent federal funding needs of our institutions of higher learning, especially in this era of domestic uncertainties straining our local, private and state funding resources. At no other time has the inequity in federal funding for our HSIs proven so stark. We cannot hope to see real progress in the national call to substantially increase Hispanic college graduation rates until we at least reach parity in federal funding for those colleges and universities that serve the largest concentrations of Hispanic higher education students.

Nearly 50 percent of the 1.8 million Hispanics in higher education are enrolled at HSIs today, and a higher percentage of them are projected to enroll at HSIs in the years ahead. Consequently, the 219 institutions now defined as HSIs are increasing their absolute members and proportion of Hispanic students from year to year. Furthermore, given the rapid Hispanic population growth, it is projected that nearly 100 more HSIs will emerge within the next five years. Within the next HEA reauthorization cycle, HSIs are expected to surpass the 300 mark.

Authorized and appropriated funding levels for HSIs under Title V of the Higher Education Act historically have been grossly inadequate to meet the capacity-building needs of these institutions that are the backbone of Hispanic higher education. Data from the Integrated Postsecondary Education Data System (IPEDS) of the National Center for Education Statistics (NCES) documents that HSIs, on average, receive 50 cents per student for every federal dollar provided to every other degree-granting institution.

H.R. 3039, the "Expanding Opportunities in Higher Education Act of 2003," addresses many of the education needs of the nation's fastest-growing college-age population within Title V, the federal government's chief vehicle for targeting federal funds to our HSIs as the result of the landmark legislation introduced by the Honorable Ruben Hinojosa of Texas and adopted by Congress during the last reauthorization cycle.

On behalf of the nation's two-year HSIs, I urge Congress to insert final language into Title V amendments for the next reauthorization cycle in line with the recommendations of the Hispanic Association of Colleges and Universities, or HACU, the leading voice for the nation's Hispanic higher education community. The Community College of Denver is a member of HACU.

The "Expanding Opportunities" bill would authorize Congress to spend $94 million for federal Fiscal Year (FY) 2004 in Title V funds for undergraduate development at HSIs—a minimal increase over the current $93 million funding level. HACU proposes a $465 million Title V undergraduate funding authorization level for fiscal year 2004 to allow HSIs to at least approach funding parity with other federally funded higher education institutions.

HACU, which represents more than 350 colleges and universities in 26 states and Puerto Rico, also proposes a first-time $125 Title V authorization funding level for graduate education development at HSIs. The "Expanding Opportunities" bill includes no funding authorization language for the development of a new graduate program in Title V of the HEA, as originally included in earlier legislation proposed to the 108th Congress by the Honorable Ruben Hinojosa of Texas, Ranking Member of this Subcommittee, within the "Next Generation Hispanic–Serving Institutions" bill.

Hispanics already make up one of every three workers joining the U.S. workforce today; by 2025, Hispanics will make up one of every two new workers joining the U.S. workforce, according to projections from the U.S. Department of Labor. We must accord our largest ethnic population the opportunity to achieve the advanced skills and knowledge imperative to building a better future for our nation. Yet, less than 5 percent of Hispanics obtain graduate or professional degrees. H.R. 3039 does not address this critical challenge with such enormous implications for our nation's economic future.

I join HACU in praising the authors of H.R. 3039 for including provisions within the "Expanding Opportunities" bill that would remove "onerous and unnecessary" regulatory burdens of current Title V language now impeding the efforts of HSIs to obtain Title V funds. The "Expanding Opportunities" bill would eliminate a two-year wait period now required before HSIs with Title V grants can apply for new

Title V grants. The bill would also remove a 50 percent low-income assurance requirement now included in the definition of HSIs.

I am in opposition to a provision within H.R. 3039 that would unify the current definition of what constitutes an "institution of higher education." The result of combining not-for-profit institutions and for-profit institutions into one definition is cause for concern because it would allow, for the first time, more than 107 proprietary schools or "for-profit" education institutions to become eligible for Title V and Title III–A grants. Because the existing community of non-profit HSIs already is so seriously under-funded, adding a new and growing category of HSIs at this time would only further dilute the already inadequate pool of federal funds now available to HSIs.

I also strongly oppose efforts to further dilute the availability of federal funds to existing HSIs and other two-year institutions like Community College of Denver by eliminating the law that currently prevents proprietary schools from receiving more than 90 percent of their revenue from Title IV student aid programs. The 90–10 rule already represents a dilution of historical definitions of higher education institutions with its enactment during the previous reauthorization of the Higher Education Act. This current reauthorization cycle is not an opportune time to visit expanding the potential pool of institutions already competing for inadequate federal funding.

As the president of a two-year Hispanic–Serving Institution, I would also urge you to embrace a component of the earlier legislation by the Honorable Ruben Hinojosa of Texas to allow two-year/four-year articulation initiatives to be funded by institutions with Title V grants. Such articulation initiatives create a proven pipeline of support systems to ease the transition of under-served, under-represented populations from their first, often first-generation entree into higher education through two-year, four-year and advanced degree programs. Advanced educational attainment is essential to meeting the complex needs of our global, high technology economy. A national investment in two-year/four-year articulation initiatives is a proven, practical, cost-effective means to obtain real results in raising the advanced knowledge and skills, and taxpayer base, of our diverse citizenry.

Please consider these amendments based on exhaustive research and the consensus of the leadership of our nation's HSIs, as formally recommended by HACU on behalf of our community of HSIs:

1. To authorize $50 million "and such sums as may be necessary" under Title II for eligible HSIs to expand teacher education programs of high quality in academic areas of urgent national need.
2. To increase the authorized funding level for HSIs under Title V to $465 million "and such sums as may be necessary" to meet the pressing needs of exceedingly under funded HSIs and new HSIs emerging within the next five years.
3. To authorize $125 million "and such sums as may be necessary" for a new Part B under Title V for increased and improved graduate education at HSIs.
4. To allow two-year/four-year articulation initiatives to be eligible for Title V funding.
5. To authorize $50 million "and such sums as may be necessary" for a Title V Technology Enhancement Program that would close the "digital divide" at HSIs.
6. To authorize under Title VI $30 million annually "and such sums as may be necessary" for an Institute for Pan–Hispanic International Studies through HSI consortia and $20 million for a Hispanic International Scholars and Fellows program.
7. To authorize $45 million "and such sums as may be necessary" to create a graduate fellowship program that would involve HSIs and non–HSIs in partnerships to increase Hispanic participation and success in areas of national priority.

Hispanic Americans, and the Hispanic–Serving Institutions that serve the largest Hispanic population centers in this country, will play a profound role in advancing economic prosperity and social progress for not just the next five years of the reauthorized Higher Education Act, but for the next generation. Please provide our HSIs the support they must have to ensure a brighter future for their students and for all Americans.

Statement of Dan R. Jones, Ph.D., Provost and Vice President for Academic Affairs, Texas A&M International University

Thank you, Chairman Hoekstra and Representative Hinojosa for the opportunity to provide written comments on behalf of Texas A&M International University. Although young in comparison to other institutions, we are proud to serve a student

body with 90% minority enrollment and 89% Hispanic enrollment. Of the entering freshmen classes, 65–70% are first generation college students. The University is fortunate to count on two major grants under Title V. Without this support, we would have been unable to provide the needed services to retain our first year students and set them solidly on the path to degree completion.

Because our state is quickly becoming a majority minority state, we are committed to providing opportunities to ensure an educated populace that will positively impact the economy of our State and the nation.

As a developing institution, we recognize the importance of federal funds in the delivery of student support services and financial aid. Therefore, the following recommendations are submitted for your consideration:

1. Eliminate the two-year wait-out period between Title V grant applications.
2. Include first-time legislative language and appropriations for graduate education funding for HSIs under Title V.
3. Include international education initiatives under Title V.
4. Substantially increase undergraduate funding for HSIs under Title V of the HEA.
5. Fully fund the Federal Pell Grant to the authorized maximum of $5,800.
6. Ask Congress to allow the use of prior-prior year tax information to allow an earlier application process with automated verification through IRS, DOE and other appropriate agencies.
7. Allow a combined student and parent income and assets in the need analysis process which would simplify the federal needs analysis methodology.

Your support of these recommendations will allow us to meet the challenges of access, affordability and success.

Statement of Leticia C. Hinojosa, Special Assistant to the Commissioner of Higher Education, Texas Higher Education Coordinating Board

Mr. Chairman, Ranking Member Ruben Hinojosa, and members of the Committee, I want to first thank the Subcommittee for inviting the Texas Higher Education Coordinating Board (THECB) to provide testimony, today, on higher education issues, which are important to Texas and the nation.—On behalf of Commissioner Don Brown and our board, I welcome you to the great state of Texas - the home state of not only the Honorable, Senator Ruben Hinojosa, but also of President George W. Bush and Secretary of Education Rod Paige.

The THECB is pleased to submit this testimony for official record relative to the Reauthorization of the Higher Education Act of 1965, as amended.—The focus on my testimony will be on the Texas Higher Education Plan: Closing the Gaps by 2015. I will note that our Deputy Director, Ms. Teri Flack, has provided background testimony to the House Education and the Workforce Committee, in July. My testimony provides further details about this historic statewide plan and addresses specific state-federal partnerships that will advance greater access to higher education and success to Texas students.

Hispanic student participation and success in higher education is critical to the future of Texas. State trends indicated that:

- Texas is growing an unskilled, under-educated population that cannot meet the demands of a technology-based workplace.
- An average household income in Texas is expected to decline.

In response to this alarming situation, the Texas Higher Education Plan, Closing the Gaps, was written in the Fall of 2000. (Attachment 1) The Plan calls for reversing these trends by focusing on four goals over a fifteen-year period. These goals are:

- By 2015, close the gaps in participation rates across Texas to add 500,000 more students
- Close the gaps in success, increase by 50 percent the number of degrees, certificates and other identifiable student successes from high quality programs
- Close the gaps in excellence, increase the number of nationally recognized programs or services at college and universities in Texas
- Close the gaps in research, increase the level of federal science and engineering research funding to Texas Institutions by 50 percent to $1.3 billion

To ensure progress in closing the gaps benchmarks were developed and measure to assess progress towards the goals of the plan were identified by each institution and higher education as a whole. Data on progress is reported annually by state, region, system and institution. An annual review of the progress is made by institutions, governing boards, the Coordinating Board and Legislature. Periodic adjustment to the strategies is made to maximize progress toward the goals.

The first two goals of Closing the Gaps, calling for participation and success in higher education, specifically address the need of growing Hispanic college-aged population in Texas. The participation of Hispanic students in higher education begins with recruitment and admission into higher education institutions. Many students are non-traditional, either returning to college and/or entering college for the first time not directly from high school. Data shows that Hispanic students entering college directly upon high school graduation has increased from 2000 to 2002, from 25.8% to 26.7% of all high school students entering public colleges or universities. (Attachment 2) Although this increase may appear to be positive, in view of the total number of high school graduates in 2002, only 99,541 or 44.2% of graduates went on to higher education. Of those entering undergraduates, 25.7% were Hispanic students. (Attachment 3)

The total Texas higher education enrollment for Fall 2002 was 986,545 students. (Attachment 4) This is a growth of 115, 013 students more in 2002. (Attachment 5) Of those enrolled in higher education more students enroll in two-year colleges. (Attachment 6) Some students seek only certificates and an Associate's degree while others go on to transfer to a four-year institution. Thirty-one percent or 36,340 students, of the total increase in student enrollment were Hispanic. (Attachment 7) The biggest growth of Hispanic students is in South Texas with of the Alamo and South Texas Community Colleges having at combined 35% of the growth. (Attachment 8) Twelve of the one hundred and eleven higher education institutions accounted for the 49% Hispanic enrollment increase from 2000 to 2002 in the State (Attachment 9).

Individual four-year, two-year and Health–Related Institutions" total actual enrollments for 2000 and 2002 indicate a growth. The actual 2000 and 2002 enrollments for Hispanic students by institution and targets for 2005, 2010 and 2015 show and predict a steady increase. (Attachment 10) However, in spite of the 2002 growth in Hispanic student participation in higher education, the 2005 Hispanic Target remains a challenge. If the growth of Hispanic students in Texas remains constant only 54,510 Hispanic students will be enrolled in higher education institutions missing the target by 11,756 Hispanic students. (Attachment 11)

The recruitment and participation of Hispanic students in higher education is not the only problem facing Texas Hispanic students. The successful completion of certificates and degrees by Hispanics is also troublesome. Individual higher education institutions" actual awards of Associate's and Bachelor's degrees to Hispanics for 2000 and 2002 generally show a slight increase (Attachments 12 and 13) However, in comparison to the total number of Associate and Bachelor degrees awarded, the number going to Hispanics is small. The number of Doctoral degrees awarded to Hispanics is even more dismal. (Attachment 14)

Growth in degrees awarded must be sustained and increased in order to meet the 2015 total target of degrees awarded. Actual degrees awarded in 2002 show that another 305 Associate's degrees must be awarded annually by 2005 to stay on course with an additional 8,558 Bachelor's degrees awarded by 2005. The number of Doctoral degrees awarded in 2002 was below the number awarded in 2000 by 90 degrees. Therefore, by 2005, a total of 261 Doctoral degrees must be awarded to catch up to the target. (Attachment 15)

Progress toward the 2005 target for Hispanics in combined Associate's, Bachelor's and Doctoral degrees awarded in 2002 shows that a combined 2,188 degrees must be awarded annually to Hispanics by 2005 in order to meet the targets for degrees as set forth in Closing the Gaps. (Attachment 16)

In Texas closing the gaps is not merely a plan for higher education. A Uniform Recruitment and Retention (UR&R) Strategic Plan is received from each higher education institution with enrollment and graduation goals reflecting the Texas population, or, the institution's region that contains larger proportions of the state's historically underrepresented groups. Each community and technical college's enrollment and graduation goals reflects the population of its service area.

The uniform recruitment and retention strategy is designed to identify, attract, enroll and retain students who reflect the population of Texas. To this end, the committee found strategic enrollment management principles to be useful. The UR&R Strategic Plans serve as documentation of the institution's efforts in closing the gaps and as a self review of efforts made that should continue to receive support and those that may need adjustments. The areas that are reported and planned for include:

- Marketing Plan
- Recruitment/Admissions Strategies
- Retention/Graduation Strategies
- Initiatives and Actions to Improve Diversity and Services to Underrepresented Student Populations

- Funding of Initiatives
- Evaluation Information /Benchmarks and performance measures, Goals and Measurement of Goals/List of Surveys: External, Internal, Other Data Reports)

An infrastructure has been put into place that supports institutions of higher education for the recruitment and retention of Texas students entering higher education. This infrastructure is evident in the institutions plans. Presented here are highlighted legislative initiatives, although not inclusive, to provide an overview of strategies being acted upon for closing the gaps and which will assist in the growing of Hispanic students in higher education in Texas.

