

**A YEAR-ROUND COLLEGE CALENDAR:  
ADVANTAGES AND IMPEDIMENTS**

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**HEARING**  
BEFORE THE  
SUBCOMMITTEE ON CHILDREN AND FAMILIES  
OF THE  
COMMITTEE ON HEALTH, EDUCATION,  
LABOR, AND PENSIONS  
UNITED STATES SENATE  
ONE HUNDRED EIGHTH CONGRESS

SECOND SESSION

ON

EXAMINING ADVANTAGES AND IMPEDIMENTS IN RELATION TO A YEAR  
ROUND COLLEGE CALENDAR, FOCUSING ON THE COSTS OF HIGHER  
EDUCATION, FINANCIAL AID, PELL GRANTS, AND STAFFORD LOANS

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MARCH 9, 2004  
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## **A YEAR-ROUND COLLEGE CALENDAR: ADVANTAGES AND IMPEDIMENTS**

**TUESDAY, MARCH 9, 2004**

U.S. SENATE,  
SUBCOMMITTEE ON CHILDREN AND FAMILIES,  
OF THE COMMITTEE ON HEALTH, EDUCATION, LABOR, AND  
PENSIONS,  
*Washington, DC.*

The subcommittee met, pursuant to notice, at 9:32 a.m., in room SD-430, Dirksen Senate Office Building, Senator Alexander, chairman of the subcommittee, presiding.

Present: Senator Alexander.

### OPENING STATEMENT OF SENATOR ALEXANDER

Senator ALEXANDER. Good morning. This hearing of the Health, Education, Labor, and Pensions Committee, our Subcommittee on Children and Families, will come to order.

I want to thank our witnesses for coming. I will introduce our witnesses in a few moments. We have Dr. Trachtenberg, who is president of the George Washington University; India McKinney is a student at Vanderbilt University; Dr. Michael Lomax is president of Dillard University in New Orleans; Virginia Hazen, director of Financial Aid at Dartmouth; and Margaret Heisel from the University of California system.

What I will do is make a brief opening statement, about 5 minutes long or so, and then if other Senators come in the meantime, I will ask them if they have opening statements. After that, what I will ask the witnesses to do is if you would summarize your opening statement, taking 5 or 6 minutes, and then that will leave us more time for questions and conversation about this very interesting subject.

Last August, Dr. Stephen Trachtenberg, who is president of the George Washington University, suggested in a Washington Post article that colleges and universities need a year-round calendar. He argued that year-round classes would reduce competition for housing and classes, create more income for the university, and perhaps even lower tuition for students. Dr. Trachtenberg said, "We could actually increase our enrollment at George Washington University by at least a thousand students, yet have fewer students on campus at any one time."

Our purpose today is to hear from Dr. Trachtenberg and from others about the year-round calendar and to explore what the Fed-

eral Government should do, if anything, to encourage it or at least not to impede it.

Specifically, we hope to explore, among other subjects: one, whether students ought to be able to use their Pell grants for 12 months of study instead of for 9; two, whether students should be able to use their full allocation of student loans to finish college in 3 years instead of 4; three, whether some students who enter higher education for job training but not necessarily for a degree should be able to use Pell grants or, instead, some other Federal grant or loan—I think of the worker who goes to a community college for a semester or two to get a skill and then on to a newer and hopefully better job, or a teacher in California who already has a degree but needs to go back to the university to get skills necessary for a teaching certification—four, what effect would year-round calendars have on work-study programs; and, five, we want to explore whether students should be allowed to use grants and loans during a 5th or 6th year of college, or whether those funds should be reserved for students moving through their courses more rapidly.

Summer break for work, reflection, and fun has been as much a part of the college and university tradition as the cap and gown at graduation. Some of our 4-year universities such as Dartmouth, from whom we will hear this morning, already have a year-round calendar, but most do not. At the same time, the fastest-growing segment of higher education, public community colleges and for-profit institutions, often operate on what they call a 24/7 calendar. In Senator Enzi's hearing on workforce skills last week, witnesses agreed that even at many 4-year institutions, the concept of semester is disappearing.

Colleges are changing their tradition schedules because their customers are increasingly not traditional. The average age of the undergraduate student today is 26. Many have jobs. Many are married. Many more are women. The cry often heard at college commencement these days is, "Way to go, Mom."

Many enroll to learn skills but not necessarily to earn a degree. Only 36 percent of students who begin their college career at a 4-year institution receive their bachelor's degree within 4 years.

There is much talk these days, both in the country and on the floor of the U.S. Senate, about job loss. We may not know or at least not be able to agree exactly on how to stop job loss, but we do know exactly how to create good new jobs. According to the National Academy of Sciences, half of America's new jobs since World War II have been created by science and technology, much of that at our great research universities. Americans have the skills necessary to do those jobs largely because we send more students on to higher education than in any other country.

The surest plan for good new jobs in America, then, is increased support for two programs we already have: first, programs for scientific research; and, second, Federal grants and loans that today follow about 60 percent of students to the colleges or universities of their choice.

Higher education is America's secret weapon for job growth. This hearing is to make sure we are using our secret weapon most efficiently so that it operates with the highest possible quality and

with the greatest access for the largest possible number of qualified students.

When we conclude this hearing, we will consider whether additional action is warranted. Dr. Trachtenberg has suggested a demonstration project to encourage and study the effect of year-round college calendars. I want to consider a commission that would gather accurate information about today's college calendar among the more than 6,500 higher education institutions in America, consider what the impact would be of a year-round calendar, and then recommend to what extent and how the Federal Government ought to encourage such a calendar.

A dozen years ago, as United States Education Secretary, I helped to create a similar study of year-round schedules for elementary and secondary schools, and that turned out to be very useful.

Senator ALEXANDER. President Stephen Joel Trachtenberg is the 15th president of the George Washington University since its founding in 1821. He has been at George Washington University since 1988 as president all that time. That has to be nearly a world record for the modern era of university presidents.

Someone asked me once what is more difficult, being Governor, being in the President's Cabinet, or being a university president. And I said, "Obviously, you have never been a university president, or you would not ask a stupid question like that."

[Laughter.]

Dr. Trachtenberg is one of our most distinguished and experienced major university presidents. During the Johnson administration, he was Special Assistant to the U.S. Education Commissioner. Before that, he was an attorney for the U.S. Atomic Energy Commission, and he worked in the United States Congress.

Dr. Trachtenberg, I guess this proves that some people read op-eds and some consequences result from making speeches. So we appreciate your initiative and your original thinking and your leading us to this idea, and we look forward to hearing from you today and considering the idea of year-round colleges. Thank you for coming.

Before we begin I have a statement from Senator Kennedy.

[The prepared statement of Senator Kennedy follows:]

#### PREPARED STATEMENT OF SENATOR KENNEDY

I commend Senator Alexander for convening this hearing as our committee prepares to act on the many important issues we face in reauthorizing the Higher Education Act—increasing teacher quality, the two Federal loan programs, and access to college. Today's testimony on year round college continues an important discussion on innovative ways to improve graduation rates for all students, and I look forward to the views of our witnesses.

It has always been a priority for our committee to enable all students to have the opportunity for college and the means of support necessary to earn their degree.

Colleges and universities have operated on a semester system since their creation, and although many institutions have adjusted their schedule to meet the needs of their students, it is still the most common form of higher education.

Many colleges keep their campuses open during the summer months to give students the flexibility to take additional courses to lighten their course load during the rest of the school year, or to graduate sooner. Many colleges use the summer to introduce high school students to college life through the TRIO or Gear Up programs. In colleges in Massachusetts, during the summer, hundreds of high school students take their first college course or attend specialized seminars with faculty. These experiences help students gain access to college and help others to continue in college.

Today's discussion can help us understand how to give more students the option of attending courses throughout the year. Students who are dependent on need-based aid may not be able to stretch that aid out for additional courses, unless we create new types of aid for such purposes. Many of these students rely on summer employment to help pay their tuition, so we need to ensure that these innovative opportunities do not force needy students into greater debt on student loans.

Higher education is a major and continuing Federal investment—totaling \$69 billion in student grants and loans in 2002. It is also a significant and continuing investment by millions of students and their families, who struggle to make college a reality for themselves and their children and then sacrifice for years to pay back their loans. We need to do all we can to see that our investment and their investment is achieving the best return possible. Finding ways to help students stay in college and complete their degree in as short a time as possible should be part of our reauthorization agenda, and I look forward to working with my colleagues to do so.

**STATEMENTS OF STEPHEN JOEL TRACHTENBERG, PRESIDENT, THE GEORGE WASHINGTON UNIVERSITY, WASHINGTON, DC; INDIA MCKINNEY, STUDENT, VANDERBILT UNIVERSITY, NASHVILLE, TN; MICHAEL L. LOMAX, PRESIDENT, DILLARD UNIVERSITY, NEW ORLEANS, LA, ON BEHALF OF THE UNITED NEGRO COLLEGE FUND; VIRGINIA S. HAZEN, DIRECTOR OF FINANCIAL AID, DARTMOUTH COLLEGE, HANOVER, NH; AND MARGARET HEISEL, ASSOCIATE TO THE VICE PRESIDENT AND EXECUTIVE DIRECTOR, ADMISSIONS AND OUTREACH, UNIVERSITY OF CALIFORNIA OFFICE OF THE PRESIDENT**

Mr. TRACHTENBERG. Senator, thank you for your kind words. I am honored to be here. I have always been a great admirer of your career and its many chapters. And I look forward to following it for many years to come.

Last week, Mr. Chairman, you gave President Bush a bust of his ancestor, James Weir, who fought in the battle of Kings Mountain along with an ancestor of yours. And you right called that battle one of the “great stories of the American Revolution.”

We honor our ancestors for their bravery and their courage. But we would not engage today with the strategies of 1780.

In higher education, we are trying to help our Nation compete globally and conduct business with the habits of colonial times—indeed, with the habits of earlier times. And I suggest we cannot do that any longer.

So I thank you for inviting me to testify. I have submitted both a written statement for committee review and copies of an important report that we completed last year at the George Washington University focusing on this subject.

My message in these materials is simple: We need to change, and in the next few minutes, let me brief describe what has happened that makes change necessary, propose a specific change that could help keep American universities competitive and more cost-effective, and suggest some things that the Federal Government might do to nudge such a change along.