1. High School Recommended Program—The Recommend High School Program is the default curriculum in high schools. All students will be required to take this curriculum unless parents take special steps and sign opting out of the requirement. This begins in Fall of 2004. The preparation of students to not only participate but to succeed in higher education is critical. This academic preparation begins while the student is in P–12. (Attachment 17) Currently efforts discussions are taking place to align the curriculum between P–12 and higher education. Transfer issues are also being discussed for smoother and successful transition from community colleges to four year institutions.
2. College for Texans Campaign - The College for Texans Campaign is administered by the Coordinating Board. It is a statewide campaign to ensure that parents and students understand the importance of higher education and how to prepare for it academically and financially. The campaign was publicly launched in November 2002. Major components of the campaign are:

Community–Based Outreach: The campaign staff has provided 28 train-the-trainer sessions in all regions of the state. The training provided an orientation to the GO Kit developed by the campaign, which contains activities for children and their parents, preschool through high school. Although the training was primarily targeted for our 250 community-based organization outreach contractors, an estimated 1,300 people participated in the first phase of training sessions.

GO Theatre: The campaign contracted with one high school and seven higher education GO Theatre Motivational Performance Teams. Teams provided at least 10 performances in high schools with low college-going rates before August 31, 2003. Each team received intensive training in campaign messages and motivational theatre techniques into which they developed original performance sketches that inform and motivate students about seeking a higher education.

GO Centers: The first 26 GO Centers were opened in August 2003 with the opening of the public school academic year. Dozens more GO Centers will be started in the fall and spring of 2003–04. The purpose of the GO Centers is to recruit and train college students, college-bound high school students and community volunteers to work on a sustained basis with first-generation high school students who need extra support and technical assistance for the process to go to college.

Advertising and Earned Media: The spring advertising campaign began on March 10, 2003 and ran for eight weeks in major markets and six weeks in secondary markets (TV and radio). Print ads were purchased in African–American and Hispanic print media, as well as major papers in El Paso and the Rio Grande Valley. In addition, the campaign implemented promotional contracts with minor league baseball teams in El Paso, San Antonio, Round Rock and Midland. Media appearances statewide promoted the Recommended High School Program in news and public affairs programs on TV and radio in 19 media markets. In August, a new radio campaign educating parents about Texas Essential Knowledge and Skills (TEKS) and Texas Assessment of Knowledge and Skills (TAKS) and how to help their children succeed in them will be released in several targeted markets. The advertising company also assisted in getting media attention to the launching of GO Centers in August.

Reel Life Video Contest and Cool Jobs Videos: The campaign launched a statewide contest for college students to make autobiographical videos about the barriers they overcame to get to and succeed in college, or to produce biographical videos about fellow students. The campaign will host an awards event for the winners in the beginning of 2004, and winners will be presented with prizes such as mini–DVD cameras, donated by corporate sponsors. The campaign is also producing a series of short videos on "cool jobs" that require post-secondary training. The Reel Life and Cool Jobs videos will be shown in middle and high schools on a network of public school closed-circuit TV systems.

Student and Parent Educational Materials: The campaign worked with one of the top early childhood education specialists in the country, Dr. Nell Carvell, Director of the Preschool Teacher Training and Learning Therapy Center at SMU, to develop the next phase of campaign activities for preschool children. The campaign produced an extensive set of activities in the GO Kit I and is providing new activities targeted to various ages each year of the campaign in GO Kit II. The new Kit was completed in August, and a pilot test of the activities is being conducted in Head Start programs in Dallas and the Rio Grande Valley (English and Spanish) this fall and continuing in the spring of 2004. After needed adjustments are made to the curriculum, it will be launched statewide in the fall of 2004.

In addition, the next phase of parent education materials focus on understanding TEKS and TAKS and how to help a child achieve success on them is being addressed through PSA's, training and other materials.

Children's Book Project: Phase I of this project was completed in July. The final stage of writing will take place September through December of 2003 and the book will go to UT Press in January 2004 for publishing. The book will be publicly introduced in the fall of 2004. Free distribution of this book will be made to middle school age students, community based organizations and other partners.

3. Texas Success Initiative (TSI)—This program replaces the Texas Academic Skills Program (TASP), which was a test, and program that was considered punitive in nature to students who failed the test or parts of the test because they were under prepared. Students were unable to take college credit courses until they passed all parts of the TASP although they were admitted into colleges and universities. The TASP required that the student take developmental education courses and retest. The key components of TSI are assessment, advising, developmental education, and accountability. However, unlike the TASP, the TSI requires an individual analysis of students" deficiencies and tailored assistance.
4. Freshman Success Program—This is a pilot program focusing on the retention of high risk students. These students are first generation students who are from low-income families and are under prepared. The pilot must address academic needs, emotional and behavioral needs as well as financial needs. Cultural barriers that may affect success in college will also be addressed in the development of the program.
5. Community College Baccalaureate Degree Pilot Project—Three community colleges will participate in the pilot. Students may earn a Bachelor's degree in applied science and technology through 2011. The rationale for this pilot is that more students are enrolling in community colleges first and then transferring to a four-year institution.
6. School Loans - School loan forgiveness programs are to be phased out. The loan repayment programs are to be implemented.
7. B–On Time Student Loan Program—The B–On Time Program encourages students to graduate with a "B" average and on time in order to have a school loan forgiven (an exception to previous state.). Time will determine the success of the program. However, it is anticipated that institutions adjusting to decreased funding will have no option but to cut course offerings which in turn drive the course loads students take per semester and determining when students graduate.
8. Texas College Work-study—The THECB appreciates the importance of affording students the opportunity to work, part time, while attending a postsecondary education institution. In addition to the federal work study funding, Texas allocates additional funds work-study funds for students. —For the current budget biennium, the legislature appropriated a 131% increase in funding for the state work study program. —
9. Equalization Grant—A 14% decrease in Equalization Grants to independent colleges was passed.
10. TEXAS Grant - Although there was a 21% funding increase in the Toward EXcellence, Access, & Success (TEXAS) Grant, funding remains inadequate. An estimated 14,000 eligible new students will not be funded in fiscal year 04. An estimated 11,000 additional eligible new students will not be funded in 2005. New students from families with incomes above $40,000 will not be able to receive a TEXAS Grant.
11. Tuition Deregulation - Legislation was passed that allows for the deregulation of tuition. Each institution of higher education will address this issue as it impacts the student enrollment and revenues for that institution. If assump-

tions about tuition increases are correct, the number of new TEXAS Grant eligible students who will not be served will increase substantially each year.

12. College Readiness Standard—In l999 the 76th Legislature passed legislation requiring a more rigorous assessment and accountability system for the Texas Public Schools and the students they serve. The new statewide testing program, the Texas Assessment of Knowledge and Skills (TAKS), replaced the Texas Assessment of Academic Skills (TAAS), and requires for the first time that students have an exit-level assessment in grade 11. In addition, the 11th grade exit-level test must, by law, include a higher education readiness component.

Performance on the 11th grade exit-level tests will be used to assess not only a student's preparedness for graduation from a Texas public high school, but also the student's readiness for college-level work. The Coordinating Board is responsible for setting the college readiness score. The legislature intended for students, while in high school, to have the opportunity to be assessed to determine their readiness for college, and then if not ready, for them to receive the assistance they need to become ready. The expectation is that this will lead to closer alignment between academic expectations of high school graduates and entering college freshmen.

13. Texas Strategic Plan to Address the Teacher - A highly qualified teaching workforce is critical to the success of the state's higher education plan and the future of the state. The Strategic Plan is a shared vision and commitment to eliminating the Texas teacher shortage. Collaboration among P–16 Partners will be essential to reaching the goals and the objectives of the plan.
14. Middle College Pilot - The Commissioner of education, in consultation with the Coordinating Board, is to establish the Middle College Education Pilot Program for students who are at risk of dropping out of school or who wish to accelerate high school completion. A very attractive stipulation of this legislation is that it allows a participating student to not only complete a high school diploma and but also an associate's degree at the time of graduation. The program will provide for concurrent/dual enrollment during the 11th and 12th grades. Included in the articulation agreements with Texas institutions of higher education, high school students will be provided access to higher education and training opportunities on campus. Student flexibility in class scheduling and academic mentoring will be part of the program. This took effect on September 1, 2003.
15. Recruitment and Retention Conference - The Texas Higher Education Coordinating Board holds annual conferences on recruitment and retention of students for higher education. The conference showcases P–16 efforts throughout the state. The College for Texans GO Campaign has a significant presence as all of the community based organizations gathered to strategize next steps. Other features included GO Theater orientation, GO Center orientation, and College for Texans Train-the Trainer sessions for GO Kit I.

Dr. Steve Murdock, State Demographer updated participants on the growing changes of Texas. The Uniform Recruitment and Retention Strategy workshop included best practices taken from several uniform recruitment and retention strategic plans submitted by Texas colleges and universities. This year there was also an opportunity for institutions to submit an application for the First Generation Student Request for Proposal, funded by federal dollars. This federal grant will assist with college enrollment workshops as well as establishing GO centers.

Also this year, a session on Effective Recruitment and Retention of Hispanic Students with Dr. William Segura, President of Texas State Technical College System; Wilbert Bryant, Deputy Assistant Secretary for Higher Education Programs at the US Department of Education; and Dr. Edwin Dorn, Dean of the LBJ School of Public Affairs at The University of Texas at Austin was held.

16. Higher Education Assistance Program - The continuation of assistance and financial aid to prospective students from high schools with low college going rates has been reauthorized. These enrollment workshops have been very successful. The Coordinating Board gratefully acknowledges the volunteer work and assistance provided by the Texas Association of College Admissions Counselors, who greatly expanded the total number of workshops that were provided and students served during 2002 and 2003. Their direct work and assistance in 22 workshops around the state reached a total of 1,331 high school students. An overall total of 2,006 high school students were served in 28 workshops around the state with the opportunity to have small group and one-to-one direct assistance (in Spanish and English) to complete their application for the local community college, the common application and their Free Application for Federal Student Aid (FAFSA) was a significant intervention.

The spring semester of the 12th grade year is not too late for providing direct assistance to graduating seniors. In high schools with low college-going rates, significant numbers of seniors in their final semester of public education had not taken any action to enroll in college. The 78th Texas Legislature has continued the pilot program for two more years.

17. Early High School Graduation Scholarships - The Early High School Graduation Scholarship Program by provides an eligible student with state credit to pay tuition and mandatory fees at a public or private institution of higher education. A person's eligibility for this credit ends on the sixth anniversary of the date the person becomes eligible for the program. The legislation requires the Coordinating Board to establish rules to allow additional time for eligible students to use the state credit due to hardship or other good cause that prevents the person from enrolling in or continuing enrollment in an eligible institution during the required period of time.

The amount of state credit depends on the length of time it takes a student to graduate under the Recommended High School Program and whether a high school student earns credit in concurrent/dual enrollment program. A person is exempt from the curriculum requirement if the person's transcript indicates that the person was unable to complete the curriculum due to unavailability of the courses, conflicts in course scheduling, lack of enrollment capacity, or another cause not within the person's control.

A school district is also entitled to a one-time credit of varying amounts if a student from the district uses any part of the state credit for a certain dollar amount. The commissioner of education shall distribute money from the foundation school fund to the eligible districts. This act took effect on September 1, 2003.

18. Dual enrollment - Universities and Technical Colleges, along with Community Colleges will waive all or part of the tuition and fees for high school students enrolled in a dual credit course. These are high school students taking college level course work. Dual enrollment provides for these contact hours to be used to determine the institution's proportionate share of state appropriations, even if the institutions waive all or part of the tuition or fees. It also increases the amount of tuition that can be pledged to the payment of bonds issued by community college districts from $15 per student/per semester to 25% of the tuition collected from each student.
19. P–16 Council—The P–16 Council is composed of the commissioner of education, the commissioner of higher education, the executive director of the Texas Workforce Commission, and the executive director of the State Board for Educator Certification. The purpose of this council is:
    1. to advise the two boards on the coordination of postsecondary career and technology education and
    2. the articulation of and collaboration on P–16 issues impacting the education of Texas students.
20. H.B. 400—The Commissioner of Education and the Commissioner of Higher Education, respectively, collaborated on the requirements for partnership plans between public schools and higher education institutions to increase college-going rates. Each institution of higher education and high school submitted plans to the Texas Education Agency outlining plans to assist students in their preparation for and their motivation to attend attain a higher education. High schools were identified as being in the lowest 10% of college-going rates.
21. Top 10% - After the 1996 decision by the Fifth Circuit Court of Appeals in Hopwood v. State of Texas, which ended affirmative action in public-university admissions in the state, the enrollment of minority students plummeted at the University of Texas at Austin. For example, from 1996 to 1998, the number of Hispanic freshmen dropped from 932 to 891. To rectify the problem, the Texas Legislature, guided by the Mexican–American and African–American leadership, guaranteed admission to state universities for all high-school graduates who finish in the top 10 percent of their class.

The Top 10% Plan was started in 1997 is believed to demonstrate the percentage plan can sustain, and even improve, the enrollment of disadvantaged minority students. The enrollment of minority students surpassed those enrolled under affirmative-action policies. The overall increase has been reflected in greater racial diversity in the most coveted majors, like business, engineering, and the sciences.

Further, the plan has opened up the flagship campuses, the University of Texas at Austin and Texas A&M University at College Station, to students who would not have even applied in the past. Before the percentage plan took effect, students from only about 10 percent of the more than 1,500 Texas high schools made up 75 percent of each entering class at the Austin campus. Most of those feeder schools, both

public and private, were in wealthy suburban districts with high per-pupil expenditures, state-of-the-art facilities, and many advanced classes. Meanwhile, other students struggled in racially segregated, inadequately financed schools with few amenities. In addition, Texas's percentage plan has diminished the importance of standardized tests, which provide a one-dimensional picture of student potential and often overlook valuable attributes of leadership and character.

Across all racial groups, the top–10-percenters at the University of Texas at Austin have performed as well as other students who have SAT scores that are 200 to 300 points higher. Minority students who were admitted under the plan have improved grade-point averages in their majors. Also, the number of students who return after their first year is higher among those who entered under the plan. By turning the spotlight on the vast inequalities at the elementary and secondary level, we hope that the 10-percent plan can help improve public education for all students.

This past legislative session efforts were made to repeal the Top 10% Rule. Had it not been for filibustering, the rule would have been struck from statute. There is talk that legislators will again attempt to repeal the rule that allows for diversity in higher education.

Further, possibilities for enhancing the participation and success of Hispanic students in Texas would include:

1. The opportunity to hire more Hispanics throughout P–16 that reflect the face of Texas students.
2. The on-going Texas State Board for Educator Certification interstate articulation on teacher certification so that the Texas teacher shortage may be eliminated.
3. The continued participation of Texas in the collaboration and exchange of ideas and information facilitated by the Southern Regional Education Board (SREB)
4. The establishment of P–16 Councils at the local levels involving universities, colleges, public school systems and communities working collaboratively on issues of student academic preparation and financial aid for higher education.

Texas appreciates the generous support of the federal government for our students. Among much support we look forward to its continuation and just as importantly, the solidification of good communication and collaboration between the federal government, all Texas education agencies and local education agents for the benefit students. Because Texas is becoming majority Hispanic, such support would serve to enhance the growing Hispanic college-age student population.

1. Texas applauds the significant legislation, No Child Left Behind Act, with particular attention to highly qualified teachers and to the incremental academic achievement of students. Texas educators have begun to implement strategies to meet the requirements deemed essential for a better educated Texas.
2. It can be anticipated that Hispanic student participation in higher education will decrease as institutions address deregulation of tuition. With cuts in state funding to institutions, affordability will be impacted because institutions will have to make up the difference some how. The State of Texas is highly reliant on the federal student financial programs for ensuring financial access to higher education for economically disadvantaged students. According to the Texas Guaranteed Student Loan Corporation's (TG) "State of Student Financial Aid in Texas", the federal programs compose 90% of all direct, need-based student financial aid awarded annually to Texas students. Two-thirds of the $3 billion awarded annually in student financial aid is in the form of federal student loans. Obviously both of these figures are higher than the national averages of 70% and 57% respectively. —

Also, the state's student loan program - the Hinson–Hazelwood Student Loan Program - now uses TG Electronic Funds Transfer process to allow students who obtain their student loans from the state program now have all of the same advantages as those borrowers who obtain their student loans through the private sector. Suffice to say, the federal programs play an important part in the student financial component of Texas' "Closing the Gaps" initiative.

3. The continuance of the federally funded Teacher Quality Grant funds to Texas would ensure that critical areas such as science, math and reading will be the focus of professional development for public school teachers. Such professional development allows for better teaching and better teaching allows for better learning for students who need to be college ready upon high school graduation. The Teacher Quality Grants Program under Title II of the 2001 No Child Left Behind Act, places major emphasis upon teacher quality as a factor in improving student achievement. It does so by providing teachers and other staff access to professional development in core academic subjects. The 2003 federal grant allocation to the Coordinating Board of approximately $5.6 million is assigned for distribution to public and private institutions of higher education

and nonprofit organizations within the state which demonstrate effectiveness in meeting program goals. Grants are awarded to support professional development in core academic areas of greatest statewide need; for 2003–2004 those areas are mathematics, science, and reading.

For federal Fiscal Year 2003, the U.S. Department of Education stipulates that Teacher Quality funds must be awarded to projects based on criteria set forth in Title II of the No Child Left Behind Act, as well as priorities established by the federally approved State Plan under that act.

4. The continuance of the federally funded First Generation Grant funding to Texas through the Texas Workforce Commission, Texas Education Agency and Texas Higher Education Coordinating Board would ensure that many Hispanic students are given the assistance to prepare for and succeed in higher education. The First Generation College Student Initiative in Texas supports Closing the Gaps. One of the specific activities of this grant is the college enrollment workshops for high schools in areas with low college going rates. The outreach and coordination of these workshops between institutions of higher education, public schools and local workforce development boards will be in many of the GO Centers. The average size of these competitive awards will depend on the number of proposals submitted and accepted. We estimate awarding 35–40 proposals in the amounts of $30–50,000 each.
5. Continuation of federal dollars to the Hispanic Serving Institutions of Texas (Attachments 18 & 19) which serve the targeted student population that data shows is critical to the future of Texas.

In conclusion, Texas is very proud to have designed a higher education plan, Closing the Gaps. We are particularly because the plan's first two goals of the plan, participation and success, focus on recruiting and retaining students in higher education. The initiatives highlighted in this statement work towards closing the gaps but are fairly new, and therefore, the jury is still out with regard to specific success data. However, these legislative initiatives are being tracked, reports are made to the legislators periodically, and review of benchmark success is made across all higher education institutions. We believe these initiatives can be replicated. Similar goals and strategies may be considered for inclusion in the Higher Education Reauthorization Act.

Texas congratulates and thanks this committee for taking the time and interest to reach out into the American communities to hear direct testimony. I paraphrase an unknown wise person, "too often the education pendulum goes from one fad to another in education, from phonics to whole language and back to phonics, from subject-based to holistic learning, from curriculum-based to child-centered learning, from neighborhood to magnet to charter schools, from old to new to whole math, from English-only to bilingual education to language immersion. What is certain is that education suffers from a lack of scientifically sound studies." It is the depth and breathe of your hard work for this very important committee that, when taken back the Washington, formulates good and meaningful legislation for the people of America. The reauthorization of the Higher Education Act promises:

> "To give people the power to reason. The capacity to make informed judgments. The ability to solve problems. The vision to think clearly and imaginatively. So that people will be prepared to deal with ambiguity, uncertainty, the unexpected and to confront the unknown".the best schools can be everywhere."

Author of quote is unknown.

Recommended High School Program

- English Language Arts and Reading (4 credits)
- Mathematics (3 credits)
- Science (3 credits)
- Social studies (3 1/2 credits)
- Economics (1/2 credit)
- Physical Education (1 1/2 credits)
- Health Education (1/2 credit)
- Languages other Than English (2 or 3 credits)
- Fine Arts (1 credit)
- Speech (1/2 credit)
- Technology Applications (1 credit)
- Electives (3 1/2 credits or 2 ° credits)

INSTITUTIONS

There Are 140 public and independent institutions of higher education in Texas:

- 50 public community college districts (with more than 70 campuses)
- 31 public four year universities
- 4 public two-year, upper-division universities and centers
- 4 campuses of the Texas State Technical College System (including three extension centers)
- 3 public two-year, lower-division Lamar State Colleges
- 37 independent four-year college and universities
- 8 public health-related institutions
- 1 independent medical school
- 2 independent junior colleges

HISPANIC COLLEGES AND UNIVERSITIES (PUBLIC & PRIVATE) IN TEXAS

- Bee County College
- Del Mar College
- El Paso Community College
- University of the Incarnate Word
- Laredo Community College
- Mountain View College
- Oblate School of Theology
- Odessa College
- Our Lady of the Lake University—San Antonio
- Palo Alto College
- Saint Edward's University
- Saint Mary's University
- San Antonio College
- South Plains College
- South Texas Community College
- Southwest Texas Junior Community College
- St. Phillip's College
- Sul Ross State University
- Texas A&M International University - Laredo
- Texas A&M University—Corpus Christi
- Texas A&M University—Kingsville
- Texas Southmost College
- Texas State Technical College—Harlingen Campus
- The University of Texas at Brownsville
- The University of Texas at El Paso
- The University of Texas at San Antonio
- The University of Texas - Pan American
- University of Houston - Downtown

Demographic Counts and Percent Change of Recent Texas High School Graduates and Those Attending Texas CTCs and Universities-Summer/Fall

	HS Grads			Grads Attending Universities and CTCs			Percent Change		
Ethnicity	2000 GRADS	2001 GRADS	2002 GRADS	SUM/FALL 00	SUM/FALL 01	SUM/FALL 02	00-01	01-02	00-02
Am Indian	521	574	579	205	224	226	9.27%	0.89%	10.24%
Asian	6,861	7,218	7,708	4,118	4,386	4,670	6.51%	6.48%	13.40%
Black	27,507	28,295	30,070	9,847	10,405	11,127	5.67%	6.94%	13.00%
Hispanic	68,316	69,595	74,489	23,823	24,617	26,622	3.33%	8.14%	11.75%
White	109,720	109,634	112,444	54,517	55,217	56,896	1.28%	3.04%	4.36%
Total	212,925	215,316	225,290	92,510	94,849	99,541	2.53%	4.95%	7.60%

Statement of Jimmy Parker, on behalf of the Texas Student Financial Aid Administrators and the Association of Texas Lenders for Education

Mr. Chairman and Committee Members:

Thank you for the opportunity to provide comments on behalf of the Texas Student Financial Aid Administrators (TASFAA) and the Association of Texas Lenders for Education (ATLE). TASFAA is an organization of student financial aid professionals from postsecondary institutions across the State representing public, private, community colleges, and proprietary sectors. ATLE is an organization of student loan professionals representing Lenders across the State that participate in the Federal Family Education Loan Program (FFELP). These two organizations in conjunction with the Texas Guaranteed Student Loan Corporation (TG) have worked to-

gether in preparing recommendations for the Reauthorization of the Higher Education Act (HEA) representing the Texas Student Financial Community.

The reauthorization proposal from the Texas student financial aid community is comprehensive in nature and reflects our recommendations on numerous issues. However, for our purpose today we will concentrate on several areas that are believed to be our most critical. We believe these areas to be issues that can have an immediate effect on the needy students who depend on Federal need based financial aid funds to attend college. Also, these issues can have an effect on the institutions involved in the awarding process by providing funds to students when it is needed and allow them to maintain active participation in the default aversion practices to support the FFELP.

In addition the Texas student financial aid community supports the ongoing activities in our State concerning Closing the Gaps initiative. This initiative involves several components, including student financial aid, outreach and academic preparedness. The initiative also includes the goal of the recruitment, retention, and graduation of an additional 300,000 students (beyond the 200,000 increase expected through overall population growth) by 2015. It is our hope that certain aspects of this initiative can be incorporated into the reauthorization process to focus support to programs that will target student financial aid, academic preparation, outreach and awareness activities to encourage students to seek and obtain a postsecondary education.

Issues and Recommendations

Federal Pell Grant—Increase the amount of the authorized maximum grant to the 1976 buying power level - $7,066—an increase of $1,266 over the 1998 Reauthorization, and an increase of $3,016 over the actual maximum grant. The premier federal need-based grant program should be fully funded to the 2003 authorized annual maximum of $5,800. Ideally, the congress should raise and fund the authorized annual maximum grant to $7,600, thereby restoring the buying power of the original grant.

Federal Perkins Loan—Increase the authorized funding to $200 million, and increase of $100 million over the 1998 Reauthorization and 2001 actual funding levels. Increase the annual maximums to $5,500 for undergraduates and $10,000 for graduate and professional students, with cumulative maximums increased to $27,500 and $67,500, respectively. There have been numerous bills filed to increase loan forgiveness or cancellation benefits for borrowers in critical need areas and the Perkins Loan already has these provisions in place and has a long and successful track record. Allow institutions that have opted out of participation in the program to continue to collect outstanding loans and use the proceeds to establish a campus-based student aid endowment fund to use to supplement funding for other need-based SFA programs.

Federal Family Education Loan Program—Student loan maximums for first and second year borrowers have not been significantly increased since 1986 ($2,500 annual maximum to $2,625 in 1992 for first year borrowers). The Congress should simplify the FFELP by adopting a uniform annual loan maximum for dependent borrowers with an additional $5,000 for independent undergraduate borrowers. Research indicates that graduate and professional students are low risk for loan defaults, the Texas SFA community recommends that these borrowers should be able to borrow up to the cost of education.

The Texas SFA community encourages the repeal of the 3 percent student loan origination fee and the 1 percent guarantee fee. The origination fee was originally established by the congress in 1981 as a temporary revenue source to address a federal budgetary shortfall. All but a handful of the 36 FFELP guaranty agencies have voluntarily eliminated the 1 percent guarantee fee. Repeal of both fees would save borrowers money and allow each borrower to receive the full loan amount each is eligible to receive.

Restore the exemptions that allow single and undelayed student loan disbursements of low default rate schools. These provisions have been addressed in HR12 and the Texas SFA community strongly recommends passage which allow schools with lower than 10 percent student loan default rates to disburse loan funds in a single disbursement and immediately to first time borrowers.

Student loan consolidation issues should be reviewed thoroughly by looking at all aspects associated with this program. These issues should included the original purpose, benefits, and conditions of the 1985 student loan consolidation program, cost to lenders and holders, parity with the Federal Direct Loan Program, and appropriate level of taxpayer subsidization for consolidated student loans after the borrower leaves school. All of these issues must be considered while balancing the interests of the borrower (convenience and cost) and the provider (cost of funds and

student loan portfolio valuation volatility). However, in balancing the interests, we urge the congress to consider the cost to the federal government and to the other need-based student aid programs. One central issue here is whether it is better public policy to spend marginal public dollars to continue to subsidize former students, or to spend these funds assisting current and future economically disadvantaged students with need-based student aid.

Several bills before Congress also address what is referred to as the single holder rule specifically HR942. In this case a borrower who has all their loans with one lender must look at that lender for consolidation and may not seek a consolidation loan with another lender. In recent years we have seen enormous growth in companies that specialize in doing consolidation loans. We believe these companies would welcome the removal of the single holder rule since it would greatly enhance their opportunity to gain loans. However, we should understand these companies do not normally make conventional student loans and therefore have no need to provide outreach activities for students and parents or provide educational materials on the financial aid process since they are dealing with borrowers who have finished school and not those who are needing information concerning opportunities available to them to attend school. We also believe these companies are pushing the fact that the student can lower their monthly payments but do not mention or thoroughly explain the fact that by consolidating it could lengthen the repayment terms on their student loan from the standard 10 years to 20 or 30 years. Although the borrower may save in the short run with lower monthly payments it could cost them more in the long run in interest, even at a lower rate, due to the extended repayment terms. We also believe the borrower may not be given information about the loss of deferments that can occur with consolidation loans since these companies are in the business to do consolidation loans and in some cases this is their only purpose.

Another aspect of the single holder rule that is not talked about very often is the possible effect on the school default rates and the consequences that can occur. Schools generally have no control over the final holder of the loan since most lenders sell their loans when they reach repayment status so they can make additional loans. Therefore the final holder of the loan or the servicer they use to service these loans in repayment status can have an effect on the school and ultimately the student. Schools with high default rates could lose funding for all Title IV funds or could have restrictions placed on the handling of the funds to students for certain default rates. In Texas most schools will maintain a lender list for students and this list will indicate lenders who do a good job of servicing loans or lenders who use a servicer that does a good job of servicing the loans in repayment. This is one of the few ways a school can impact their default rate. Currently schools with a default rate of 10% or higher must put a 30 day delay on the issuance of the first disbursement of a student loan for first time, first year borrowers and also have multiple disbursements for students who will be attending one semester of a loan period. There was a provision that allowed schools with a default rate below 10% in the most recent three-year period to be exempted from this provision. This provision expired October 2002 and is now being addressed in HR12, the "Fed Up Higher Education Technical Amendments Act of 2003", sponsored by McKeon that would make it permanent. This causes severe difficulties for students who count on these funds to pay their educational expenses, but must wait 30 days for their first disbursement. The removal of the single holder rule will make the research of the schools useless concerning the listing of lenders who use servicers that work diligently to maintain a low default rate.

Federal need analysis issues—The Texas SFA community agrees with the Congress that a review of the FAFSA and need analysis should be reviewed to simplify the aid application process. There are a number of issues we believe should be addressed to help in this matter.

We encourage the Congress to allow the use of prior-prior year tax information in the need analysis process. This will allow the SFA application process to begin earlier, automate income verification through data exchanges with IRS, ED, and other appropriate agencies, and outreach and awareness activities to begin earlier.