First, what is different? Well, the numbers tell the story. In 1952, about 7 percent of men over 25 and 5 percent of women had a 4-year degree. Last year, it was about 27 percent of men and 23 percent of women. Only 200,000 African Americans had college degrees in 1959. Now it is 2.7 million. Graduate and professional degrees are more and more the norm, not the exception.

And there is no mystery about what inspires that. The latest Census figures show that people with only a high school diploma make about \$26,000 a year, people with a BA degree about \$50,000, and people with a graduate degree about \$72,000. Surely an inspiration for somebody who is thinking about their future.

Meanwhile, universities have taken on roles they never had before. We offer more courses because the nature and the shape of knowledge have changed. We continue the basic and applied research that keeps our Nation in the forefront of innovation and assists job creation. We serve communities in new ways, sometimes whether we want to or not, like the \$14 million in uncompensated medical care that George Washington University Hospital provided to residents of the District of Columbia last year.

This has made higher education expensive. We have diligently cut costs. Faculty and staff salaries at many institutions, for example, have either been frozen or increased only modestly. But we have had to charge more.

At the University of Maryland, Senator Mikulski's alma mater, tuition increased 18 percent last year. In Senator Graham's State, Clemson's tuition went up 19 percent this year. Nationally, independent institutions have increased tuition 5.3 percent a year over the last 5 years.

So we have to ask ourselves: Is there anything more we can do to hold down costs? And the answer is that there are.

The academic calendar was created to suit an agrarian world. It fit that world of 1780, when tending crops and looking after livestock were more important than learning how to read. To allow students to work on the family farm, schools and colleges operated for slightly more than half the year, generally two 14-week semesters.

At a time when fewer than 2 percent of Americans worked in agriculture, such a system is hopefully out of date. Is there any other business in America that would close facilities for 6 months while building new ones alongside them which would also run half a year? I do not think so.

But right now, too many colleges are building new campuses and buildings, underusing the ones already up. There is a bulge in the college population presently that masks this waste of resources.

And when it disappears, the unfortunate result will be all too apparent.

So I propose moving to a program of full utilization. Imagine that instead of two 14-week semesters we had three trimesters, with appropriate vacations. Students might be on campus for only two of the trimesters. At GW, if we had such a scheme, we could increase our enrollment by at least a thousand students, and yet have fewer students on campus at any one time.

Think of the advantages: less competition for housing; less competition for classes; more income for the university; lower tuition for students potentially; less students on the streets, ensuring the gratitude of our neighbors and the municipal zoning boards; less need for private or government money, which could mean less taxes.

We might even be able to offer another change. A 4-year degree should not be sacrosanct. We could offer some degrees in 3 years rather than 4, saving an enormous amount for students and their moms and dads.

Finally, there is a benefit apparent only to people who see what happens every spring as seniors prepare resumes.

Right now we flood the job market with newly minted graduates during the summer when demand is the slackest, and we starve it during the rest of the year. We need to spread that wealth, and it would be good for the economy if we did so and good for those students.

All of this is possible if we summon the will to change. But would it be easy? Well, no, absolutely not. There is always a constituency for the way things have always been. Indeed, memory is the enemy of change. Still, I am convinced that there are ways to achieve such change. To use our institutions more fully, it is not necessary for students to attend each and every summer. At GW, attending just one summer session in 4 years would improve our bottom line by \$10 to \$15 million.

The details for the moment concern me less than the concept. What is the appropriate role for the Federal Government in promoting such an idea?

For example, should students be allowed to use their Pell grants and their Stafford loans for 12 months of study rather than for just 9 months? That would accommodate demand for higher education all year long.

I would suggest a small appropriation, possibly for a commission and a FIPSE competition for demonstrate projects. I am convinced that the results would spur many schools to act.

Let me sum up. We need a year-round calendar like the one that everybody else I know uses. We need Federal Government programs to accommodate to this change. We need it for the sake of the universities and the Nation's economy. We need it for the sake of our national preeminence in creating and disseminating knowledge. We need it for the sake of the communities we serve.

Thomas Jefferson wrote, "If a nation expects to be ignorant and free, in a State of civilization, it expects what never was and never will be." And that is still true.

We honor Jefferson's principles, the ones fought for by those volunteers at Kings Mountain. But we best honor the principles of

their century by making those changes necessary for our century. In this Information Age, when we all know education is a full-time job, we cannot and should not and must not give universities a half-time appointment.

And now I would be pleased to take any questions. Thank you very much.

Senator ALEXANDER. Thank you, Dr. Trachtenberg.

[The prepared statement of Mr. Trachtenberg may be found in additional material.]

Senator ALEXANDER. We will move next to Ms. India McKinney, who is a senior political science and communications studies major at Vanderbilt University in Nashville. India McKinney has served in various leadership positions throughout Vanderbilt, and she has been vice president of the marching band, various duties with the Student Government Association and alumni class officer. She is on the debate team. And we are delighted, India, that you have taken time to be here today. This must be your spring break. Is that right? And I saw a group of Vanderbilt students a little earlier who are here in Washington on an alternative spring break, living and working with homeless people. We welcome your testimony.

Ms. MCKINNEY. Thank you very much, Mr. Chairman. As you mentioned, I am a senior in the College of Arts and Sciences at Vanderbilt University.

My family is originally from Alabama, and we moved to Southern California in 1996, where I graduated from Palos Verdes Peninsula High School. For mostly personal reasons, I only considered and applied to small, private colleges in the southeastern part of the United States. I cannot articulate what it was about Vanderbilt that stood out, but I realized before too much longer in my search for colleges that, though I never set foot on campus, Vanderbilt was by far my top choice. And so I applied to Vanderbilt as an early-decision candidate.

My acceptance letter to Vanderbilt came in Early March, and in the same envelope with my acceptance letter was my financial aid offer from Vanderbilt. I was absolutely thrilled to get into my top choice, and I just read the first page, and I handed the rest to my parents so they could help me out with the financial aid part. My mother looked at the second page where they offered the financial package, and she looked at that and she looked at me, and she told me that she did not think that if this was what Vanderbilt was offering, she did not think that they would be able to afford to send me there.

So I called Vanderbilt. I called the financial aid office. I asked them if I could get a merit scholarship, if there was any way that I could get an increased loan, an increased grant, anything like that. And the financial aid officer that I spoke to suggested that I get a job on campus because this was their final offer. And though I had applied to Vanderbilt early decision, their acceptance letter was not the first one that I had received, nor was theirs the best offer financially. So I went to bed, and I went to school the next day determined that, well, this just was not meant to be, I would be happy somewhere else, it would be all right. And I came home from school, and I was going to write the letter to Vanderbilt politely declining their offer, and my mother met me at the door

and she said that my father had met with his credit union at work that day and they had decided to take a second mortgage on the house because they had decided that Vanderbilt was the best place for me to be, and so they were willing to make that sacrifice to send me to that college.

The loan package that I received from Vanderbilt was a need-based grant from the College of Arts and Science, which is not a Pell grant, as well as a subsidized Stafford loan. This most recent year I also got an unsubsidized Stafford loan. I have had a job on campus every semester so that I can pay for all of my personal expenses, including food, and not ask my parents for that. My freshman year I worked in the dining hall so that I could get for free the dinner plan that all Vanderbilt freshmen are required to buy. I have worked with the alumni calling center, where I call Vanderbilt alumni and ask for donations. I have worked for the marching band, where I have been a member for 4 years and vice president for 2 years and was very pleased to discover that they ended up paying me to do things that I would have done for free. I currently work in the Office of Housing and Residential Education where I mostly file and sort papers.

I have spent every summer at home, where the rent is free, earning money so that I could return to school in the fall and not have to work as hard during the school year to meet my credit card bills. My first summer, I worked full-time as a hostess at TGI Friday's. The second summer, I interned with my local Congresswoman, Jane Harman, and worked at Friday's as a waitress on the weekends. Last summer, I worked as an intern in Southern California Edison's Legislative and Local Governmental Affairs group.

My concern with a year-round college system and year-round financial aid is that rather than providing the opt to allow some students to graduate early, year-round aid might result in some colleges forcing students to take summer classes and graduate early because it looks better statistically. And I recognize that some students would welcome the change to graduate early and to save that money or to get a head start in their career. But, personally, I would not have preferred that option. Creating the opportunity for some students to take classes in the summer would be beneficial to many students, as long as summer classes remain a choice and not an obligation. Forcing students to take classes during the summer might deny those students to get the opportunity to get summer jobs, internships, or undergraduate research grants, which would hurt the collegiate system in the long run. I think college is about personal exploration as much as it is about learning solid facts, and I believe that the space created in the summer is invaluable.

I never took classes in the summer for two additional reasons. First, I am a liberal arts major, and most of the classes that Vanderbilt offers in the summer are designed for science majors either retaking classes or fulfilling their arts requirements. Second, and most importantly, I liked my summers in the "real world," where I got to use the theories that I was learning in school in reality. And though I was often bored at home away from my college friends and away from college life, I always came back to Nashville

in the fall excited to start the new year and with a new perspective on what my ultimate goals in college should be.

I would like to emphasize that if year-round college were to become the norm, I believe it is both fair and essential for the Federal Government to allow for student aid for the year-round school system for the need-based students who either choose or are required to take summer classes.

And though I never visited Vanderbilt or any other college, I know that I made the right choice because I could not have had a better 4 years. I will graduate in about 2 months, and I know that I am going to have to start paying off all of my student loans, but Vanderbilt was most definitely worth it.

I hope that my comments have helped, and I would be pleased to answer any questions, and I thank you for giving me the opportunity to testify.

Senator ALEXANDER. Well, thank you, Ms. McKinney. That was eloquently stated, and based on my personal experience, you are well on your way to being a United States Senator, because I was at Vanderbilt, had three jobs, two scholarships, worked in the summers, stayed at home rent-free, and played the sousaphone in the marching band because I found you could get into basketball games. Nobody would question you if you were carrying a sousaphone. [Laughter.] So I am very impressed with your background.

[The prepared statement of Ms. McKinney may be found in additional material.]

Senator ALEXANDER. Dr. Lomax is Dillard University's 7th president, appointed in 1997. He has undertaken an ambitious repositioning of Dillard as one of the premier small undergraduate institutions in the South. Located in New Orleans—as I was taught to say when I lived there working with one of its board members, Judge Wisdom—Dillard is a private 4-year undergraduate institution founded in 1935 with roots in the mergers of two historically black colleges that date back to the 1860s. Increasingly, Dillard graduates are seeking advanced degrees at some of the country's finest institutions. Dr. Lomax has a distinguished teaching career in Georgia colleges and is well known in this country for his leadership in higher education. We welcome Dr. Michael Lucius Lomax to the hearing and look forward to his testimony.

Mr. LOMAX. Thank you very much, Mr. Chairman, and good morning. I appear before you today on behalf of the United Negro College Fund, representing 39 private, 4-year historically black colleges and universities. As you may know, I will assume the presidency of the United Negro College Fund on June 1st.

The College Fund remains steadfast in its commitment to enroll, to nurture, and graduate students, some of whom do not have the social and educational advantages of other college-bound populations. Combined, we enroll over 59,000 students in primarily liberal arts institutions, many of whom go on to earn graduate and professional degrees at America's most prestigious universities.

I am pleased to share with you today UNCF's viewpoints about year-round college, and particularly how such an academic calendar might benefit UNCF students and college students nationwide. The statement that I have submitted for the record details at length some of the characteristics about our students. The major

point to emphasize to the committee is that students on UNCF campuses not only qualify in large numbers for need-based aid, but also enter college less familiar with the environment and with little or no help at home in successfully navigating the challenging academic requirements.

For these reasons, Mr. Chairman, UNCF has recommended that Congress establish a three-semester year-round academic calendar supported by a three-semester Pell grant award. For the record, UNCF wants to be clear that it is proposing a Pell grant for a third full academic semester that is equal in length to each semester in the traditional two-semester year. Each eligible student would qualify for a Pell grant equal in dollar amount to the Pell grant awarded for the other two semesters.

In UNCF's opinion, there are clear advantages to year-round college for students on UNCF campuses and at all institutions of higher education. Two distinct categories of students would be affected by providing a three-semester Pell grant: first, academically gifted students who wished to accelerate their studies and who realistically could complete a baccalaureate degree in 3 years; and, second—and this is a very significant group for us—students who enter college less well prepared and who would benefit from a more intense period of time to pursue their baccalaureate degree.

Students who are less prepared academically may arrive on campus requiring developmental course work in addition to the core college curriculum. In fact, a February 27, 2004, USA Today article, entitled "High Schools Skip Over Basics in Rush to College Classes," noted that 53 percent of all students entering college take at least one remedial course in order to make up their academic deficits from high school.

The option of a lesser course load that the year-round calendar represents is for them an opportunity to stay on plan academically and still attain their baccalaureate degree within 5 years.

On the other hand, a year-round academic calendar would allow more academically motivated students to accelerate their studies and graduate earlier. Additionally, when you look at those Pell recipients who are less academically prepared and those who are more academically motivated, both likely are forced to work to pay for college. As a consequence, these students may have to forego extracurricular activities because of their course of work demands. UNCF hopes that Congress agrees that all students, regardless of income, should not have to choose between sacrificing their academic plan and pursuing extracurricular activities. A year-round college calendar better ensures that they have both options.

Members of the committee, as I have stated previously, UNCF students, as well as many other dependent and independent students, must work to pay for college. No one who deals with these students on a regular basis would be surprised then that many come in and out of school as a consequence. A year-round calendar, supported by grant aid, undoubtedly enhances retention for these students.

UNCF recognize that not all institutions of higher education would want to operate on a year-round calendar. For that reason, we also recommend that a three-semester Pell be optional. Campuses opting not to offer aid in this manner may provide Title IV

assistance under the current program parameters. Additionally, UNCF understands that comparable changes need to be made to the Federal student loan programs, whether one offers a year-round calendar or not.

UNCF does not anticipate that all of its member institutions, nor all colleges and universities as a whole, would implement a year-round academic program taking advantage of a three-semester Pell grant. However, institutions that elected to provide year-round instruction would have several benefits accrue that could provide economies of scale to participating institutions.

The impact of what I have just shared with the committee is significant when one considers the financial consequences not only to students, colleges, and universities, but also to the country. The longer it takes for students to complete college, the longer they remain in the system. Even if, as under the UNCF proposal, more students complete college in 5 years, this still could represent considerable savings. At a time when Congress is so focused on the tight budget facing the Nation, we may want to consider how proposals such as the year-round academic calendar supported by a three-semester Pell grant award recommended by UNCF potentially may reduce some financial pressures on an already oversubscribed financial program.

Mr. Chairman and members of the committee, UNCF member institutions recognize that some of their proposals may be controversial. Nonetheless, we believe that UNCF's recommendations may add to our exploration of the merits of a year-round college calendar. We applaud you for undertaking this review and look forward to working with you as you attempt to improve access to college for all students. And I would just like to add a hearty "Amen" to Dr. Trachtenberg's points that he has made. There are so many economies to the colleges themselves to having greater flexibility and to maximize the use of our underutilized campuses. At Dillard, with 2,300 students, introducing just two 6-week summer sessions has afforded nearly half of our students the opportunity to come back to the campus or to remain on the campus and to undertake additional programs during the summer. Evening out the opportunities for students to have internships and study-abroad programs at other points in the academic calendar because they are not losing the option of being in school for two semesters I think would be a tremendous boon to the institutions and to the students themselves. So thank you for allowing us to present these options to you today.

Senator ALEXANDER. Thank you, Dr. Lomax.

[The prepared statement of Mr. Lomax may be found in additional material.]

Senator ALEXANDER. Virginia S. Hazen is director of Financial Aid at Dartmouth College. She has been there since 1988, so, Dr. Trachtenberg, you both should know what you are talking about in this area. She is responsible for the administration of all aspects of Dartmouth's \$41 million undergraduate financial aid program, including developing and implementing policies to ensure equitable distribution of financial aid funds. She is responsible for institution-wide oversight of compliance with Federal financial aid regulations. She is invited not just because of her experience but because

Dartmouth, I believe, since 1972 has had what we would call a year-round calendar. When we were beginning these hearings, the senior Senator from New Hampshire, who is chairman of our full committee, Judd Gregg, and the very proud graduate of Dartmouth, said he wanted to make sure that the Dartmouth story was told as part of the hearing. So, Virginia Hazen, we welcome you and look forward to hearing the Dartmouth story.

Ms. HAZEN. Thank you, Mr. Chairman. I am pleased to be here today to discuss with you the advantages of year-round college operation and the potential impediments to establishing such a system.

Dartmouth College implemented a quarter-based year-round calendar in 1972. The implementation of the Dartmouth plan, as it is now known, allowed the college to expand its student body by 10 percent without a corresponding increase in the size of its facilities.

Under the Dartmouth plan, students are expected to attend for 12 terms over 4 years. They are required to be enrolled fall, winter, and spring of their freshman year, the summer between their sophomore and junior year, and fall, winter, and spring of their senior year. Beyond those requirements, students are free to adjust their calendar to best suit their needs. While students can graduate in 3 years, assuming they have met the degree requirements and have secured special permission, that was not the intent of the Dartmouth plan and it seldom occurs. Most Dartmouth graduates take 12 terms to complete their degree, or just under 12 terms.

In addition to the advantage of being able to expand the size of the student body, the Dartmouth plan also has allowed the college to fully utilize its residential halls and other facilities during the summer quarter without having to rely extensively on conferences and other outside programs. Also, year-round operation has given the Dartmouth faculty more flexibility and control in scheduling their research activities.

For our students, the greatest advantage of year-round operation is the autonomy it has given them to create their own calendars to best meet their personal and professional and academic needs. Without disrupting their education, a Dartmouth student can participate in international study programs, unpaid internships, job opportunities to explore career possibilities, community service, and transfer terms at other institutions. Since Dartmouth students frequently take their "vacation" term during the fall, winter, or spring term rather than the summer, there are job opportunities and internships open to them that are unavailable to students with traditional college calendars.

While the Dartmouth plan has many attractive features, it has some challenges. Since facilities are utilized year-round, maintenance can be problematic. Base staffing levels are required year-round, making many 9-month positions obsolete, thereby increasing compensation costs. Down time for planning is very limited, and, finally, and perhaps most importantly, the funding and administration of financial aid can be problematic.

At Dartmouth a full academic year is three quarters. When financial aid recipients enroll for four quarters, they have no Federal Pell grant eligibility during their final term. In addition, their Federal loan eligibility is frequently insufficient to meet their needs.

For a plan of year-round operation to succeed, these issues must be addressed. While Dartmouth is able to replace the Federal Pell grant with institutional grant in the final quarter and to supplement Federal loans with institutional loans, not all colleges would be able to do so. And Dartmouth's solution is not perfect. Our loans carry higher interest rates than the Federal loans. They cannot be consolidated with the Federal loans. And they do not carry the same forgiveness features. In addition, if a student borrows both from the Federal programs and from the college, they are faced with multiple minimum monthly payments. In addition to those problems, outside scholarships frequently are unavailable during the summer term. Donors often cannot grasp the fact that the summer term is a parity term rather than a remedial summer session. And even when summer funding is available, additional applications are usually required.

Administering financial aid within a year-round environment would be facilitated if: one, the Federal Pell grant could be awarded for every enrolled term; two, if the annual loan limits on the Federal loans were lifted, perhaps keeping in place the cumulative maximum loans, to address students' increased needs during years they enroll for 12 months; three, if the Federal Stafford loans could be distributed unevenly over terms to address differing costs associated with various programs; and, four, if there was an educational effort beyond that offered by individual institutions to help the public understand the difference between a parity summer term and a remedial summer session.

Thank you for your attention, and I would be happy to answer any additional questions you might have.

Senator ALEXANDER. Thank you, Ms. Hazen, for being here.

[The prepared statement of Ms. Hazen may be found in additional material.]

Senator ALEXANDER. Dr. Margaret Heisel is from the University of California representing the Office of the President of that institution. She has a variety of responsibilities there dealing with student affairs and educational outreach. The University of California is, if not the best, clearly one of the best State universities in the country and, therefore, the world, and it also has a reputation for excellence as well as a tiered system of admission, and it is very large. Dr. Heisel has earned her Ph.D. in Spanish language and literature. She has taught at the University of New Orleans, Middlebury College, University of the Pacific. She has been assistant dean, and now she is with the Office of the President of the University of California. Dr. Heisel, thank you for joining us today, and we are interested in your comments about the Federal Government year-round calendars and the University of California.