Combine student and parent income and assets in the need analysis process. This would eliminate the distinction between "student" assets and income and "parent" assets and income, and replace both terms with "family" assets and income. By doing this it would simplify the federal methodology, no longer penalize families who save for their child's college education in their child's name, and benefit low income families in which a child's income plays a significant role in supporting the family and is, therefore, not available to pay for educational costs.

Retain the definition of "independent student".

Include veterans' benefits in the need analysis process. This would provide for consistent treatment of veterans benefits (all chapters) as income in the need analysis process. This would simplify the SFA packaging process.

College tuition prepayment plans be treated the same as 529 college savings plans (as an asset of the account holder, instead of as a resource) in the need analysis process. This will be an added incentive for families to save for their children's postsecondary education.

Thank you for your support in providing access to higher education for needy students and the student financial aid community.

Statement of Mary Alice Reyes, Ed.D., Director, University of Texas Pan American GEAR UP Project

Chairman Hoekstra, Ranking Member Ruben Hinojosa, and members of the Committee, thank you for providing me the opportunity to submit written testimony regarding the importance of increased funding for Hispanic Serving Institutions (HSI's) such as The University of Texas Pan American and the impact of the University's GEAR UP Project upon the status of middle and high school students' preparation and readiness for attending college.

Having served in the public schools in the Rio Grande Valley for 30 years in numerous capacities, including as a school superintendent in one of the poorest school districts in the state of Texas, I can personally attest to the great need that exists for Hispanic students, especially those from low-income families, to not only graduate from high school, but to be prepared to enter and succeed in postsecondary education.

Historically, Hispanic students have lower participation rates in higher education than the population as a whole (1). However, although Hispanic enrollment has tripled in the last twenty years, Hispanic students enter postsecondary institutions at much lower rates than white students, thus perpetuating the disparity that still exists despite the progress noted (2). Hispanic students comprise 10.1 percent of the undergraduates, but only 6.3 percent have received a bachelor's degree. One reason cited for this underrepresentation among Hispanic students in postsecondary education is lower high school graduation rates and inadequate college preparation (3). Only 52 percent of Hispanic students graduate from high school of which 9 percent are minimally prepared for college (4). Similarly in South Texas, Hispanic students are among the least likely to graduate from high school and only a fraction of these students enroll and complete a college degree. Consequently, the level of educational attainment in the South Texas region lags behind the state and the nation creating a gap that if not addressed will seriously affect the social and economic future of the area.

According to William Harvey, the director of the Office of Minorities in Education for the American Council on Education, "the gaps relate to some of the real fundamental social and economic conditions in this country. We know that individuals in underserved communities are less likely to have the preparation in elementary and secondary school to prepare them for college, and those communities are clustered among folks of color.

In South Texas, not only are those communities clustered primarily among Hispanic families, but fortunately, they are also clustered around The University of Texas Pan American (UTPA), a Hispanic Serving Institution which is working with a diligent sense of urgency to make higher education accessible and possible for all who dream of acquiring a college degree. It is through the collaborations established by UTPA including sustainable partnerships with local school districts, business and community organizations, and other institutions of higher education, that this dream is becoming a reality for students served in the area, across the state of Texas, nationally, and internationally. However, as starkly documented above, the challenges of preparing more Hispanic students to enter and succeed in college are still overwhelming. Additional resources including an increased federal investment, is critical to the work that must be done now and in the future to address the gap in educational attainment in our area.

University of Texas Pan American - Si Se Puede! GEAR UP Project

One such federal investment has come in the form of The University of Texas Pan American Si Se Puede! GEAR UP Project, a grant from the U.S. Department of Education whose mission is to significantly increase the number of low-income students who are prepared to enter and succeed in postsecondary education. The project served 6993 students in 7th grade in 23 middle schools representing 12 school districts during the first year of implementation. In this our third year of implementa-

tion, services have been provided for 6930 students in 17 high schools. Of these students, 98 percent are Hispanic, 88 percent are economically disadvantaged, 25 percent are considered limited English proficient, and 17 percent have been identified as migrant.

Formed as a partnership with school districts, businesses, community organizations, and institutions of higher education, GEAR UP has created the infrastructure to provide services which will enable students to prepare for higher education by pursuing a recommended program of rigorous study. Since its inception in 2001, this project has served a cohort of students through intervention strategies such as tutoring, mentoring, college awareness and preparation including financial aid information, academic and career counseling, and leadership and cultural development. Students have toured college campuses and participated in residential summer camps all intended to expose them to college life and to the possibility of a college education.

Recognizing the critical role that parents play in their children's decisions regarding college preparation (5), the project has implemented "Las Platicas," or conversations, a parental involvement program recognized nationally for its effectiveness in providing parents information regarding college entrance requirements, college cost and affordability, and financial aid opportunities. Through trained parent volunteers supported by the GEAR UP Coordinator and Parent Liaison on each high school campus, the importance of preparing for a college education resonates at parent meetings, conferences, and home visits.

Rigorous Curriculum and Academic Performance

The main objective of the UTPA GEAR UP Project is to improve students' academic performance because it is one of the most potent predictors of enrollment in college (6). Our preliminary benchmark data indicate that since the project began providing services to the cohort of students as 7th graders, a higher percent passed the state mandated test in 8th grade than in 7th grade. The test results also indicate that 90 percent of the cohort students passed the reading subtest in the 8th grade, an 8 percent increase from the previous year before the project interventions were implemented. In addition, the average score in mathematics has increased from 82.9 to 87.7 which indicates a higher level of academic performance.

Course enrollment incorporating rigorous curriculum is a particularly strong predictor of college enrollment for Hispanic students (7, 8). Advanced course enrollment of GEAR UP students is steadily increasing in English and science, however, the trend is particularly evident in advanced mathematics. Enrollment in advanced mathematics in 9th grade increased by 54 percent from the previous year.

Aspirations for Attending College

Educational aspiration is one of the most influential predictors of educational attainment. Students who aspire to go to college are more likely to enroll and complete a college degree. Furthermore, the higher the level of aspiration, the greater the likelihood of enrolling in college (9).

Through the project activities, GEAR UP has developed a college-going culture as evidenced by the high level of aspiration to go to college among our students. According to a survey of 9th grade GEAR UP students, 93 percent aspired to attend some form of education beyond high school, and 69 percent aspired to seek a bachelor's or graduate degree.

College Knowledge

Although Hispanic students' knowledge about college requirements and preparation is lower than other students as compared nationally, GEAR UP students' knowledge about college has increased over time. Whereas only 63.4 percent of students were familiar with a 4-year college or university in the 7th grade, over 80 percent of the students are now aware of these institutions as options for their future. There was also a significant increase in the number of students who were knowledgeable about college entrance requirements.

College Cost and Affordability

As reported by the National Center for Education Statistics in 2001, students and their parents perceive a college education as unaffordable (10). However, students and their parents very often overestimate the cost of attending college. Although these estimates still remain high, 9th grade GEAR UP students and their parents reported much lower costs this year than they have in previous years. GEAR UP is dedicated to breaking down this barrier of college cost and affordability that still exists among our low-income parents.

Parental Involvement

Current research supports the important role of the family's involvement in their children's education in general and in their preparation for college in particular. Family support and encouragement play a critical role in a child's decision to enroll in college. Furthermore, students whose parents are involved in their education demonstrate a higher level of academic achievement (11, 12, 13, 14, 15).

The GEAR UP Project is continually providing services to increase parental capacity and support for their children. The project has worked diligently to provide information on college preparation, college entrance requirements and financial assistance. Parents' knowledge about college requirements increased by 30 percent since they have been engaged with GEAR UP. The GEAR UP staff at each high school campus is instrumental in structuring a program for parents that builds knowledge and self efficacy in helping their children prepare for success in college. Often, parent meetings are held in the local community, including parents' homes, in an effort to involve as many parents as possible in the process.

One of the most important predictors of students' educational aspirations is their parents' expectations. Students whose parents expect them to get a college degree are more likely to enroll and succeed in college. Parents of high school children place an especially high importance on a college education, and Hispanic parents give college an even higher priority than do white parents (1). Parents of GEAR UP students are no exception, 80 percent indicate that they expect their children to acquire a bachelor's or other graduate degree. Although parental expectations seem to decline as students progress through the grades (10), our parents' expectations have remained high over time.

We have established a close relationship with our parents having worked with them and their children since the 7th grade. Consequently, they feel more comfortable in engaging with the school community. Over 80 percent of the parents have visited their children's school, 70 percent have attended parent meetings, and 60 percent have participated in school activities.

Conclusion

I have highlighted a few aspects of the UTPA GEAR UP Project and their impact on student achievement and parental engagement. In addition to these components, the project provides professional development for teachers, and other student activities such as cultural experiences, leadership development, and opportunities for community service.

Given the success of GEAR UP in preparing students to not only aspire to go to college, but to succeed once enrolled, it is clear that this program must continue for not just this cohort of students, but for generations of students to come. Support from the federal government is critical for this to be accomplished. Local communities of South Texas that continue to lag behind the rest of the state and nation in quality of life-per capita income, employment rates, and level of educational attainment, simply cannot generate the investment necessary to ensure the program continues at the same level of implementation. Furthermore, the federal government can and must ensure equitable access, so critical to closing the college participation gap that separates those who have access from those who do not. This investment will reap great benefits through increased buying power, increased tax revenues, shrinking welfare rolls, and reduced child poverty rates. Therefore, it is not only a matter of economics, it is a matter of the quality of life for an entire region, the state of Texas and the nation.

The words of one of our GEAR UP students summarizes the impact that college access programs such as GEAR UP have on the hopes and dreams of our young people. Cesar Armendariz, a sophomore at Juarez Lincoln High School in La Joya, Texas said, "GEAR UP has helped me understand the choices that I have for colleges that I might attend in the future. With GEAR UP's help and the help of my counselors, I hope to be the first in my family to graduate from college." We simply must do everything we can to fulfill these hopes and dreams of a college education for Cesar and for others like him who seek only the opportunity to improve the quality of their lives so that they may contribute to society as productive citizens of this great country. This commitment is fundamental to our social and economic development, both as individuals and as a society (16).

Policy Recommendations

I submit the following recommendations for the Committee's consideration.

1. Increase funding for HSI's such as the University of Texas Pan American to continue to provide access to underserved populations.

2. Increase and continue funding GEAR UP to include six years in the funding cycle which if started at the 7th grade, would enable the support to continue through the students' graduation from high school and enrollment in college.
3. Increase funding to HSI's for Freshmen Success initiatives to continue to support students through their first year in college, so critical to their eventual completion.
4. Increase funding for research and evaluation to determine best practices in college preparation and access especially with our Hispanic students and parents.

References

(1) Public Agenda Online. (2000). Great Expectations: How the Public and Parents—White, African American, and Hispanic—View Higher Education. May. http://www.publicagenda.org/specials/highered/highered.htm
(2) Gandara,.P. & Bial, D. (2001). Paving the way to Postsecondary Education: K–12 Intervention Programs for Undrrepresented youth. Washington, DC: US. Department of Education, National Center for Educational Statistics.
(3) Perna, L. (2000) Racial and Ethnic Groups Differences in College Enrollment Decisions.New Directions for Institutional Research.17 . 65–83.
(4) Greene, J. & Forster, G. (2003). Public High School Graduation and College Readiness Rates in the United States. Center for the Civic Innovation at the Manhatten Institute. No. 3, September.
(5) Hossler D. & Stage, F. (1992). Family and High School Experience Influences on the Postsecondary Educational Plans of Ninth–Grade Students. American Educational Research Journal, 29(2), 425–451.
(6) Mehan, H., Villanueva, I., Hubbard, L., & Lintz, A. (1996). Constructing School Success: The Consequences of Untracking Low–Achieving Students. New York: Cambridge University Press.
(7) National Center for Educational Statistics. (2001). High School Academic Curriculum and the Persistence Path Through College. (http://nces.ed.gov/publserch/pubsinfo.asp?pubid=2001163).
(8) Warburton, E., Bugarin, R., & Nuez, A. (2001). Bridging the Gap: Academic Preparation and Postsecondary Sources of First–Generation Students. Education Statistics Quarterly. 3(3), 73–77.
(9) Hossler, D., Braxton, J. & Copersmith, G. (1989). Understanding Student College Choice. In John C. Smart (ed.), Higher Education: Handbook of Theory andResearch. Vol. 5. New York: Agathon Press.
(10) National Center for Educational Statistics. (2001). Parental Involvement in Schools.Indicator 54. Washington , DC: U.S. Department of Education. Office of Educational Research and Improvement.
(11) Catsambis, S. (1998). Expanding Knowledge of Parental Involvement in Secondary Education: Its Effects on High School Academic Success. Center for the Education of Students Placed at Risk, Johns Hopkins University, report 27, Fall.
(12) Chavkin, N. F. (1993). Families and Schools in a Pluralistic Society. New York: State University of New York Press.
(13) Christenson, S. L., Rounds, T., & Gorney, D. (1992). Family Factors and Student Achievement: An Avenue to Increase Students' Success. School Psychology Quarterly, 7, 178–206.
(14) National Center for Educational Statistics. (1994). Parental Involvement in Education.Indicator of the Month (NCES–94–693). Washington. DC. (ERIC Documentation Reproduction Service No.ED 374923.
(15) Epstein, J. (2001). Building Bridges of Home, School, and Community: The Importance of Design. Journal of Education for Students Placed at Risk. 6(1&2), 161–168.
(16) Education Commission of the States (2003). Closing the College Participation Gap. April. www.ecs.org

---

Statement of George C. Torres, Assistant Vice President for Congressional/Legislative Relations, Texas Guaranteed Student Loan Corporation

Mr. Chairman and Committee Members:

Thank you for inviting the Texas Guaranteed Student Loan Corporation (TG) to offer testimony before you today.

As a preface, in proposing its recommendations for the Reauthorization of the Higher Education Act (HEA), TG and the student financial aid communities in Texas, Arkansas, Louisiana, New Mexico, and Oklahoma—Texas Association of Student Financial Aid Administrators (TASFAA), the Southwest Association of Student

Financial Aid Administrators (SWASFAA), and the Association of Texas Lenders for Education (ATLE)—all recognize:

* the extremely tight financial constraints and priorities facing the Congress with respect to discretionary spending and the limits this imposes on funding student financial aid, and related programs; and,
* that the cost of a postsecondary education assessed by institutions to the student and family, and the provision of need-based student financial aid are related to one another and should be considered together in developing a unified and meaningful federal postsecondary education access policy.

With respect to the first point, we simply request that the congress make every effort to continue to support those existing federal programs, and examine the feasibility of establishing new programs that rely on a partnership with the states and private sector, that promotes access to postsecondary education, and that recognizes the shifting changing national demographics and the implications this has for policies that promote and provide access to postsecondary education.