Ms. HEISEL. Thank you very much, Senator Alexander. I am very pleased to be here. I appreciate the opportunity. I just want to emphasize to begin that the University of California really is the best of the large research universities.

[Laughter.]

The university has ten campuses, as you probably know, with over 200,000 students, and nearly 50,000 of those students—about a third of UC's undergraduates—receive Pell grants that are val-

ued at \$138 million. So the Federal Government has quite a large investment in the University of California.

UC supports year-round enrollment very strongly, primarily because of the benefits to students and taxpayers that we have found, and my testimony today, like that of my fellow witnesses, will focus on ways to increase participation in year-round enrollment, particularly for those students who depend on Federal financial aid. While year-round enrollment does not provide necessarily cost savings to the university, it greatly benefits students and families.

The University of California currently enrolls a higher percentage of low-income students in proportion to its overall enrollment than any other flagship public university. As an institution that is committed, deeply committed to expanding access to qualified students, regardless of their ability to pay, the university believes Congress can take a leadership role in effecting changes that will promote year-round enrollment and ensure that access is available to all, not just to those students who can afford it.

Like the rest of the Nation, California is experiencing record growth in postsecondary education enrollment. It is a phenomenon that in California we call "Tidal Wave II," the largest increase in such a period we have ever experienced. Our university is expecting an enrollment increase of 43 percent between now and 2010, which will be an additional 60,000 undergraduate students above current levels, an unprecedented period of growth for us.

UC is responding to this growth. We are opening up our tenth campus in California's central valley at Merced next year. But we are also continually looking for innovative and cost-effective ways to address students needs, and one of those responses is year-round instruction, we have found.

Let me stop and say for a second that most of the UC campuses operate on a three-quarter basis, or have operated that way, rather than a semester basis. The Berkeley campus is on a semester basis, but all of the other campuses are on quarter systems. So installing a summer quarter is a relatively simple and straightforward enterprise.

Prior to 2001, summer instruction at all UC campuses was self-supporting. That meant that students paid fees to cover the entire cost of their courses with no additional subsidy from the State. Enrollment was purely optional, and financial aid was not generally available. But beginning in 2001, the State began to provide the university with the same level of subsidy for summer enrollment that it spends per student for instruction in the regular academic year.

Year-round enrollment has proven very successful. Student demand has been extremely high. In fact, we have nearly doubled our summer enrollment since the year 2000, the last year in which we had fully self-supported programs, those programs without financial aid available. About a third of the students at UC took courses in summer 2003, and our campuses are beginning to collect data that demonstrate that students are graduating more quickly as a result of their summer enrollment.

Year-round enrollment offers, we believe, students both educational and economic advantages, and many have already been mentioned by my fellow witnesses this morning, all of which I en-

thusiastically support. But a couple of key benefits that I want to mention in addition to accelerating studies so that students can move into career employment rather than the kind of part-time and temporary employment that they hold during their student careers, we have also found savings for students substantially, for example, in housing, where a student does not need to sublet in the summer, does not need to pay for unneeded housing in the summer but can simply remain, since they have to sign leases generally for a year, they can take courses that overbook because of high enrollment; they can take those courses more easily in the summer than they can in the academic year. And there are certain courses of study, such as intensive summer language study, which operate much more easily during a summer term. Also, I agree with Dr. Lomax, the idea of preparing for difficult or preliminary course work is easier if a student can begin in the summer, especially for transfer students and some incoming freshmen.

The University of California also offers State and institutional financial aid to eligible students during their summer terms. The fact is, however, that truly needy students cannot take advantage of this option without Federal financial aid as well.

The University of California believes that Congress can eliminate this barrier with two simple changes.

First, the university is seeking a year-round Pell grant, as has already been mentioned by other witnesses. Currently, very needy students who wish to accelerate their time to degree by attending school for 12 months rather than 9 exhaust their eligibility for Pell grant support during the traditional academic year. But within a year-round Pell grant, these students would receive an additional \$1,350 in the maximum Pell—that is assuming that we stay at the current level of \$4,050—for the remaining quarter of the year. This option provides the same dollars per student over the student's entire career in college. It just provides the funds sooner by allowing them to receive their financial aid in summer sessions. While some additional appropriations would be needed initially, this change, we believe, is budget-neutral over a 5-year budget outlook. Current law grants the Secretary of Education discretion to provide year-round Pell grants under certain conditions, but, unfortunately, the discretion has never been used.

Second, a simple change can be made to the Stafford loan programs to facilitate year-round enrollment for eligible students. Right now, many student borrowers exhaust their annual Federal Stafford loan maximums during the traditional 9-month academic year. While students are currently eligible to begin to use their subsequent year's Stafford loan eligibility to attend the additional 3 months of each year, it is exceptionally difficult for institutions to administer this option, and as a result, it is not available at the University of California, nor is it generally available at 4-year public or private institutions.

There would be no cost involved in designating a higher annual loan maximum for students engaged in 12-month study rather than 9-month. No change in the aggregate or lifetime borrowing limit would necessarily be involved, so the Federal costs would not increase. This is a statutory change to provide administrative relief to schools that operate on a year-round schedule. I have submitted

a chart for the record that illustrates this option very clearly, I think.

I know that Congress is looking to improve access to higher education in the reauthorization of the Higher Education Act, and my testimony offers two simple change: year-round Pell grants and 12-month annual maximum limits for the Federal Stafford loan programs. These recommendations will maximize the productivity of our Nation's investment in higher education and improve our economic future as well.

Thank you very much for your time and attention to these suggestions for congressional action.

[The prepared statement of Ms. Heisel may be found in additional material.]

Senator ALEXANDER. Thank you very much, Dr. Heisel, for your comments. Why don't we just start with your last comments and talk about that a little bit. Several have suggested that the two obvious changes that might be made would be the ones you said, which would be to allow students who receive Pell grants to spend the same amount of dollars but to allow them to do it in a more compressed period of time.

Ms. HEISEL. Exactly.

Senator ALEXANDER. So it would be \$4,050, I think is the maximum, so today you could only spend that during three quarters or two semesters for a 4-year degree, but you would have the same amount of money four times that you were eligible, but you could spend it in 3 years if you wished.

Ms. HEISEL. Right. As they accelerated their academic program, they could also accelerate their Pell grant in parallel.

Senator ALEXANDER. And with student loans, the cap for a subsidized loan is \$23,500, I believe. That is the amount over a 4-year period of time. Is that about right?

Mr. LOMAX. Lifetime maximum.

Senator ALEXANDER. And if I am about to go to college, I may be able to borrow up to \$23,500 in that loan, but I could not get it all at once. In fact, the smallest amount is in the first year, I guess, to discourage wastefulness and because students may drop out in the first year, and you can increase that as you go along. So basically you are suggesting setting up almost a line of credit or an account—I think you said line of credit, Dr. Lomax, an account that would permit you to draw up to \$23,500 even if you were just there for 3 years. That is the idea.

Well, let me ask each of you to comment on those two ideas, and while you are thinking about that, let me throw another something in at the other end. An increasing number of students—maybe it is not increasing. A large number of students do not graduate within 4 years. According to the figures I have, students who start 4-year institutions who receive their bachelor's degree in 4 years, overall it is 36 percent; at public 4-year schools, 26 percent; private, 54. Students who start at 4-year institutions who receive their bachelor's degree in 5 years, a total of 57 percent, it is up to 57 percent; and 6 years, 63 percent.

So there are a large number of students who—most students do not graduate in 4 years. There are a variety of reasons for that. One you mentioned that is in big, growing universities which are

under financial pressure, classes might not be available. Another reason might be that students enjoy five football seasons more than four, and there are other good reasons to stay at a university.

And so if we are thinking about making these more flexible and focusing the largest amount of available money on students who need the most help, should there be some limits at the other end? I mean, how long should students have to get a Pell grant or to use a student loans—5, 6, or 7 years? Should they continue to do that? Or would it be wiser to focus more of that on the front end?

So why don't we start with Dr. Trachtenberg and go right down the line, any comments you would have on these two ideas about restructuring the way we allow students to spend their Pell grants and their subsidized student loans.

Mr. TRACHTENBERG. Well, I want to associate myself with the remarks of my colleagues here today. I think the counsel you have been provided is sound. As to your specific question, there are, as you quite rightly point out, Senator, a variety of reasons why people take more than the conventional 4 years. I do not think most of them are doing it for social reasons, that is to say, for that tantalizing 5th year of football. I think a lot of it has to do, frankly, with financial challenges which oblige them to work while they are in school and it slows them down. I think there are also certain academic disciplines—for example, engineering, we find at George Washington University that obliges students to take a 5th year. The academic challenge is simply so profound that it cannot be achieved by a certain number of students in the 4 years. Given a 5th year, they do fine and get their degrees and go on to have perfectly satisfactory careers.

So I think we need to unpack the reasons that people take more than 4 years, but you are quite right that some plausible cap could be put on it. I do not think it has to be open-ended and eternal.

Senator ALEXANDER. There is also, I guess—Ms. McKinney mentioned this in a way—the co-op program or work-study program. There are traditionally companies and students—I think of engineering especially—who have students who go to school for a while and then get to know the company for a while, and then the company helps pay, and they seem to think that is a good idea.

Ms. McKinney, what are your thoughts now that you have heard the different comments about the idea of more flexibility in the grants and loans?

Ms. MCKINNEY. I think that in a university and in a situation where you could take summer classes, as long as it remains an option and not a requirement, I think that would be a good option for many students. But, again, especially—I am a senior. I am about ready to graduate, and I have been preparing my resume to send it out to various employers. And one of the things that they emphasize the most is, yes, my degree will be from Vanderbilt, which is a very good institution and that, I hope, will help me get a job, but even more than that, they look at the experience that I have had in the workplace and in the workforce. And my concern with restructuring aid is that there would need to be consideration not to hurt students and universities that do not choose to go to a year-round collegiate system, to leave the summer open the way that my experience at Vanderbilt has been, as there is a limited

selection of courses offered over the summer, and so that in a way forces students to find something else to do, whether that be going abroad or finding a job or an internship. You can get undergraduate research grants. You can get internships at law firms, with your Congress people, with hospitals, with potential employers and things like that. And I think that that is a very valuable experience, and I think that is going to help you out long-term.

In a university situation where you offer courses year-round and you could take other semesters or other quarters off to do something similar to that, I think that year-round financial aid would be absolutely necessary. It is hard enough to go to school and to have a job and to do something outside of that extracurricularly, and to sometimes go to sleep, that it is absolutely necessary to have the Federal financial aid.

Senator ALEXANDER. Thank you.

Dr. Lomax?

Mr. LOMAX. Let me just say a word about who our students are. Sixty percent of UNCF students come from families that earn \$25,000 a year or less. Ninety-two percent of our students require some form of Federal financial aid, and 40 percent are the first in their families to attend college.

They do not have the flexibility to pursue their college careers unless the Federal Government gives it to them. They are so dependent upon Pell grants and loans.

And I might add that the college experience is a relatively new one for them, and they do not necessarily come from families that have had tremendous experience in negotiating the financial and social and academic challenges of an undergraduate college experience.

I think that giving these young people who are high-performing but low-income students the opportunity to front-end more of their college financial support so that they can spend more time on the campus learning academically and socially how to negotiate that, spending three semesters their first year, spending three semesters their second year, getting those tough courses that are often the gatekeepers that will—if they do not pass them, they are not going to be able to stay in school, getting those programs out of the way, performing well, and then in their junior and senior year when they are eligible for more competitive scholarships, when they are eligible for internships then that can help support them financially, they can take a semester off, whether it is—and I think if they are not all doing it in the summer and there is more opportunity to do it in the spring and the fall, then they can take advantage of those other opportunities and enhance their resumes, as Ms. McKinney notes they need to do if they are going to not only apply for employment but to apply for graduate and professional school, which are increasingly looking at what you have done beyond the college campus.

So I think that the proposal for year-round, for the Pell, for the changes that Dr. Heisel has suggested with regard to the loans, the watch word there is “flexibility.” Give us the opportunity to make the choices that fit the student rather than making the student fit the choices that are available to her.

Senator ALEXANDER. Ms. Hazen?

Ms. HAZEN. I agree with Dr. Lomax. Let me just explain a little bit about who the students are at Dartmouth that actually come for more than 4 years. They are not coming for more than 12 terms. They are coming for—they are spreading their education out over more than 4 years. And these are students where—I first should say all aid at Dartmouth is based on need. So once we have reached what the Federal Government says that the parents must pay, there is little more that we can do in order to meet that family's need.

These students that are coming for the 5 years are the ones where their parents are having real difficulty making the parental contribution for one reason or another. If the program were to be such that they were unable to obtain Federal grants and loans during their 5th year—and usually it is only one term, or maybe two terms in their 5th year—it would be defeating the very reason that they basically opted for a 5th year, which was to take time off to earn money to help their parents meet those extra costs that they had associated with college.

Senator ALEXANDER. But if it were limited to a number of terms, if it were limited to 12 terms—

Ms. HAZEN. That would work perfectly.

Senator ALEXANDER. —would that solve that problem?

Ms. HAZEN. Yes, it would.

Senator ALEXANDER. So it might be over any number of years.

Ms. HAZEN. Agreed.

Senator ALEXANDER. Dr. Heisel?

Ms. HEISEL. I would very much agree with what has been said by my fellow witnesses up to now. I would emphasize that we have not had a problem with either—the University of California does not really have a problem with either persistence or time to degree. If you look at the field, roughly 75 percent of all of our entering undergraduates complete 4-year degrees within 4 years. And if you go out to 5 years, that number rises up to 80 and above.

We have been very diligent about ensuring that students are making academic progress. I think that is one of the reasons that those rates are as high as they are. And I think balancing this flexibility with holding institutions responsible for monitoring academic progress is a way of ensuring that there is no abuse of the system.

Students also taking 5 years are engaged in very productive work. The university has a program here in Washington. Many of our students go abroad. They study in different parts of the U.S. They study in Washington and in Sacramento. They take advantage of double-major opportunities. There is a great deal more flexibility now in undergraduate programs than I think we have seen in previous generations. And so some of that 5-year pattern that you see is attributable to that, to very productive academic work.

But on the whole, I think ensuring that there is good academic progress is a safeguard against any kind of abuse or problem that might arise.

Senator ALEXANDER. Thank you.

This has been very helpful. I would like to bring it to a conclusion now with an invitation to each of you. As you reflect on this, if you would like to send us a letter with any additional comments

as we work on the Higher Education reauthorization bill, we would like to have them.

I want to see if I can summarize and make sure I have not overlooked something here. And I would make this comment, too. We have a general picture, it seems to me, where we have this—you call it a tidal wave—new tidal wave of students who are applying to higher education. That should be—that is pretty easy to understand, I think, given the way the world is today. It is increasingly—as Dr. Lomax said and several of you said, Dr. Trachtenberg said, a higher education degree provides the skills one needs for the jobs that are available. We have a shortage of skilled workers in the United States. And even though we have some people who do not have jobs, we have a shortage of skilled workers. So that is one phenomenon that we have.

Also, as we look to a period of time when we are increasingly challenged in world competition to keep good-paying jobs in the United States, our best way to do that is to continue to have skilled men and women who can perform those jobs here. So that is going to create an even longer line at our colleges and universities.

We have at the same time State Governments which are having a hard time providing the funding for public institutions that they have traditionally provided. I know that in Tennessee, when I left the Governor's office in 1987, we were spending 50 cents of every dollar on education; today it is 40 cents. And the reason is because spending for social services and health has gone from 15 cents to 31 cents of every dollar. And I am convinced that the higher education system in the State has carried the brunt of that shortfall of funding.

Now, the Federal Government has been trying to be as generous as it could with Pell grants and with loans to help make up the difference. But it will not be able to make up the whole difference of what the States have not been able to do. So while we always want to be as generous as we can with the amount of money available for Pell grants and for student loans, I think looking for any way that would make the dollars we have go further, both the Federal dollars we have and, as several of you have said, the family dollars go further, if it is cheaper for Dr. Lomax's students to graduate Dillard in 3 years than in 4 years because it costs less to live, then that option might be available.

It is still worth remembering that 70 percent of full-time undergraduates attend colleges with a sticker price of less than \$8,000. And when you add a year, you are adding a lot of cost.

So you have given some very good suggestions here, so just enumerating your suggestions—and if I overlook them, I hope you will add to them. One is we can look at the Pell grant and whether that could be able to be spent all year rather than during part of the year, maybe limiting it to the same amount of money, and maybe a certain number of terms, although we would not want to just put an arbitrary year on it because that might defeat the purpose for which we have given the Pell grant in the first place. The same idea with the subsidized loans, even if we have to keep the loans at the same total amount, \$23,500, we might allow students to spend that money earlier or on a more flexible schedule to meet their needs.

It has been suggested that we might—Dr. Trachtenberg suggested that we might have a demonstration program through FIPSE that would encourage a few more universities to involve the year-round calendar, and at the same time we could gather information about what is already going on, study it, and let universities change their culture on their own. One of the great strengths of American higher education is the autonomy of its campuses, and I am very reluctant to see any sort of Federal legislation that would interfere with that, in this or any other area.

I also think back to 12 years ago when I was Education Secretary and we were having more discussion about year-round schools, elementary and secondary schools. We had a commission on time and learning that reported after we left and the Clinton administration was here, but I thought it was a very useful commission. And so perhaps we could consider that, primarily for the purpose of identifying what is already going on, seeing what we can learn from that.

Now, that is four things that I gleaned from this. Is there any other specific thing that the Federal Government could do or stop doing or should consider doing or stop doing that might affect year-round calendars that I have overlooked in my summary?

[No response.]

Senator ALEXANDER. OK. Well, this has been very helpful, very timely. I thank you for interrupting your schedules to be here, and you can be sure that our full committee will pay close attention to your testimony.

The hearing is adjourned.

[Additional material follows.]

## ADDITIONAL MATERIAL

PREPARED STATEMENT OF STEPHEN JOEL TRACHTENBERG

Mr. Chairman, I see that last week you gave President Bush a bust of his ancestor, James Weir, who fought in the battle of Kings Mountain—along with an ancestor of yours. You rightly called that Tennessee battle one of the “great stories of the American Revolution.”

We honor our ancestors for their bravery and courage. But we wouldn’t fight wars today with the strategies of 1780.

I’m here today, to tell you that in higher education, we are trying to compete globally and conduct our business with the habits of colonial times—and earlier. We can’t do that any longer.

So, Senator Alexander, and Senator Kennedy, thank you for inviting me to testify. I’ve submitted both a written statement for your review, and copies of a study on the year around university that we completed last year at The George Washington University.

My message in these materials is simple. We need to change. In the next few minutes let me briefly: describe what’s happened that makes change necessary; propose a specific change that could help keep American Universities; competitive and cost effective; and suggest some things the federal government might do to nudge such a change along.

First, what’s changed?

Numbers tell that story. For in the last half-century, there has been a quiet revolution in the number—and diversity—of Americans who want a college degree.

In 1952, when I started college, about 7% of men over 25—and 5% of women—had a four year degree. Last year it was about 27% of men and 23% of women. Only 200,000 African Americans had college degrees in 1950. Now it’s 2.7 million.

There’s no mystery about why. The latest Census figures show that people with only a high school diploma make about \$26,000. With a B.A., about \$50,000. With a graduate degree: \$72,000.

Meanwhile, universities have taken on roles they never had before.

We must offer courses in more and more disciplines. We are asked to continue the basic and applied research that keeps our nation in the forefront of innovation and assistjob creation. We’re asked to serve communities in new ways—like the fourteen million dollars in uncompensated medical care GW provided to citizens of the District of Columbia last year.

Thus has higher education become more expensive. Our costs go up not because we’re greedy, but because what we do outpaces the so-called cost of living index. For example, new security precautions and additional personnel added after the September 11 attacks drove up our expenses and our tuition.