On the second point, several studies published since the beginning of this decade including:

* The Advisory Committee on Student Financial Aid's two reports, Access Denied: Restoring the Nation's Commitment to Equal Educational Opportunity and Empty Promises: The Myth of College Access in America;
* The Lumina Foundation's Restricted Access: The Doors to Higher Education Remain Closed to Many Deserving Students; and,
* The Education and the Workforce Committee's own The College Cost Crisis all describe the most critical, double sided, issue facing this HEA Reauthorization—the increasing cost of postsecondary education, and the inability of current need-based student financial aid to meet the unmet financial need of thousands of academically qualified students—many from historically underrepresented populations who will soon comprise the majority of the population and workforce in many parts of the country—seeking to obtain a college education. The key difference in the studies is the emphasis each places on college cost, on one side, or student financial aid and unmet on the other.

Therefore, the above mentioned student financial aid communities applaud and support the overall general Committee objectives expressed through the proposed College Affordability in Higher Education Act of 2003, HR 3180 - College Opportunity for All Act, and HR 3039—The Expanding Opportunities in Higher Education Act—as first steps toward meaningful discussion in addressing these twin issues, in collaboration with the states, postsecondary, and student financial aid communities. Such a discussion should result in a framework that successfully encourages through regulatory relief, and other measures and incentives, effective voluntary postsecondary cost efficiencies, coupled with adequate funding of need-based student financial aid and work study, less reliance on student loans and student debt, and innovative programs—perhaps like Texas' Closing the Gaps initiative—that successfully encourage the recruitment, retention, and graduation of students who may not ordinarily consider a postsecondary education through a combination of lowering costs, increased financial support, and outreach and awareness programs.

If such a comprehensive approach to enrolling and graduating more students from underrepresented populations is to be successful, Hispanic–Serving Institutions (HSIs) need to play a necessary role in the effort, and would be a primary beneficiary of the increased enrollment from a substantial part of the target population.

In 2001, the southwest student financial aid communities decided to collaborate on the development of a set of initial recommendations concerning the Reauthorization of the Higher Education Act and submit them to the Congress as representative of the student financial aid and postsecondary access issues of most important to this region.

These recommendations are being updated on a continual basis as the Reauthorization process unfolds.

These specific recommendations are attached for your review and include all of the major issues, e.g., program funding authorizations, student loan maximums, student loan fees, distance education, voluntary flexible agreements, etc., and will serve as the primary input to the Subcommittee. We feel that most, if not all, pertain to the needs of HSIs in terms of improving access, affordability, and academic quality.

My brief comments today focus on

* the HEA Reauthorization-related legislation already filed and pending before the Congress; and,
* a request already submitted to the full Committee concerning Texas" Closing the Gaps initiative that we in Texas feel can serve as a model for postsecondary education recruitment, retention, and graduation of students from historically

underrepresented populations, which, in turn, impacts HSIs like UT- Pan American.

Of the 219 HSIs in the United States, 35 are Texas institutions and enroll 20% of the Hispanic postsecondary education enrollment in Texas. These institutions play a crucial role - enrolling 50% of the Hispanics pursuing a college degree. This is especially true in Texas which has the 2nd highest percentage of Hispanic population in the country, and will be a majority minority state before 2020, with the Hispanic population and workforce pool accounting for 42% of the population. Today, one out of every three new workers in the labor force is Hispanic, and the Hispanic population is the youngest, largest ethnic and fastest growing population segment in the country. Already, in Texas, Hispanic children are the majority school population in grades K–6, and, during the period 1990—2000, Hispanic population in Texas grew 64%. Since 2000, Hispanics account for 70% of the population growth in Texas. According the Dr. Steve Murdock, Texas" chief demographer, as early as 2006, Texas combined minority population may constitute the majority population of the state.

Within this national and regional environment, certainly among the major priorities of the Congress for this HEA Reauthorization should be on how best to ensure that adequate:

* programs that encourage children within this population shift to prepare for a postsecondary education exist and are accessible;
* need-based student financial aid is available to them, since most are low income: and,
* if not increased, support for HSIs is continued to meet the increased demand for their services.

For HSIs, The Congress should consider the recommendations already submitted by the Hispanic Association of College and Universities that build on the already increased support for Titles II, V, and VI the Congress and Administration have demonstrated since the 1998 HEA Reauthorization, along with HR 3180, HR 2238, HR 3039, HR 3076, and those bills listed below.

In the current Reauthorization, the Texas, Arkansas, Louisiana, New Mexico, and Oklahoma student financial aid associations have endorsed in writing and encourage the 108th Congress to seriously consider, in addition to the legislation already mentioned, the following bills:

* HR 12 which proposes to make several technical changes to the HEA that respond to the FEDUP initiative initiated by the 21st Century Competitiveness Subcommittee that simplify and enhance access to and the administration of federal student financial aid programs.
* HR 438 and 2211 which propose to assist school teachers with repayment of their student loan debt and strengthen teacher education standards should be passed. These initiatives should have the effect of encouraging young, bright, and enthusiastic students to enter the teaching profession which will, in turn, improve K–12 education and produce mare academically prepared students—White, Black, and Hispanic—for postsecondary education at all colleges and universities.
* HR1304 which proposes to convert the current student loan interest deduction to a credit equal to 50% of the interest paid during the taxable year.
* HR 1306 which proposes to expand student loan forgiveness to borrowers who are employed full-time in public service jobs, e.g., teachers, child care workers, nurses, mathematics, science, and bilingual education teachers, and child welfare workers, and other qualified workers who work in shortage areas and serve needy communities.
* HR 2238 which proposes to build on Title V of the Higher Education Act by further strengthening Hispanic–Serving Institutions at the graduate level.
* HR 2956 which proposes to direct the Advisory Committee on Student Financial Aid to recommend ways to simplify the student financial aid application and delivery process.
* HR 3076 which proposes to include in the graduate fellowship programs established under Title VII, graduate programs for teachers in shortage areas.

Of particular interest to the Texas student financial aid community is the Closing the Gaps effort initiated in Texas in 2001 to enroll, retain, and graduate an additional 500,000 students from Texas colleges and universities by 2015. Most of these are to come from the soon to be majority minority community. Because of the focus of this effort, HSIs have an important role to play in the Closing the Gaps program if a significant increase in a substantial portion of the target population is to be achieved and sustained.

Since 2001, the Texas Legislature has appropriated no less than $957 million to support those parts of the Closing the Gaps initiative that have as their purpose

to provide financial access and enroll, retain, and graduate more students primarily from underrepresented populations from Texas colleges and universities. Yes, Texas, like almost all other states and the federal government, is experiencing severe budget problems. There is no question that without these problems, more could be done in the areas of education and health and human services. It is also true that Texas—more than most other states has the resources, capacity, and potential to do more in these areas. Hopefully, Texas will begin to move in a direction that more fully capitalizes on these resources and capacities more effectively in the near future.

However, in light of the budget constraints, Texas" state political leadership is continuing to support the Closing the Gaps effort, and certainly appears to be committed to continue this effort, if for no other reason, because Texas" future social and economic well-being is inextricably linked to ensuring the success of these efforts.

The Closing the Gaps statewide effort concerning outreach, awareness, recruitment, and retention is a statewide effort—mostly voluntary - including professionals, student financial aid directors, college admissions officers, registrars, middle and high school counselors, private sector lenders, the state guarantor, etc. Associations representing these areas are active partners with the Texas Higher Education Coordinating Board in planning, developing, and carrying out the multiple strategies on the Closing the Gaps effort.

TG's role in participating in the Closing the Gaps effort actually predates the beginning of that effort. TG's state statutory mandate is to coordinate these types of activities, along with default prevention efforts, in conjunction with our Texas student financial aid partners. Since the inception of the Closing the Gaps effort, TG has continued its outreach, awareness, and default aversion activities and incorporated them into our role within the Closing the Gaps effort.

Among the outreach, awareness, and default prevention activities TG is involved in within the Closing the Gaps effort are:

* TG, in cooperation with the Texas FFELP community, established a state cohort default rate and compliance function in the late 1980's, predating the establishment of the federal rate, which began the state's steady student loan default rate decline.
* Several years ago, in cooperation with the Texas FFELP community, TG improved a state student loan default aversion model, first developed right here by the University of Texas—Pan American student financial staff, that involves enrollment management techniques that identify the key characteristics of the average student loan defaulter and high-risk borrower who then receives intense, focused, and continual in-school and out-school borrower counseling utilizing institutional support services.
* TG is the statewide coordinator for an independent advisory group (The Council for the Management of Educational Finance) whose membership is composed of representatives from the Texas student financial aid community that meets several times each year to identify ways to improve default aversion in the student loan programs. Among its meetings, this group hosts an annual meeting for student loan servicers from around the country to meet over two days to share ideas and practices that are effective in lowering student loan default and delinquency rates.
* Since 2001, TG has provided over $1 million in need-based grants to Texas colleges and universities to award to needy students.
* TG administers the Texas Financial Aid Information Hotline (877–782–7322), established by the state legislature in 1999, a free, one-stop-shop service that offers comprehensive information about federal and state student financial aid and admission to colleges and universities in Texas.
* TG sponsors the Mapping–Your–Future (www.mapping-your-future.org), Adventures in Education (www.adventuresineducation.org), and Jobgusher (www.jobgusher.com) websites that provide comprehensive information concerning obtaining a postsecondary education, applying for student financial aid, and career planning.
* TG produces a comprehensive student financial aid resource for Texas policymakers and others who are interested in the state of student financial in Texas (www.tgslc.org/pdf/statefinaid.pdf).
* Specifically, with respect to the Closing the Gaps effort in Texas, TG has contributed funds to the effort, assisted in developing the public awareness GO Campaign, assisted in the implementation of the Texas Uniform Recruitment and Retention Plan, developed the core content of the English and Spanish versions of GO Campaign's Training Tool Kit for Community–Based Organiza-

tions, participated in training workshops throughout the state, and provided the Spanish version of the website for Closing the Gaps.

In summary, these aspects of the Closing the Gaps campaign are strongly supported by the State of Texas and the higher education and student financial aid communities. We, the Texas student financial aid community, are convinced that that these types of programs that currently exist have significant potential for encouraging states and institutions in making a greater effort to diversify their higher education enrollments with students from historically underrepresented populations.

We therefore strongly encourage the Subcommittee to consider similar language to that attached for inclusion into the Higher Education Reauthorization legislation to "help and encourage states to fulfill the promises made in initiatives like" Closing the Gaps.

Thank you for your support and continuing advocacy for access to higher education opportunities for all, and, on behalf of the Texas and southwest student financial aid communities.

Closing the Gaps

The Secretary is authorized under this Chapter to establish a pilot program in partnership with States and postsecondary institutions of higher education that recognizes the fact:

1. that the postsecondary education underreprepresented populations (primarily Hispanic and Black) are projected to increase from 24 percent of the country's population today to 34 percent in 2025;
2. the percentage of these populations represented in grades K through 12 has increased by 55 percent since 1972, with Hispanic enrollment alone increasing 250 percent;
3. the postsecondary participation rates of Hispanics and Blacks are less than 15 percent, contrasted with 67 percent for Anglos;
4. the populations that will make up a significant percentage (or majority) of the potential labor pool in 20 years, or sooner, will be composed of young adults from those populations—minority and largely low-income who are the fastest growing and most underrepresented in the nation's postsecondary educational institutions; and,
5. if current trends continue, a growing unskilled and under-educated population that cannot meet the demands of the workplace, an increase in demand for spending on job training, welfare, and Medicaid, lost ground in the global marketplace, and a lower average family income are likely to occur.

The program will reward those states and institutions with competitive matching grants and regulatory relief that develop and implement successful and innovative initiatives with measurable goals that promote access, retention, and graduation rates for underrepresented populations, and that have already established a comprehensive approach to increasing enrollment, retention, and graduation rates of students from postsecondary education to "close the gaps" in participation, success, and excellence by addressing students" academic, emotional, behavioral, and financial needs, as well as, cultural barriers that may affect their admission to and success in postsecondary education.

Elements of the pilot program are:

Participation

States and institutions that establish affordability policies that ensure academically qualified students who are able to succeed in postsecondary education are provided with the financial access and resources to enter and graduate from a college or university using a combination of:

- need-based grants;
- work-study;
- targeted tuition and fee exemptions and waivers;
- affordable tuition and fees that are set and adjusted through a rational methodology;
- institutional incentives that increase affordability for students through administrative efficiencies in the postsecondary educational system;
- enhanced academic preparation for admission to postsecondary educational institutions by requiring the high school college preparatory high school curriculum as the default curriculum for all entering freshmen students;
- programs that focus on recruiting, preparing and retaining well-qualified K- 12 teachers;

- statewide comprehensive programs that promote the benefits and availability of a postsecondary education and the availability of financial assistance through the media and toll free information centers; and
- link tuition increases to increases in participation, diversity, and graduation rates.

Success

States and institutions that establish programs and policies that will promote and increase the probability of success of students in postsecondary education through:

- goals to increase postsecondary enrollment in critical areas, e.g., teaching, engineering, computer science, health, nursing, with targeted recruitment, retention, and graduation rates;
- permanent partnerships among the business community, postsecondary education, and low performing middle and high schools to provide mentoring and tutoring services to increase the postsecondary education going rates of students from underrepresented populations;
- linking tuition increases to increases in participation, diversity, and graduation rates; and
- encouraging high school students to enroll in freshman courses to strengthen the K - 16 initiatives.

Excellence

Access and quality are two sides of the same coin. Emphasizing one at the expense of the other produces mediocrity. In the same way that the overall goal of the No Child Left Behind Act is to promote excellence in K—12, so should it be within K—16. In order to encourage states and institutions to provide support for academic excellence within their postsecondary educational institutional systems to fully achieve the goal of enrolling, retaining, and graduating more students who will be prepared to enter the workforce, the pilot program will:

- reward states that make efforts to establish "high quality" academic postsecondary educational programs;
- reward states that increase the number of nationally recognized degree programs or schools;
- offer institutions or states the opportunity to identify one or more high demand/shortage degree programs to improve to a level of nationally recognized excellence and provide incentives to institutions or states as the steps to reach that goal are achieved; and
- fund competitive grants to match state/institutional/business contributions for acquiring software and maintaining instructional laboratories.

In developing plans, institutions and states are encouraged to leverage programs already in place, including those sponsored in whole or in part by TRIO or GEAR UP, or other programs established and funded by state legislatures, and through private grants, gifts, and contributions.

Plans will also include performance-based measures.

Eligibility

The Secretary in consultation with institutions and states that have successful programs in place, will develop and promulgate criteria and regulations to implement this Section.

In order to be eligible to participate in this program an institution or state will demonstrate to the satisfaction of the Secretary in the plan submitted that a program will provide comprehensive services as described above and will have the support of the state legislature, institutional system, or other locally-based network.

TEXAS PROPOSALS FOR THE REAUTHORIZATION OF THE HIGHER EDUCATION ACT

The Texas Student Financial Aid Community's Reauthorization Proposals:

Strengthen need-based student financial aid programs

Enhance outreach, awareness, recruitment, and retention programs

Continue funding authorization increases for minority-serving institutions

Expand the availability of student loans

Increase flexibility for schools in awarding student financial aid funds

Urge complete parity between the Federal Family Education Loan Program (FFELP) and Federal Direct Loan Program (FDLP)

Encourage a complete and thorough review of the student loan consolidation program

Standardize student loan forgiveness and forbearance policies

INTRODUCTION

The Texas student financial aid community, including representatives from the Texas Association of Student Financial Administrators (TASFAA), Association of Texas Lenders for Education (ATLE), and Texas Guaranteed (TG) have worked over the past several years to build an informal coalition among Texas-based student financial aid (SFA) associations to identify issues, develop positions, and advocate these positions at the state and national levels. This approach is continuing with respect to the 2003 Higher Education Act (HEA) Reauthorization.

At the national level, we will work in conjunction with the National Council for Higher Education Loan Programs, National Association of Student Loan Administrators, Education Finance Council, Consumer Bankers Association, and the National Association of Student Financial Aid Administrators, as well as staff and members of the Texas Congressional Delegation. The purpose of this approach is to develop a consensus among the Texas student financial aid community on primary recommendations concerning student financial aid and access issues that the community would like to see addressed during the 2003 Reauthorization of the Higher Education Act. In addition to readily available background information and research, the 2002 TASFAA regional rallies, association conferences, and the Internet were used as the primary vehicles to solicit and receive input from the Texas SFA community to develop this paper.

The Texas SFA community's primary interests during the next HEA Reauthorization include:

- Strengthening the existing federal need-based SFA programs,
- Targeting funds to underrepresented low income populations,
- Improving the administration of the SFA programs, and
- Exploring ways that Texas' Closing the Gaps initiative can be supported through the federal programs.

Closing the Gaps involves several components, including student financial aid, outreach, and academic preparedness. The initiative also includes the goal of the recruitment, retention, and graduation of an additional 300,000 students (beyond the 200,000 increase expected through overall population growth) by 2015. However, as a complement to these state efforts, the federal Title IV student financial aid programs and programs like TRIO and GEAR–UP will be extremely important in ensuring that adequate need-based student aid, financial aid information, and support services are available to successfully carry out this important initiative.

In Texas, where, after decades of being one of the least expensive states to obtain a postsecondary education, the average resident cost of attending a four-year public university is now 99.4 percent of the national average ($12,690 vs. $12,771), $2.7 billion in student financial aid is awarded annually, with 87 percent of this amount coming from the federal Title IV student assistance programs.

It is the Texas SFA community's position that the recent and growing trends toward merit-based student financial aid, and the use of income tax credits and deductions, college savings programs, and prepaid tuition programs, are of greatest concern. While these tools are useful for a particular segment of society, they do little to assist truly needy families and students in accessing and obtaining a postsecondary education.

The minority population (Hispanic and African American) of the United States is projected to increase from 24 percent today to 34 percent in 2025. The percentage of Hispanics and African Americans enrolled in grades Kindergarten through 12 has increased by 55 percent since 1972, with Hispanic student enrollment increasing by 250 percent during this period. The figures for minority populations are even greater for several states in the South and Southwest. These populations are the fastest growing and most underrepresented in postsecondary education. Many of these students and families are also low-income.

The Congress' own Advisory Committee on Student Financial Aid (ACSFA) has issued two reports since the 1998 HEA Reauthorization - Access Denied: Restoring the Nation's Commitment to Equal Educational Opportunity (February 2001) and Empty Promises: The Myth of College Access in America (June 2002). Both of these reports present a compelling case that the primary reason most low-income, academically prepared high school graduates in the U.S. do not choose to enter postsecondary education because of a lack of financial resources. Both reports provide a solid basis for strengthening the federal student financial aid programs to address this issue, which is especially relevant to underrepresented minority populations.

Therefore, from a Texas perspective, this HEA Reauthorization should focus on support for programs that will target student financial aid and efforts (e.g., academic preparation, outreach, and awareness activities) to encourage these populations to seek and obtain a postsecondary education. Cost remains a barrier to ac-

cess to postsecondary education for too many academically qualified students, and these recommendations seek to address this barrier.

The Congress can do this by using the Reauthorization process to establish a long-term plan that:

- Provides increased support and incentives to the states to strengthen middle and secondary school academic preparation for postsecondary education, with emphasis on the needs of the underrepresented and growing population sectors;
- Increases the authorized funding levels for the Title IV need-based student financial aid programs and funds these programs at higher levels, striking a balance between programs to assist middle-income students and families and low-income students and families; and
- Identifies ways to strengthen, through better coordination and funding, federal and state post secondary outreach and awareness programs targeted at underrepresented and growing populations.

ISSUES AND RECOMMENDATIONS

Priority issues and recommendations from the Texas SFA community are:

1. Restore the buying power of the federal need-based student financial aid programs. Pell Grant Program - Increase the amount of the authorized maximum Grant to the 1976 buying power level - $7,066 - an increase of $1,266 over the 1998 Reauthorization, and an increase of $3,066 over the actual maximum grant. The premier federal need-based grant program should be fully funded to the 2003 authorized annual maximum of $5,800. Ideally, the Congress should raise and fund the authorized annual maximum grant to $7,600, thereby restoring the buying power of the original grant.

To help pay for these increases, the Congress should explore changing or repealing the Hope and Lifetime learning tax credit programs (which are not targeted at needy students and families) to provide additional funding for the Pell Grant.

Supplemental Educational Opportunity Grant Program (SEOG) - Increase and fund the authorized funding for the SEOG to $1 billion, an increase of $325 million since the 1998 Reauthorization, and an increase of $309 million over actual 2001 funding. Allow institutional flexibility and professional judgment for awarding a portion of SEOG funds to non–Pell-eligible students who still demonstrate significant financial need. (Title IV, Part A, Sections 413A, 413B, and 413C)

Additionally, the Congress may want to express its intent that institutions should front-load need-based grants to younger, freshmen, first-time students within the constraints of program funding, in order to minimize the student loan debt that these higher risk students may incur. (Title IV, Part A, Section 401(b))

The Texas SFA community recommends making both the Pell Grant and SEOG programs entitlement programs, if possible, with the maximum annual grant indexed to the cost of education, consumer price index, or some other appropriate index.

Federal Work–Study Program - Increase and fund the authorized funding to $1.3 billion, an increase of $300 million over the 1998 Reauthorization and an increase of $289 million over actual 2001 funding.

In recognizing the significant value of community service, the Texas SFA community recommends that the current community service level, mandated at 7 percent, be maintained and that designated funding - similar to that provided for the Job Location Development Program - be granted to institutions to encourage them to voluntarily exceed the mandated percentage to meet local needs, expand institutional community service capacity, and take advantage of opportunities which may exist in their areas of service. (Title IV, Part C, Section 441, Sections 446 - 448)

Perkins Loan Program - Increase the authorized funding to $200 million, an increase of $100 million over the 1998 Reauthorization and 2001 actual funding levels. Increase the annual maximums to $5,500 for undergraduates and $10,000 for graduate and professional students, with cumulative maximums increased to $27,500 and $67,500, respectively. Allow institutions that have opted out of participation in the program to continue to collect outstanding loans and use the proceeds to establish a campus-based student aid endowment fund to use to supplement funding for other need-based SFA programs. Repeal the requirement that requires requests for forbearances to be in writing. Allow a defaulted borrower who voluntarily made all past and currently due payments to regain Title IV eligibility for all SFA programs. (Title IV, Part E, Sections 461, 462(e)(3)(a), 464(a)(2)(A), and 465)

Leveraging Educational Assistance Partnership Program - Increase and fund the authorized level of funding to $150 million, an increase of $45 million over the 1998 Reauthorization level, and an increase of $95 million over actual 2001 funding. (Title IV, Part A, Section 415A)

Federal TRIO Programs - Increase and fund the authorized funding to $1.5 billion, an increase of $800 million over the 1998 Reauthorization level, and an increase of $770 million over actual 2001 funding. (Title IV, Part A, Section 402A)

Aid for Institutional Development (Title III & Title V institutions) - Increase and fund the authorized funding to $815 million, an increase of $303 million over the 1998 Reauthorization, and an increase of $423 million over actual 2001 funding.

Federal student loan programs - The Texas student financial aid community encourages the Congress to continue to support the largest of the student financial aid programs - the Federal Family Education Loan Program (FFELP) and Federal Direct Loan Program (FDLP). Student loan maximums for first- and second-year borrowers have not been significantly increased since 1986 ($2,500 annual maximum to $2,625 in 1992 for first-year borrowers). The Congress should simplify the FFELP and FDLP by adopting a uniform annual loan maximum for dependent undergraduate borrowers of $5,500 with an additional $5,000 for independent undergraduate borrowers. Because research indicates that graduate and professional students are low risk for loan defaults, the Texas SFA community recommends that these borrowers should be able to borrow up to the cost of education.

In addition, to allow institutions to address individual costs and needs, and control student debt and student loan defaults, the Texas SFA community recommends that schools be given the flexibility to set, by institutional policy, annual student loan maximums that are below the statutorily set maximums.

The Congress should establish complete parity between the two federal loan programs in the areas of income contingent repayment, in-school loan consolidation, loan discharge for death and disability, and borrower benefits provisions. Establish a single interest rate for all Stafford loans (FFELP and FDLP) that applies to loans made after 1994 and for in-school, grace, and repayment. Increase the amount of student loan debt that can be forgiven for school teachers that teach in high demand areas.

In addition, to enhance the effectiveness of the campus-based programs, allocation of new funding for these programs should be based on the number of Pell Grant recipients on each campus.

The Texas SFA community also strongly urges the Congress to do all it can to refocus its attention on the crucial need-based SFA programs, thereby reversing the 25-year trend toward reliance on loan and merit-based aid. (Parts B and D of Title IV)

2. Restore the exemptions that allow single and undelayed student loan disbursements by low default rate schools.

The Congress is urged to reauthorize these two provisions which allow schools with lower than 10 percent student loan default rates to disburse loan funds in a single disbursement, immediately, to first-time borrowers.(Title IV, Part B, Section 428G(a)(3) and (b)(1))

3. Revise the Return of Title IV funds provisions - (Title IV, Part G, Section 484B).

The Texas SFA community recommends that the Congress adopt the amendments proposed in HR 4866, with the change that a student not be required to return amounts of $250 or less.

4. Allow institutional flexibility.

Allow institutions to transfer a portion of Title IV funds among Title IV programs, based on the student's SFA needs.

5. Reauthorize student loan interest rates and review student loan consolidation.

The current interest rate formula for FFELP loans should be reauthorized. (Title IV, Part B, Section 427A(a) (l))

With respect to loan consolidation, the Congress should thoroughly review all of the issues associated with this program. These should include:

- First and foremost, the findings and recommendations of the General Accounting Office study currently underway;
- Before changing the single holder rule through ad hoc legislation(HR 3273/S 2650), the Congress should consider how effectively schools are using the provision in their student loan default prevention efforts;
- The original purpose, benefits, and conditions of the 1985 student loan consolidation program (convenience for the borrower through conventional combining of multiple loans at a single fixed interest rate);
- The interest rate (fixed vs. variable);
- Cost to lenders and holders (the 1.05 percent holder and .50 lender taxes) and parity with FDLP consolidation policies (income-contingent repayment, in-school consolidation, death & disability discharge provisions);
- Borrower eligibility (the opportunity to consolidate only once, rather than to be able to reconsolidate at lower interest rates);and

- The issue of the appropriate level of taxpayer subsidization for consolidated student loans after the borrower leaves school.

All of these issues must be considered while balancing the interests of the borrower (convenience and cost) and the provider (cost of funds and student loan portfolio valuation volatility). However, in balancing the interests, we urge the Congress to consider the cost to the federal government and to the other need-based student aid programs. After all, the central issue here is whether it is better public policy to spend marginal public dollars to continue to subsidize former students, or to spend these funds assisting current and future economically disadvantaged students with need-based student aid. (Title IV, Part B, Sections 427A(k)(4) and 428C(f))

Student loan consolidation was originally intended to be a borrower benefit only in the sense that it provided a mechanism to simplify the repayment of multiple loans by a borrower through refinancing the debt through consolidation. This intent seems to have been lost over time, and it should be revisited.

6. Provide equity in student loan forgiveness.

Amend Title IV, Part B, Sections 428J and 428K in the FFELP provisions to parallel Part E, Section 465 in the Perkins Loan Program for student loan forgiveness for certain borrowers, including teachers.

Increase the amount of student loan debt that can be forgiven for certain teachers.

Despite the new accountability system put in place for K–12 education in Texas, many Texas teachers are still uncertified to teach in their subjects, particularly in predominantly low income, minority high school math, science, and foreign language classes. Providing increased student loan forgiveness may attract more qualified individuals into the teaching profession.

7. Repeal student loan fees.

The Texas SFA community encourages the Congress to repeal the 3 percent student loan origination fee and the 1 percent guarantee fee. The origination fee was originally established by the Congress in 1981 as a temporary revenue source to address a federal budgetary shortfall. All but a handful of the 36 FFELP guaranty agencies have voluntarily eliminated the 1 percent guarantee fee. Repeal of both fees would save borrowers money and allow each borrower to receive the full loan amount each is eligible to receive. (Title IV, Part A, Subpart 2)

8. Enhance outreach programs.

Postsecondary education outreach and awareness programs are important and college work-study programs which have as part of their purpose to provide postsecondary education outreach/awareness activities to low-income students and families, e.g., TRIO; GEAR–UP; HEP–CAMP; and Learning Anytime, Anywhere. The Congress should identify opportunities to make these programs even more effective and fund them at the authorized levels.

9. Eliminate tax credits and other alternatives to direct student financial aid.

These programs complicate an already overly complicated tax code in an effort to deliver student financial aid to students and families. The Texas SFA community believes that increased funding for the existing need-based grant and work-study programs is a far more effective means of delivering student financial aid directly to students who are most in need of financial assistance, and recommends that the Congress increase authorized levels for these programs and fund them at the authorized levels rather than continuing to support tax credits and other alternatives to directly applied student financial aid.

10.Review student privacy issues.

There has been substantial discussion concerning adequate protection of consumer information, with differing requirements among the states, which, with respect to the student loan programs, can hamper the exchange of borrower data among schools, lenders, and guaranty agencies that is used in carrying out delinquency and default prevention efforts, and in the collection of defaulted student loans. The Texas SFA community strongly encourages the Congress to include in its HEA Reauthorization process a thorough review of this issue and clarification in the HEA that borrower data must be shared among all Title IV participants for appropriate purposes in carrying out the administrative provisions of Title IV of the HEA and for use in assessing how effective federal, state, and institutional student financial aid programs are.

11.Standardize the use of student loan repayment forbearances.

The Texas student financial aid community encourages the Congress to standardize the student loan forbearance provisions among all student loan programs and to simplify the method for requesting and granting forbearances by allowing oral requests by the borrower and requiring a response by the holder within 30 days of receipt of the request. (Title IV, Part B, Section 428(c)(3) and Part E, Section 464(e))

12.Remove barriers to distance education.