Independent universities have relatively few sources of revenue. All universities compete with other worthy causes for scarce philanthropic dollars. Public institutions compete for the tax dollars allocated by State legislatures who are also trying to improve health care, build roads, and enhance homeland security. Universities raise tuition reluctantly because we want to offer educational opportunities to everyone who can benefit from them, not only the wealthy. Most universities and colleges have endowments insufficient to sustain excellence.

We have diligently cut costs. Faculty and staff salaries at many institutions have either been frozen or increased well below the cost of living. We’ve joined consortia to use our combined buying power to hold down the cost of commodities. We’ve outsourced services in order to obtain the best value for every dollar.

But producing a first rate college education stubbornly remains a labor-intensive process. We’ve had to charge more. At the University of Maryland, Senator Mikulski’s alma mater, tuition increased 18% last year. In Senator Edwards’ state, Clemson’s tuition went up 19% this year. Nationally, tuition has increased about 5% a year over the last decade.

Is there anything more we can do to hold down costs?

There is.

The academic calendar on which we operate was created to suit an agrarian world. It fit the world of 1780, when tending crops and looking after livestock were more important than learning to read. To allow students to work on the family farm universities operated for slightly more than half the year—generally, two 14 week semesters.

At a time when fewer than 2 percent of Americans work in agriculture—when agricultural production is so internationalized that we casually buy strawberries in November and corn on the cob in February—such a system is hopelessly out of date.

We need to be careful comparing universities to corporations. But when it comes to efficiency, such a comparison is apt.

Is there a business in America that would close facilities for six months while building new ones alongside them that would also run half a year?

I don't think so. But that is what states are pressed to do. They are building new campuses and buildings—and underusing the ones they've got.

Right now, such inefficiency is less evident. There is a population bulge keeping dormitories full. In ten years, that bulge will disappear. And the folly of this trend will be clear on the quads and classrooms of almost every campus.

I suggest moving instead to a program of full utilization.

Imagine that instead of two 14-week semesters we had three trimesters—with appropriate vacations. Students might be on campus for only two of the trimesters. At GW, we could increase our enrollment by at least a thousand students, yet have fewer students on campus at any one time.

Think of the advantages. Less competition for housing or classes. More income for the university. Lower tuition for students. Fewer students on the streets—ensuring the gratitude of neighbors and zoning boards.

There are other advantages. We would reduce the need to raise either private or federal or state money for as many new facilities. That would reduce the tax burden and the tuition burden. A year around calendar would enable us to increase the size of our entering classes without building new facilities—thus accommodating the growing number of students who will seek higher education and preparing for the downturn in that number in the subsequent generation.

Can it be done? Of course. In Chairman Gregg's state, Dartmouth has done it for a long time. But Dartmouth is the exception; it should be the rule.

Another benefit can be quantified. Compared to fifty years ago, we offer enormous numbers of graduate and professional degrees in the United States. Just in science and engineering—which directly affect our national security and prosperity—we awarded only about 13,500 degrees; by 1996 we awarded 95,000. In the early 50s, we awarded about 6,500 doctoral degrees; by 1997 it was nearly 43,000.

If we operated all year, we might even be able to offer some bachelors degrees in three years rather than four, saving an enormous amount for students and families. If a graduate or professional degree is now the currency valued by students and rewarded by the economy, perhaps the nature of the bachelor's degree can be rethought with a view toward awarding a meaningful degree in less time.

Finally, there are some benefits apparent only to people who see what happens every spring, as graduating students prepare resumes.

We flood the market during the summer, and starve it during the rest of the year. We're out of synch with the greatest demand for help in the retail sector. We overwhelm research laboratories, congressional offices, law firms, lobbying organizations, and friends of our families with qualified employees during the season when they're slackest because they, too, are on vacation.

All this could change—if we can summon the will to change.

Would this be easy?

Absolutely not. There is always a constituency for the way things have always been.

Still, I am convinced there are ways to achieve such change. To utilize our institutions more fully, it's not necessary for students to attend each summer; attending just one mandatory summer session in four years creates new income for our institutions, opportunities to increase enrollment without building facilities, and opens up an opportunity for universities to generate new and exciting programs throughout the year.

The details, for the moment, concern me less than the idea.

The Federal Government has an important role in promoting year around education.

For example, if students could use their Pell grants and guaranteed loans for twelve months of study rather than for just nine months, we'd accommodate demand for higher education all year.

Stafford loans should have the same rules. Let's say students use their limit during the regular nine month academic year—but plan to attend the third trimester? Why not give them a loan equal to the fall disbursement right away?

I also suggest a modest appropriation, say \$5 million, for a commission and a FIPSE competition for demonstration projects. I'm certain the results would stimulate many schools to act.

If we operated on a year around calendar, some students might choose to finish school more quickly rather than take off a semester. But most will choose to either work or vacation during a winter or spring term. For those who want to study or earn credit, universities can create vibrant internships, study abroad programs, and

other educational programs during the fall or spring semester students might not be in residence. If they chose to work, they'll find less competition for employment.

Let me sum up.

We need a year-round university calendar like the one most enterprises operate on.

We need federal government programs to accommodate that probability.

We need it for the sake of the nation's economy.

We need it for the sake of our national preeminence in creating and disseminating knowledge.

We need it for the sake of the communities we serve.

Members of the Committee, universities cannot be separate from their societies. They belong to them. They help define them. In this Information Age, when we all know education is a full time job, we cannot give universities a half-time appointment.

"If a nation expects to be ignorant and free, in a state of civilization," Thomas Jefferson wrote, "it expects what never was and never will be."

That's still true.

We honor Jefferson's principles—the ones fought for by those volunteers at Kings Mountain. But we honor the principles of their century best—by making those changes necessary for ours.

And now, I'm happy to take your questions.

#### PREPARED STATEMENT OF INDIA MCKINNEY

Good morning Mr. Chairman and Members of the Committee. My name is India McKinney, and I am a senior in the College of Arts and Sciences at Vanderbilt University, double majoring in Political Science and Communication Studies.

My family is originally from Alabama, though we have lived in several states. In 1996, my family moved to Southern California where I attended and graduated from a Palos Verdes Peninsula High School. For mostly personal reasons, I only considered and applied to small, private colleges in the southeastern part of the United States. I cannot articulate what it was about Vanderbilt that stood out, but I realized before too much longer that Vanderbilt was my top choice for college, though I had never set foot on campus. I applied to Vanderbilt as an "Early Decision" candidate and crossed my fingers.

My acceptance letter came in early March, in the same envelope as my financial aid package. I was absolutely thrilled and after reading the first page and glancing at the rest, I handed my mother the envelope so that she could help me with the financial aid part. As my mother looked at the second page, her eyes widened and she told me quietly that if that was the only financial aid Vanderbilt was offering, she didn't see how they could afford to send me there. Devastated, I called the Vanderbilt Financial Aid office and asked about more money, or possible merit scholarships. The woman I talked to suggested that I get a job on campus, but told me that the letter I was holding was Vanderbilt's final aid offer.

Though I had applied Early Decision to Vanderbilt, their acceptance letter was not the first one that I had received, nor was theirs the best offer, financially. So I went to bed that night determined to believe that if I could not attend Vanderbilt, then it must not have been meant to be and that I could be quite happy at another university. So I came home from school the next day resigned to writing a letter politely declining Vanderbilt's offer, but my mother met me at the door. With tears in her eyes, she told me that my father had met with his company's Credit Union and that they had decided to get a second mortgage on our house so that they could send me to Vanderbilt. She told me they agreed that Vanderbilt was the best place for me to be, and they had decided that it was worth spending the money to get the best education and the best college experience possible.

The loan package that I received from Vanderbilt was a Need-Based Grant from the College of Arts and Science (not a Pell Grant), as well as a subsidized Stafford Loan. This most recent school year, I have also taken an unsubsidized Stafford loan. I have also had a job on campus every semester, so that I can pay for all of my personal expenses, including food, without asking my parents to spend more money to send me to college. My freshman year, I worked in the dining hall so that I could get for free the dinner plan that all Vanderbilt Freshmen are required to buy. I have worked for the alumni calling center, where I called Vanderbilt alumni to ask for donations; I worked for the marching band, where I was a member and vice president, and was pleased to discover that they ended up paying me to do some things I would have done for free. I currently work in the Office of Housing and Residential Education, where my main task is file and sort papers and to run errands on campus.

I have spent every summer at home, where the rent is free, earning money so that I didn't have to work as hard during the rest of the school year when time is more constrained. My first summer, I worked full time as a hostess at TGI Friday's. The second summer, I interned with my local Congresswoman, Jane Harman, and worked at Friday's as a waitress on the weekends. Last summer, I worked as an intern in Southern California Edison's Legislative and Local Governmental Affairs group.

My concern with year round financial aid is that rather than provide the opportunity to allow some students to graduate early, year round aid might result in some colleges forcing students to take summer classes and graduate early because it looks better statistically. I recognize that some students would welcome the chance to graduate early, either to save money or to get a head start in a career, but personally, I would not have preferred that option. Creating the opportunity for some students to take classes in the summer would be beneficial to many students, as long as summer classes remain a choice and not an obligation. Forcing students to take classes during the summer might deny those students the opportunity to get summer jobs, internships, or undergraduate research grants, which would hurt the collegiate system in the long run. I think that college is about personal exploration as much as it is about learning solid facts, and I believe that the space created in the summer is invaluable.

I never took summer classes for two additional reasons. First, I am a liberal arts major, and most of the classes Vanderbilt offers in the summer are designed for science majors either retaking classes or fulfilling their arts requirements. Secondly, I liked my summers in the "real world," where I got to use the theories I was learning at school in "real" life. Though I was often bored at home away from my college friends, I always came back to Nashville in the fall rested, excited to start a new year, and with a new perspective on what my ultimate goal in college should be.

Let me emphasize though: if year round college were to become the norm, I believe it would be both fair and essential that Federal Student Aid be available throughout the year for need based students who either choose or are required to take summer classes.

Though I never visited Vanderbilt or any other college, I know I made the right choice because I could not have had a better four years. I will graduate in about two months, and I know that I will have to start paying off my loans, but Vanderbilt was definitely worth it. I hope that my comments have helped and, I would be pleased to answer any questions you might have. I thank you for this opportunity to testify.