The role of distance education offered by postsecondary educational institutions has expanded dramatically during the past 20 years. It has proven to be an especially attractive, efficient, and effective option for nontraditional students seeking an advanced degree, professional certification, or retraining in a different field. In Texas, distance education has served as a valuable tool to train new K–12 school teachers. However, with respect to student financial aid, several technical issues have been allowed to go unaddressed, and the Congress is strongly urged to address them during this Reauthorization. These involve removing barriers that hinder the use of student financial aid for students taking course work delivered via telecommunications technology coupled with the assurance that sufficient oversight of the administration, quality, cost, and outcome measures for distance education courses are in place.

The Texas SFA community strongly encourages the Congress to review the results of the Education Department's evaluations of the Distance Education Demonstration Program authorized in 1998. The Congress should address the long overdue issue of identifying programs that can appropriately and effectively be delivered via telecommunications, while ensuring the safeguard of federal student aid funds. If sufficient safeguards are or can be included, the provisions included in HR 1992/S1445 - The Internet Equity & Education Act - should be included in the Reauthorization legislation. (Parts G and H of Title IV and Part A of Title I)

13.Include prepaid tuition plans in the need analysis process.

The Texas SFA community strongly recommends that college tuition prepayment plans be treated the same as 529 college savings plans (as an asset of the account holder, instead of as a resource) in the need analysis process. This will be an added incentive for families to save for their children's postsecondary education. (Title IV, Part F, Section 480(j))

14.Include veterans' benefits in the need analysis process.

The Congress is strongly urged to amend the HEA to provide for consistent treatment of veterans benefits (all chapters) as income in the need analysis process. This will simplify the SFA packaging process. (Part F of Title IV)

15.Use prior-prior year income tax return information in the need analysis process.

The Texas SFA community urges the Congress to allow schools to use prior-prior year tax information in the need analysis process. This will allow:

- The SFA application process to begin earlier;
- Schools to use actual, rather than estimated, income information;
- Automated income verification through data exchanges with IRS, ED, and other appropriate agencies;
- Outreach and awareness activities to begin earlier. (Title IV, Part F, Sections 475 and 476)

16.Combine student and parent income and assets in the need analysis process.

The Texas SFA community urges the Congress to eliminate the distinction between "student" assets and income and "parent" assets and income, and replace both terms with "family" assets and income. Doing so would:

- Simplify the federal methodology,
- No longer penalize families who save for their child's college education in their child's name, and
- Benefit low-income families in which a child's income plays a significant role in supporting the family and is, therefore, not available to pay for educational costs. (Part F of Title IV)

17.Change the treatment of recipients of Temporary Assistance for Needy Families (TANF) or other public assistance benefits in the need analysis process.

Since these applicants have already passed a needs-test to qualify for public assistance benefits, they should not be required to do so again to receive SFA funds. The Congress should amend the HEA to require that the Free Application for Federal Student Aid (FAFSA) include a box that low-income applicants can simply check to indicate that they are receiving public assistance and, therefore, able to forego the rest of the FASFA process. (Part F of Title IV)

18. Retain the definition of "independent student.

The Congress should retain the current definition used on the FAFSA.

19.The Student Adjustment Act (HR 1684)

The Texas SFA Community encourages the Congress and Administration to follow the example of Texas and a few other states, to include this legislation as a part of the HEA reauthorization.

This bipartisan bill proposes to provide each state with the authority to determine state residency for higher education purposes and to authorize the cancellation of removal and adjustment of status of certain alien college-bound students who are long term U.S. citizens. One of the key benefits of this legislation will be to allow

long-term alien resident children to gain lawful permanent resident status and to eligible to pay in-state postsecondary education tuition.

20.Reauthorize Section 428A—VOLUNTARY FLEXIBLE AGREEMENTS WITH GUARANTY AGENCIES

The Secretary of Education has cited VFAs as an effective means that have allowed experimentation with new, innovative ways to deliver and finance FFELP guarantor services, including default aversion. This Section has only been in place for about 2 years and should be given a chance to prove itself. This recommendation has been supported by virtually all higher education associations, including the National Association of Student Financial Aid Administrators (NASFAA).

21.Reauthorize Section 491—ADVISORY COMMITTEE ON STUDENT FINANCIAL ASSISTANCE

The ACSA, established as a part of the 1986 HEA reauthorization, has proven to be an important and effective nonpartisan advisory body to the Congress on key student financial aid and postsecondary educational access issues. It has a proven track record and should be continued and the Texas community urges its continuation.

22.Reauthorize Section 492 - REGIONAL MEETINGS AND NEGOTIATED RULEMAKING

This process has proven to be extremely effective in developing and implementing the myriad of changes that result from reauthorization, bringing in input from the entire education community in a formal, structured process.

23.Sections 475- 478—Allocation formulas for campus-based programs

Adopt the NASFAA recommendations to review and update the campus-based student financial aid programs allocation formulas. Adjusting the formulas will allow funding from these programs to be more effectively targeted to institutions in areas of the country that are most impacted by increases in population growth among those groups historically underrepresented in postsecondary education.

24.Closing the Gaps

Establish a state/federal/institutional partnership pilot program that will provide regulatory relief and financial incentives to states and institutions that develop and implement initiatives designed to increase enrollment, retention, and graduation rates of high need students through targeted student financial assistance, outreach and awareness programs, and mentoring and tutoring programs using university/middle and high school partnerships.

25. Finally the Texas student financial aid community strongly urges the 108th Congress to pass the following Reauthorization-related bills introduced after the submission of the initial Texas Reauthorization position paper:

HR 12, as introduced. HR 12 is important to institutions and students, and the technical changes and extensions should be implemented as soon as possible prior to taking up the complex issues certain to be associated with the next HEA reauthorization;

HR 438 and HR 2211. These bills propose to provide increased student loan repayment relief to school teachers who teach in high demand or shortage areas and strengthen postsecondary education teacher preparation;

HR 2238 (The Next Generation Hispanic Serving Institutions Act). HR 2238 proposes to build on Title V by strengthen the academic curriculum offered by the 189 Hispanic–Serving Institutions by establishing a new graduate education provision;

HR 2956 (Financial Aid Simplification Act). This bill proposes to direct the federal Advisory Committee on Student Financial Aid to conduct a study on ways to simplify the financial aid application and delivery processes and make recommendations to the Congress.

College Opportunity Act. This bill proposes to increase the authorized funding levels for the Title IV student financial aid programs, Title III and Title V, TRIO, GEARUP, and proposes a new loan forgiveness program for student loan borrowers who are employed in public service jobs (HR 1306).

CONCLUSION

The Texas Student Financial Aid community appreciates the opportunity to provide input to the Congress on the upcoming Reauthorization of the Higher Education Act. We hope that the Congress finds the information contained in this paper helpful in its consideration of the issues that will soon come under its review once again.

The Texas SFA community also acknowledges that current and future economic circumstances as well as national priorities may limit the Congress" ability to approve and fund all of the proposals recommended in this paper. As the Congress develops its positions, the Texas SFA community will adapt its priorities accordingly. It is our hope that the Congress will focus its efforts on the priorities that provide the most assistance possible to the neediest populations of students.

Thank you for your hard work toward the improvement of the federal student financial aid programs that provide so many students with the opportunity to pursue their educational dreams.

SWASFAA PROPOSALS FOR THE REAUTHORIZATION OF THE HIGHER EDUCATION ACT SWASFAA)

The Southwest Association of Student Financial Aid Administrator's Reauthorization Proposals:

- Strengthen Need–Based Student Financial Aid Programs
- Enhance Outreach, Awareness, Recruitment, and Retention Programs
- Continue Funding Authorization Increases for Minority–Serving Institutions
- Expand the Availability of Student Loans
- Increase Flexibility for Schools in Awarding SFA Funds
- Urge Complete Parity between the FFELP and FDLP
- Encourage a Complete and Thorough Review of the Student Loan Consolidation Program and
- Standardize Student Loan Forgiveness and Forbearance Policies

INTRODUCTION

The Southwest Association of Student Financial Aid Administrators (SWASFAA) has worked over the past several years to identify SFA issues, develop positions, and advocate these positions at the state and national levels.

This approach is continuing with respect to the 2003 HEA Reauthorization.

At the national level, SWASFAA works in conjunction with the National Association of Student Financial Aid Administrators, National Council for Higher Education Loan Programs, Education Finance Council, Consumer Bankers Association, as well as other regional student aid associations. The purpose of this approach is to develop a consensus among the regional student financial aid community on primary recommendations concerning student financial aid and access issues that the community would like to see addressed during the 2003 Reauthorization of the Higher Education Act.

In addition to using readily available background information and research, association conferences and the Internet were used as the primary vehicles to solicit and receive input from the SWASFAA SFA community to develop this paper.

SWASFAA's primary interests during the next HEA Reauthorization include:

- Strengthening the existing federal need-based SFA programs,
- Targeting funds to underrepresented low income populations,
- Improving the administration of the SFA programs, and
- Exploring ways that Texas" Closing the Gaps initiative can be supported through the federal programs.

Closing the Gaps involves several components, including student financial aid, outreach, and academic preparedness. The initiative also includes the goal of the recruitment, retention, and graduation of an additional 300,000 students (beyond the 200,000 increase expected through overall population growth) by 2015. However, as a complement to these state efforts, the federal Title IV student financial aid programs and programs like TRIO and GEAR–UP will be extremely important in ensuring that adequate need-based student aid, financial aid information, and support services are available to successfully carry out this important initiative. In the five state SWASFAA region, where, after decades of being one of the least expensive regions to obtain a postsecondary education, the average resident cost of attending a four-year public university in these states is now 89% of the national average ($11,227 vs. $12,771). Over 80% of the need-based, direct student financial aid awarded to students attending a college or university in the region comes from the federal Title IV student assistance programs.

It is SWASFAA's position that the recent and growing trends toward merit-based student financial aid, and the use of income tax credits and deductions, college savings programs, and prepaid tuition programs, are of most concern. While these tools are useful for a particular segment of society, they do little to assist truly needy families and students in accessing and obtaining a postsecondary education.

The minority population (Hispanic and Black) of the United States is projected to increase from 24% today to 34% in 2025. The percentage of Hispanics and Blacks enrolled in grades K through 12 has increased by 55% since 1972, with Hispanic students increasing by 250% during this period. The figures for minority populations are even greater for several states in the South and Southwest.

These are the populations that are the fastest growing and the populations that are most underrepresented in postsecondary education. Many of these students and families are also low-income.

The Congress' own Advisory Committee on Student Financial Aid (ACSFA) has issued two reports since the 1998 HEA Reauthorization—Access Denied: Restoring the Nation's Commitment to Equal Educational Opportunity (February 2001) and Empty Promises: The Myth of College Access in America (June 2002). Both of these reports present a compelling case that the primary reason most low-income, academically prepared high school graduates in the U.S. do not choose to enter postsecondary education because of a lack of financial resources. Both reports provide a solid basis for strengthening the federal student financial aid programs to address this issue, which is especially relevant to underrepresented minority populations.

Therefore, from SWASFAA's perspective, this HEA Reauthorization should focus on support for programs that will target student financial aid and efforts (e.g., academic preparation, outreach, and awareness activities) to encourage these populations to seek and obtain a postsecondary education. Cost remains a barrier to access to postsecondary education for too many academically qualified students, and these recommendations seek to address this barrier.

The Congress can do this by using the Reauthorization process to establish a long-term plan that:

- Provides increased support and incentives to the states to strengthen middle and secondary school academic preparation for postsecondary education, with emphasis on the needs of the underrepresented and growing population sectors;
- Increases the authorized funding levels for the Title IV need-based student financial aid programs and funds these programs at higher levels, striking a balance between programs to assist middle-income students and families and low-income students and families; and
- Identifies ways to strengthen, through better coordination and funding, federal and state postsecondary outreach and awareness programs targeted at underrepresented and growing populations.

ISSUES AND RECOMMENDATIONS

Priority issues and recommendations from the Texas SFA community are:

1. Restore the buying power of the federal need-based student financial aid programs.

Pell Grant Program - Increase the amount of the authorized maximum Grant to the 1976 buying power level - $7,066 - an increase of $1,266 over the 1998 Reauthorization, and an increase of $3,066 over the actual maximum grant. The premier federal need-based grant program should be fully funded to the 2003 authorized annual maximum of $5,800. Ideally, the Congress should raise and fund the authorized annual maximum grant to $7,600, thereby restoring the buying power of the original grant.

In order to help pay for these increases, the Congress should explore changing or repealing the Hope and Lifetime learning tax credit programs (which are not targeted at needy students and families) to provide additional funding for the Pell Grant.

Supplemental Educational Opportunity Grant Program (SEOG) - Increase and fund the authorized funding for the SEOG to $1 billion, an increase of $325 million since the 1998 Reauthorization, and an increase of $309 million over actual 2001 funding. Allow institutional flexibility and professional judgment for awarding a portion of SEOG funds to non–Pell-eligible students who still demonstrate significant financial need. (Title IV, Part A, Sections 413A, 413B, and 413C)

Additionally, the Congress may want to express its intent that institutions should "front-load needbased grants to younger, freshmen, first-time students within the constraints of program funding, in order to minimize the student loan debt that these higher risk students may incur. (Title IV, Part A, Section 401(b))

If possible, SWASFAA recommends making both the Pell Grant and SEOG programs entitlement programs with the maximum annual grant indexed to the cost of education, consumer price index, or some other appropriate index.

Federal Work–Study Program - Increase and fund the authorized funding to $1.3 billion, an increase of $300 million over the 1998 Reauthorization, and an increase of $289 million over actual 2001 funding.

In recognizing the significant value of community service, SWASFAA recommends that the current community service level mandated at 7% be maintained and that a set-aside of funds similar to that provided for the Job Location Development Program be granted to institutions to encourage them to voluntarily exceed the mandated percentage to meet local needs, expand institutional community service capacity, and take advantage of opportunities which may exist in their areas of service. (Title IV, Part C, Section 441, Sections 446 - 448)

Perkins Loan Program - Increase the authorized funding to $200 million, an increase of $100 million over the 1998 Reauthorization and 2001 actual funding levels.

Increase the annual maximums to $5,500 for undergraduates and $10,000 for graduate and professional students, with cumulative maximums increased to $27,500 and $67,500, respectively. Allow institutions that have opted out of participation in the program to continue to collect outstanding loans and use the proceeds to establish a campus-based student aid endowment fund to use to supplement funding for other need-based SFA programs. Repeal the requirement that requires requests for forbearances to be in writing. Allow a defaulted borrower who voluntarily made all past and currently due payments to regain Title IV eligibility for all SFA programs. (Title IV, Part E, Sections 461, 462(e)(3)(a),464(a)(2)(A), and 465)

Leveraging Educational Assistance Partnership Program - Increase and fund the authorized level of funding to $150 million, an increase of $45 million over the 1998 Reauthorization level, and an increase of $95 million over actual 2001 funding. (Title IV, Part A, Section 415A)

Federal TRIO Programs - Increase and fund the authorized funding to $1.5 billion, an increase of $800 million over the 1998 Reauthorization level, and an increase of $770 million over actual 2001 funding. (Title IV, Part A, Section 402A)

Aid for Institutional Development (Title III & Title V institutions) - Increase and fund the authorized funding to $815 million, an increase of $303 million over the 1998 Reauthorization, and an increase of $423 million over actual 2001 funding.

Federal student loan programs—SWASFAA encourages the Congress to continue to support the largest of the student financial aid programs—the Federal Family Education Loan Program (FFELP) and Federal Direct Loan Program (FDLP).

Student loan maximums for first- and second-year borrowers have not been significantly increased since 1986 ($2,500 annual maximum to $2,625 in 1992 for first-year borrowers). The Congress should simplify the FFELP and FDLP by adopting a uniform annual loan maximum for dependent undergraduate borrowers of $5,500 with an additional $5,000 for independent undergraduate borrowers. Because research indicates that graduate and professional students are low risk for loan defaults, SWASFAA recommends that these borrowers should be able to borrow up to the cost of education.

In addition, to allow institutions to address individual costs and needs, and control student debt and student loan defaults, the SWASFAA SFA community recommends that schools be given the flexibility to set, by institutional policy, annual student loan maximums that are below the statutorily set maximums.

The Congress should establish complete parity between these two programs in the areas of income contingent repayment, in-school loan consolidation, loan discharge for death and disability, and borrower benefits provisions. Establish a single interest rate for all Stafford loans (FFELP and FDLP) that applies to loans made after 1994 and for in-school, grace, and repayment. Increase the amount of student loan debt that can be forgiven for school teachers that teach in high demand areas.

In addition, to enhance the effectiveness of the campus-based programs, allocation of new funding for these programs should be based on the number of Pell Grant recipients on each campus.

SWASFAA also strongly urges the Congress to do all it can to refocus its attention on the crucial need-based SFA programs, thereby reversing the 25-year trend toward reliance on loan and merit based aid. (Parts B and D of Title IV)

2. Restore the exemptions that allow single and undelayed student loan disbursements by low default rate schools.

The Congress is urged to reauthorize these two provisions which allow schools with lower than 10% student loan default rates to disburse loan funds in a single disbursement, immediately, to first-time borrowers.(Title IV, Part B, Section 428G(a)(3) and (b)(1))

3. Revise the Return of Title IV funds provisions" (Title IV, Part G, Section 484B).

SWASFAA recommends that the Congress adopt the amendments proposed in HR 4866, with the change that a student not be required to return amounts of $250 or less.

4.Allow institutional flexibility.

Allow institutions to transfer a portion of Title IV funds among Title IV programs, based on the student's SFA needs.

5. Reauthorize student loan interest rates and review student loan consolidation.

The current interest rate formula for FFELP loans should be reauthorized. (Title IV, Part B, Section427A(a) (l))

With respect to loan consolidation, the Congress should thoroughly review all of the issues associated with this program. These should include:

- First and foremost, the findings and recommendations of the General Accounting Office study currently underway;

- Before changing the single holder rule through ad hoc legislation (HR 3273/ S 2650),the Congress should consider how effectively schools are using the provision in their student loan default prevention efforts;
- The original purpose, benefits, and conditions of the 1985 student loan consolidation program (convenience for the borrower through conventional combining of multiple loans at a single fixed interest rate);
- The interest rate (fixed vs. variable);
- Cost to lenders and holders (the 1.05% holder and .50 lender taxes) and parity with FDLP consolidation policies (income-contingent repayment, in-school consolidation, death & disability discharge provisions);
- Borrower eligibility (the opportunity to consolidate only once, rather than to be able to reconsolidate at lower interest rates);and
- The issue of the appropriate level of taxpayer subsidization for consolidated student loans after the borrower leaves school.

All of these issues must be considered while balancing the interests of the borrower (convenience and cost) and the provider (cost of funds and student loan portfolio valuation volatility). However, in balancing the interests, we urge the Congress to consider the cost to the federal government and to the other need-based student aid programs. After all, the central issue here is whether it is better public policy to spend marginal public dollars to continue to subsidize former students, or to increase appropriations to programs that benefit needy current and future students. (Title IV, Part B, Sections 427A(k)(4) and 428C(f))

Student loan consolidation was originally intended to be a borrower benefit only in the sense that it provided a mechanism to simplify the repayment of multiple loans by a borrower through refinancing the debt through consolidation. This intent seems to have been lost over time, and it should be revisited.

6. Provide equity in student loan forgiveness.

Amend Title IV, Part B, Sections 428J and 428K in the FFELP provisions to parallel Part E, Section 465 in the Perkins Loan Program for student loan forgiveness for certain borrowers, including teachers.

Increase the amount of student loan debt that can be forgiven for certain teachers.

Despite the new accountability system put in place for K—12 education in Texas and other states, many teachers are still uncertified to teach in their subjects, particularly in predominantly low income, minority high school math, science, and foreign language classes. Providing increased student loan forgiveness may attract more qualified individuals into the teaching profession.

7. Repeal student loan fees.

SWASFAA encourages the Congress to repeal the 3% student loan origination fee and the 1% guarantee fee. The origination fee was originally established by the Congress in 1981 as a temporary revenue source to address a federal budgetary shortfall. All but a handful of the 36 FFELP guaranty agencies have voluntarily eliminated the 1% guarantee fee. Repeal of both fees would save borrowers money and allow each borrower to receive the full loan amount each is eligible to receive. (Title IV, Part A, Subpart 2)

8. Enhance outreach programs.

Postsecondary education outreach and awareness programs are important and college work-study programs which have as part of their purpose to provide postsecondary education outreach/awareness activities to low-income students and families, e.g., TRIO, GEAR–UP, HEP–CAMP, Learning Anytime, Anywhere.The Congress should identify opportunities to make these programs and fund them at the authorized levels.

9. Eliminate tax credits and other alternatives to direct student financial aid.

These programs complicate an already overly complicated tax code in an effort to deliver student financial aid to students and families. SWASFAA believes that increased funding for the existing need-based grant and work-study programs is a far more effective means of delivering student financial aid directly to students that are in most need of financial assistance, and recommends that the Congress increase authorized levels for these programs and fund them at the authorized levels rather than continuing to support tax credits and other alternatives to direct student financial aid.

10. Review student privacy issues.

There has been substantial discussion concerning adequate protection of consumer information, with differing requirements among the states, which, with respect to the student loan programs, can hamper the exchange of borrower data among schools, lenders, and guaranty agencies that are used to carry out delinquency and default prevention efforts, and in the collection of defaulted student loans. SWASFAA strongly encourages the Congress to include in its HEA Reauthorization process a thorough review of this issue and clarification in the HEA that borrower

data must be shared among all Title IV participants for appropriate purposes in carrying out the administrative provisions of Title IV of the HEA and for use in assessing how effective federal, state, and institutional student financial aid programs are.

11. Standardize the use of student loan repayment forbearances.

SWASFAA encourages the Congress to standardize the student loan forbearance provisions among all student loan programs and to simplify the method for requesting and granting forbearances by allowing oral requests by the borrower and requiring a response by the holder within 30 days of receipt of the request. (Title IV, Part B, Section 428(c)(3) and Part E, Section 464(e))

12. Remove barriers to distance education.

The role of distance education offered by postsecondary educational institutions has expanded, dramatically during the past 20 years. It has proven an especially attractive, efficient, and effective option for nontraditional students seeking an advanced degree, professional certification, or retraining in a different field. For example, in Texas, distance education has served as a valuable tool to train new K–12 school teachers. However, with respect to student financial aid, several technical issues have been allowed to go unaddressed, and the Congress is strongly urged to address them during this Reauthorization. These involve removing barriers that hinder the use of student financial aid for students taking course work delivered via telecommunications technology coupled with the assurance that sufficient oversight of the administration, quality, cost, and outcome measures for distance education courses are in place.

SWASFAA strongly encourages the Congress to review the results of the Education Department's evaluations of the Distance Education Demonstration Program authorized in 1998. The Congress should address the long overdue issue of identifying programs that can appropriately and effectively be delivered via telecommunications, while ensuring the safeguard of federal student aid funds. If sufficient safeguards are or can be included, the provisions included in HR 1992/S1445—The Internet Equity & Education Act—should be included in the Reauthorization legislation. (Parts G and H of Title IV and Part A of Title I)

13. Include prepaid tuition plans in the need analysis process.

SWASFAA strongly recommends that college tuition prepayment plans be treated the same as 529 college savings plans (as an asset of the account holder, instead of as a resource) in the need analysis process. This will be an added incentive for families to save for their children's postsecondary education. (Title IV, Part F, Section 480(j))

14. Include veterans' benefits in the need analysis process.

The Congress is strongly urged to amend the HEA to provide for consistent treatment of veterans benefits (all chapters) as income in the need analysis process. This will simplify the SFA packaging process. (Part F of Title IV)

15.Use prior-prior year income tax return information in the need analysis process.

SWASFAA urges the Congress to allow schools to use prior prior year tax information in the need analysis process. This will allow:

- The SFA application process to begin earlier;
- Schools to use actual, rather than estimated, income information;
- Automated income verification through data exchanges with IRS, ED, and other appropriate agencies;
- Outreach and awareness activities to begin earlier. (Title IV, Part F, Sections 475 and 476)

16. Combine student and parent income and assets in the need analysis process.

SWASFAA urges the Congress to eliminate the distinction between "student assets and income and parent assets and income, and replace both terms with "family assets and income. Doing so would:

- Simplify the federal methodology,
- No longer penalize families who save for their child's college education in their child's name, and
- Benefit low-income families in which a child's income plays a significant role in supporting the family and is, therefore, not available to pay for educational costs. (Part F of Title IV)

17. Change the treatment of recipients of Temporary Assistance for Needy Families (TANF) or other public assistance benefits in the need analysis process.

Since these applicants have already passed a needs-test to qualify for public assistance benefits, they should not be required to do so again to receive SFA funds. The Congress should amend the HEA to require that the Free Application for Federal Student Aid (FAFSA) include a box that low-income applicants can simply check to indicate that they are receiving public assistance and, therefore, able to forego the rest of the FAFSA process. (Part F of Title IV)

18. Retain the definition of "independent student.

The Congress should retain the current definition used on the FAFSA.

19.The Development, Relief, and Education for Alien Minors Act (DREAM Act—S. 1291)

Finally, the Southwest Association of Student Financial Aid Administrators encourages the Congress and Administration to follow the example of Texas and a few other states, to include this legislation as a part of the HEA reauthorization. This bipartisan bill proposes to provide each state with the authority to determine state residency for higher education purposes and to authorize the cancellation of removal and adjustment of status of certain alien college-bound students who are long term U.S. citizens. One of the key benefits of this legislation will be to allow long-term alien resident children to gain lawful permanent resident status and to eligible to pay in-state postsecondary education tuition.

20.Reauthorize Section 428A—VOLUNTARY FLEXIBLE AGREEMENTS WITH GUARANTY AGENCIES

The Secretary of Education has cited VFAs as an effective means of allowing experimentation with new, innovative ways to deliver and finance FFELP guarantor services, including default aversion. This section has only been in place for 2 years and should be given a chance to prove itself. This recommendation has been endorsed by virtually every higher education association, including the National Association of Student Financial Aid Administrators (NASFAA).

21.Reauthorize Section 491—ADVISORY COMMITTEE ON STUDENT FINANCIAL ASSISTANCE

The ACSFA was established as a part of the 1986 HEA reauthorization has proven to be one of the best nonpartisan resources for information concerning student financial aid policy and promoting access to postsecondary education. It has a proven track record and deserves to be continued.

22.Reauthorize Section 492—REGIONAL MEETINGS AND NEGOTIATED RULEMAKING

This process has proven to be a very effective means of developing and implementing rules by soliciting, receiving, and considering input from all segments of the higher education community through a formal, structured process. It is still a work in progress, but has improved with time.

23.Sections 475- 478—Allocation formulas for campus-based programs

SWASFAA recommends the adoption of the NASFAA recommendations to review and update the campus-based student financial aid programs allocation formulas. Adjusting the formulas will allow funding from these programs to be more effectively targeted to institutions in areas of the country that are most impacted by increases in population growth among those groups historically underrepresented in postsecondary education.

24.Closing the Gaps

Establish a state/federal/institutional partnership pilot program that will provide regulatory relief and financial incentives to states and institutions that develop and implement initiatives designed to increase enrollment, retention, and graduation rates of high need students through targeted student financial assistance, outreach and awareness programs, and mentoring and tutoring programs using university/middle and high school partnerships.

25.Finally, SWASFAA strongly urges this session of the 108th Congress to pass the following Reauthorization-related bills introduced after the submission of the initial SWASFAA position paper:

HR 12, as introduced. The technical changes and extensions in the bill are important to institutions and students and deserve to be implemented and continued as soon as possible, before the complex reauthorization issues are considered.

HR 438. This bill, passed by the House, proposes to increase the amount of student loan debt eligible to be forgiven to $17,500 for school teachers teaching in shortage areas.

HR 2238 (The Next Generation Hispanic Serving Institutions Act). This bill proposes to extend Title V of the Higher Education Act to graduate education at the 189 Hispanic Serving Institutions of higher education.

HR 2956 Financial Aid Simplification Act). This bill proposes to direct the federal Advisory Committee on Student Financial Aid to conduct a study on ways to further simplify the student financial aid application and delivery processes, and to recommend changes to the congress.

College Opportunity Act. This bill proposes to increase the authorized funding levels for Title IV student financial aid programs, Title III, Title V, TRIO, GEARUP, and proposes a new student loan forgiveness program for student loan borrowers who are employed in public service jobs (HR 1306).

As a part of this mission, the members of SWASFAA have developed this initial set of issues and recommendations for the upcoming Reauthorization of the Higher Education Act.

CONCLUSION

The Southwest Student Financial Aid community appreciates the opportunity to provide input to the Congress on the upcoming Reauthorization of the Higher Education Act. We hope that the Congress finds the information contained in this paper helpful in its consideration of the issues that will soon come under its review once again.

The SWASFAA community also acknowledges that current and future economic circumstances as well as national priorities may limit the Congress's ability to approve and fund all of the proposals recommended in this paper. As the Congress develops its positions, SWASFAA will adapt its priorities accordingly. It is our hope that the Congress will focus its efforts on the priorities that provide the most assistance possible to the neediest populations of students.

Thank you for your hard work toward the improvement of the federal student financial aid programs that provide so many students with the opportunity to pursue their educational dreams.

ABOUT SWASFAA

The Southwest Association of Student Financial Aid Administrators (SWASFAA) is a professional association composed of student financial aid professionals from postsecondary educational institutions in Arkansas, Louisiana, Oklahoma, New Mexico, and Texas.

SWASFAA promotes professional preparation, effectiveness, recognition, and association of its individual members, and works with schools, government agencies, the private sector, foundations, and other organizations that have as an interest, the promotion and support of student financial aid and access for all students and families to postsecondary education.