#### PREPARED STATEMENT OF MICHAEL L. LOMAX

Good morning Mr. Chairman and Members of the Committee. I appear before you today on behalf of the United Negro College Fund (UNCF). UNCF is America's oldest and most successful black higher education assistance organization, representing 39, private, four-year historically black colleges and universities (HBCUs). UNCF has been committed to increasing and improving access to college for African Americans since 1944. The organization remains steadfast in its commitment to enroll, nurture, and graduate students, some of whom do not have the social and educational advantages of other college bound populations. Combined, we enroll over 59,000 students in primarily liberal arts institutions, many of whom go on to earn graduate and professional degrees at America's most prestigious universities.

I am pleased to share with you today UNCF's viewpoints about year-round college, and particularly how such an academic calendar might benefit UNCF students. It is important, as we begin this discussion, for you to understand something about our students. UNCF students come from a variety of family and economic backgrounds. However, more than 60 percent of all UNCF students come from families with incomes below \$25,000 (compared with 16 percent of students attending four-year colleges nationwide), while 84 percent are from families with incomes below \$50,000 (compared to 26 percent of students attending four-year colleges nationwide). Approximately 92 percent of UNCF students receive some form of federal financial assistance. Forty percent are also the first in their families to attend college. UNCF students, then, are not only disproportionately represented among aid recipients, but they also enter college less familiar with the environment and with little or no help (at home) in successfully navigating the challenging academic requirements.

Mr. Chairman, to better serve the needs of its students, UNCF has recommended, as part of its Higher Education Act (HEA) proposals submitted to Congress last year, that Congress establish a three semester, year-round academic calendar supported by a three semester Pell Grant award. For the record, UNCF wants to be

clear that it is proposing a Pell Grant for a third, full academic semester that is equal in length to each semester in the traditional two semester year. Each eligible student would qualify for a Pell Grant equal in dollar amount to the Pell Grant awarded for the other two semesters.

In UNCF's opinion, there are clear advantages to year-round college for students on UNCF campuses and at all institutions of higher education. Two distinct categories of students would be affected by providing a three semester Pell Grant: First, academically gifted students who wish to accelerate their studies and who realistically could complete a baccalaureate degree in three years; and Second, students who enter college less well-prepared and who would benefit from a more intense period of time to pursue their baccalaureate degree.

Year-round college allows students, especially Pell-eligible students, to pursue their baccalaureate degree in a more intense and focused manner. Guaranteed year-round grant aid allows students to really commit to their studies, without working so many hours and without assuming an overwhelming loan debt burden. Many of these same students are less prepared academically. Upon arriving on campus, they may be required to take developmental coursework in addition to the core college curricula. In fact, a February 27, 2004, USA Today article, entitled High Schools Skip Over Basics in Rush to College Classes, noted that 53 percent of all students entering college take at least one remedial course in order to make up their academic deficits from high school.

Countless numbers of these students initially would benefit from a reduced course load, which an extended academic year could provide. The option of a lesser course load that the year-round calendar represents is, for them, an opportunity to stay on plan academically and still attain their baccalaureate degree within 5 years. On the other hand, a year-round academic calendar would allow more academically motivated students to accelerate their studies and graduate earlier.

Additionally, when you look at those Pell recipients who are less academically prepared and those who are more academically motivated, both likely are forced to work to pay for college. As a consequence, these students may have to forego extra curricular activities because of their course and work demands. In contrast, many financially privileged students have the opportunity to participate in whatever pursuits outside of the classroom they desire while in college, sustained with the knowledge that they have the fiscal resources to take classes in the summer and still stay on plan. UNCF hopes that Congress agrees that we should want to do all we can to ensure that all students, regardless of income, are able to enjoy some of these same extra curricular college experiences.

Members of the Committee, as I have stated previously, UNCF students, as well as many other dependent and independent students, must work to pay for college. Working more hours, or for that matter taking on increased loan debt, creates an almost insurmountable barrier to successfully completing college. No one who deals with these students on a regular basis would be surprised that many come in and out of school as a consequence. A year-round calendar, supported by grant aid, undoubtedly enhances retention for these students.

UNCF recognizes that not all institutions of higher education would want to operate on a year-round calendar. For that reason, we also recommend that a three semester Pell be optional. Campuses opting not to offer aid in this manner may provide Title IV assistance under the current program parameters. Additionally, UNCF understands that comparable changes need to be made to the Federal student loan programs, whether one offers a year-round calendar or not.

UNCF does not anticipate that all of its member institutions, nor colleges and universities as a whole, would implement a year-round academic program taking advantage of a three semester Pell Grant. However, institutions that elected to provide year-round instruction would have several benefits accrue to them—including a steady flow of revenue and a seamless registration process—that could provide economies of scale to participating institutions. Since campus facilities generally are available for operational purposes during the traditional summer recess, a year-round academic calendar would need to make allowances for necessary repairs and maintenance. Finally, some accommodation may have to be made with existing faculty and staff employment contracts.

Mr. Chairman, the impact of what I have just shared with the Committee is significant when one considers the financial consequences not only to students, colleges and universities, but also to this country. The longer it takes for students to complete college, the longer they remain in the system. The most recent data from the Department of Education, National Center for Education Statistics indicates that, at the end of four years, 35.8 percent of all students who entered college in the fall of 1995 took four (4) years to complete a baccalaureate degree. At the end of five years, for the same cohort, 57.1 percent of all who entered in the fall of 1995 had

earned their BA degree. At the end of six years, the percentage was 62.7. Furthermore, an additional 14.2 percent of students still were enrolled after year six (6) without a degree. Even if, as under the UNCF proposal, more students complete college in five (5) years, this still could represent considerable savings. At a time when Congress is so focused on the tight budget facing the nation, we may want to consider how proposals—such as the year-round academic calendar supported by a three semester Pell Grant award—recommended by UNCF potentially may reduce some financial pressures on an already oversubscribed financial aid program.

Mr. Chairman and Members of the Committee, UNCF member institutions recognize that some of their proposals may be controversial. Nonetheless, we believe that UNCF's recommendations may add to our exploration of the merits of a year-round college calendar. We applaud you for undertaking this review and look forward to working with you as you attempt to improve access to college for all students.

PREPARED STATEMENT OF VIRGINIA S. HAZEN

Mr. Chairman and Members of the Committee: I am pleased to be here today to discuss with you the advantages of year round college operation and the potential impediments to establishing such a system.

Dartmouth College implemented a quarter-based year round calendar in the fall of 1972. The implementation of year round operation allowed the College to expand its student body by ten percent without significantly expanding its facilities. Over the years the plan has evolved to address changes in the curriculum and the lack of continuity students felt they had in their relationships.

Today students are expected to enroll for twelve terms over four years and are required to be in residence during the fall, winter and spring quarters of their freshman and senior years and the summer between their sophomore and junior years. Beyond those requirements, students have the flexibility to arrange their attendance to best meet their needs. While students can graduate in three years if they have met the academic degree requirements and have secured special permission, this was not the intent of the year round plan and seldom occurs. The average Dartmouth student graduates in slightly fewer than twelve terms.

As mentioned above, one advantage to the College of Dartmouth's plan of year round operation is that it has allowed the College to increase the size of its student body without a corresponding expansion in facilities. It has also allowed the College to fully utilize its residence halls and other facilities during the summer without having to rely extensively on conferences and other outside programs. Finally, year round operation has given the Dartmouth faculty more flexibility and control in scheduling their research activities.

For our students, the greatest advantage of year round operation is the autonomy it gives them to create their own calendars to fit their academic, personal and professional needs. Without disrupting their education, Dartmouth students are able to participate in international study programs (60 percent of Dartmouth students study overseas, an important component of a liberal arts education in our ever changing world), unpaid internships, job opportunities to explore career possibilities, community service, and transfer terms at other institutions. Since Dartmouth students frequently take their "vacation" term during the fall, winter or spring rather than during the summer, there are job and internship opportunities open to them that are unavailable to students with traditional college calendars. Another advantage of the Dartmouth Plan is that it forces students out of their social comfort zones. As friends begin exploring different activities, their calendars rarely mesh, leading them to develop different relationships.

While Dartmouth's year round operation plan has many attractive features, it has some challenges. Since facilities are fully utilized year round, maintenance can be problematic. Base staffing levels are required year round, making most nine-month positions obsolete and increasing compensation costs. Down time for planning is limited, and activities that do not normally overlap at other institutions frequently do under year round operation introducing a layer of complexity that would not otherwise exist. Finally, and perhaps most importantly, financial aid funding and administration can be problematic.

At Dartmouth a full academic year is three quarters. When financial aid recipients opt to enroll for four quarters, they have no Federal Pell Grant eligibility during their final term. In addition, their Federal loan eligibility is frequently insufficient to meet their needs. For a plan of year round operation to succeed, these issues must be addressed. While Dartmouth is able to replace the Federal Pell Grants in the final quarter with institutional grants and to supplement Federal loans with institutional loans, not all colleges are. However, Dartmouth's solution is not perfect. Dartmouth loans carry higher interest rates than Federal loans; they cannot be con-

solidated with Federal loans; and they do not have the same forgiveness features. Students borrowing from both the Federal programs and the College have multiple minimum monthly payments. In addition to these problems, outside scholarships are frequently unavailable during the summer term. Donors often cannot grasp that the summer term is a parity term versus a remedial term. Even when summer funding is available, an additional application is frequently required.

Administering financial aid within a year round environment would be facilitated if: 1) the Federal Pell Grant could be awarded for all enrolled terms; 2) annual loan maximums were lifted (perhaps keeping the cumulative maximums in place) to address students' increased needs during years they were enrolled for twelve months; 3) Federal Stafford loans could be distributed unevenly over terms to address differing costs associated with various programs; and 4) there was an educational effort beyond that offered by individual institutions to help the public understand the difference between a remedial summer session and a parity summer term.

I have appreciated the opportunity to speak to you and hope my remarks will be helpful as you consider issues of capacity and access.

#### PREPARED STATEMENT OF MARGARET HEISEL

Mr. Chairman and Members of the Committee: Good morning. My name is Margaret Heisel and I am the Associate to the Vice President and Executive Director of Admissions and Outreach for the University of California Office of the President (UCOP). The University of California includes 10 campuses, with over 201,000 students and more than 155,000 faculty and staff. During the 2002-2003 academic year, 48,432 undergraduate students, or nearly a third of the UC's 150,000 undergraduates, received Pell Grants valued at \$138 million dollars.

I have been asked to testify on the advantages and impediments of year-round enrollment, from the perspective of the University of California, the nation's largest public research institution of higher education. The University of California supports year-round enrollment, primarily because of the benefits to students and taxpayers. While year-round enrollment does not provide cost savings to the University, it offers clear overall advantages in terms of increased capacity, cost-effectiveness, academic continuity, retention and persistence rates, and the like. Year-round enrollment truly benefits students and their families.

My testimony today will also focus on the impediments to full and equitable participation in year-round enrollment, particularly for students who depend on federal financial aid. The University of California currently enrolls a higher percentage of low-income students (measured in terms of Pell Grant recipients), in proportion to its overall enrollment, than any other flagship public university. As an institution that is committed to expanding access to qualified students regardless of their ability to pay, the University believes Congress can take a leadership role in effecting changes that will promote year-round enrollment and ensure that access is available to all, not just those who can afford it.

I will explain these recommendations in more detail, but briefly we believe Congress can direct the Secretary of Education to implement existing statutory authority, as described in 34 CFR, Title IV, Part A, Subpart 1, Sec. 401(b)(6) to allow Pell Grants to be awarded to qualified low-income students for year-round study.

In addition, the University believes Congress should enact statutory changes to the Stafford Loan Program to ease current administrative burdens that make it extremely difficult for schools to offer loans on a year-round schedule. This would effectively raise the annual maximum loan limits for year-round students, but would not increase the cost to the taxpayers.

#### RECORD ENROLLMENTS

Like the rest of the nation, California is experiencing record growth in postsecondary education enrollment, in a phenomenon referred to in our state as "Tidal Wave II." In order to accommodate the large increase in the number of young people who will be college-aged over the next several years, California has made changes in its higher education policies. The University of California has made changes, too, to address this student surge, which will lead to an expected increase of 43 percent during the decade from 2000 to 2010, which is an additional 60,000 undergraduate students above current levels.

#### YEAR-ROUND ENROLLMENT BENEFITS THE TAXPAYER

The tenth campus of the University of California, at Merced, is scheduled to open to undergraduates in fall 2005 and the California State University has opened three new campuses in the last decade in an attempt to meet the demands of California's

residents. However, states cannot continually build additional campuses and the independent college sector cannot meet the enrollment demand, so year-round instruction has been adopted to maximize public investment in postsecondary education.

Prior to 2001, summer instruction at all UC campuses was self-supporting, as it is at most public universities, meaning that students paid fees to cover the entire cost of their courses with no additional funding from the state. Enrollment was optional and financial aid was not generally available. In response to its enrollment challenges, California has identified an efficiency, which could reduce facility costs and move students through their programs more quickly, thus making room for more students. Beginning in 2001, the state provided the University with the same level of subsidy for summer enrollment that it spends per student for instruction in the regular academic year.

Year-round enrollment has proven very successful and student demand for summer instruction has been high. In fact, enrollment has nearly doubled since the summer of 2000, the last year of fully self-supported programs. About a third of the students at UC took courses in summer 2003, and one of our campuses UCLA has collected data demonstrating that students are graduating more quickly as a result of their summer enrollment.

*Year-round enrollment benefits the student:*

Year-round enrollment offers students both educational and economic advantages, including:

- Accelerating study and graduating sooner so they can seek career employment or proceed to graduate or professional school sooner

- Maintaining housing near campus rather than needlessly paying summer rent or finding new housing each fall term

- Completing academic requirements during summer, and allowing more flexible course options during the traditional academic terms

- Taking courses that are overbooked in the regular academic year due to rising enrollments

- Concentrating on certain courses that require intensive study, such as languages

- Preparing for difficult or preliminary coursework (particularly incoming freshmen and transfer students)

- Enrolling more easily in study-abroad or internship courses

- Combining work and study more easily than in the regular academic year.

*Barriers to year-round enrollment:*

The University of California has taken steps to expand access for year-round enrollment to all students who wish to pursue it. This includes continuing state and institutional aid to eligible students during their summer terms. The fact is, however, that truly needy students cannot take advantage of this option without federal financial aid as well. Without a Pell Grant, low-income students will not be able to participate as will their wealthier counterparts. In addition, many other students are denied this option because it is more difficult to obtain student loans for the summer terms.

The University of California believes that Congress can and should eliminate these two barriers, and Congress can do so without additional cost to the taxpayer. I will outline two possible ways. Attached to my statement, and submitted for the record, are illustrations of the effects of these changes.

PELL GRANT

The University of California is seeking a year-round Pell Grant. Currently, very needy students who wish to accelerate their time-to-degree by attending school for 12 months rather than 9, have exhausted their eligibility for Pell grant support during the traditional academic year. With a year-round Pell Grant, these students would receive an additional \$1350 in the maximum Pell (assuming the current level of \$4,050) for the remaining quarter of the year. This option provides the same dollars per student over the student's career in college, it just provides the funds sooner by allowing them to receive their financial aid in the summer session. While some additional appropriations would be needed initially, this change is budget neutral over a 5-year budget outlook.

Current law grants the Secretary of Education discretion to provide two Pell Grants within one calendar year under certain conditions. Unfortunately, this discretion has never been used. A report of the projected cost patterns and administrative feasibility of a year-round Pell Grant program was written, but it made inaccurate assumptions about how the program would have to be implemented and therefore, it incorrectly estimated that any such undertaking would be prohibitively

expensive. The University of California proposes that in the reauthorization of the Higher Education Act, Congress require the Secretary to implement a limited pilot program, which we believe could be cost-neutral, if viewed on a five-year federal budget window.

#### STAFFORD LOANS

The University of California supports increased borrowing limits for undergraduate and graduate students, along with other changes we would like to see in reauthorization, to update the student loan programs and better meet students' needs. However, aside from that, a simple change can be made to the Stafford loan programs to facilitate year-round enrollment for eligible students.

Right now, many student borrowers exhaust their annual Federal Stafford loan maximums during the traditional nine-month academic year. While students are currently eligible to begin to use their subsequent year's Stafford Loan eligibility to attend the additional three months of each year, it is exceptionally difficult for institutions to administer this option and as a result, it is not available at the University of California, nor generally at most four-year, public or private institutions.

There would be no cost involved in designating a higher ANNUAL loan maximum for students engaged in 12-month, rather than 9-month academic schedule. No change to the aggregate, or lifetime, limit would be involved, so the federal costs will not increase. This is a statutory change to provide administrative relief to schools that operate on a year round schedule. Attached is a chart that illustrates this option.

#### CONCLUSION

Congress is looking to improve access to higher education, in the reauthorization of the Higher Education Act, and this testimony offers two simple changes: year-round Pell Grants and 12-month annual maximum limits for the Federal Stafford Loan programs. These recommendations will enhance our nation's investment in higher education and improve our economic future as well.

Thank you very much for your time and attention to these suggestions for Congressional action.

## ATTACHMENT "A"

**Pell Grants Year Round – examples demonstrating that federal costs will be neutral; federal funding may be needed in an earlier appropriations year, but the total dollars per student should not be greater if Pell Grants are available to students who attend year round**

### Student A

Student A has an Expected Family Contribution (EFC) of \$0.00 (zero), making her eligible for \$4,050 Pell Grant annually under the current regulations. Assuming that her family income and Pell annual amounts remain the same during her enrollment in college, the funding of this student's Pell eligibility for four years with a traditional attendance pattern will look like the following.

	<i>Fall Term</i>	<i>Winter Term</i>	<i>Spring Term</i>	<i>Summer Term</i>	<b>ANNUAL TOTAL</b>	<i>Number of Academic Terms Attended</i>
YEAR 1	\$1350	\$1350	\$1350	Not Attended	<b>\$4050</b>	<b>3</b>
YEAR 2	\$1350	\$1350	\$1350	Not Attended	<b>\$4050</b>	<b>3</b>
YEAR 3	\$1350	\$1350	\$1350	Not Attended	<b>\$4050</b>	<b>3</b>
YEAR 4	\$1350	\$1350	\$1350	Not Attended	<b>\$4050</b>	<b>3</b>
<b>LIFE-TIME TOTAL</b>					<b>\$16200</b>	<b>12</b>

If this same student attends year-round for three years and receives a proportional amount of Pell in the summer, she would still receive \$16,200 over the course of her education. In this way, she would not be receiving any MORE than if she had used the traditional attendance pattern; she would merely be receiving the dollars EARLIER.

	<i>Fall Term</i>	<i>Winter Term</i>	<i>Spring Term</i>	<i>Summer Term</i>	<b>ANNUAL TOTAL</b>	<i>Number of Academic Terms Attended</i>
YEAR 1	\$1350	\$1350	\$1350	\$1350	<b>\$5400</b>	<b>4</b>
YEAR 2	\$1350	\$1350	\$1350	\$1350	<b>\$5400</b>	<b>4</b>
YEAR 3	\$1350	\$1350	\$1350	\$1350	<b>\$5400</b>	<b>4</b>
YEAR 4	Not Attended	Not Attended	Not Attended	Not Attended	<b>\$0</b>	<b>0</b>
<b>LIFE-TIME TOTAL</b>					<b>\$16200</b>	<b>12</b>

### Student B

Student B graduates in five years instead of four. He easily meets Satisfactory Academic Progress standards necessary to receive a Pell Grant each year of attendance. His family income is higher than that of Student A, so his family's federally-required contribution (EFC) is \$2250, thus making his Pell Grant \$1800 annually. Below is a chart showing his Pell funding pattern.

	<i>Fall Term</i>	<i>Winter Term</i>	<i>Spring Term</i>	<i>Summer Term</i>	<i>ANNUAL TOTAL</i>	<i>Number of Academic Terms Attended</i>
YEAR 1	\$600	\$600	\$600	Not Attended	\$1,800	3
YEAR 2	\$600	\$600	\$600	Not Attended	\$1,800	3
YEAR 3	\$600	\$600	\$600	Not Attended	\$1,800	3
YEAR 4	\$600	\$600	\$600	Not Attended	\$1,800	3
YEAR 5	\$600	\$600	\$600	Not Attended	\$1,800	3
<b>LIFE-TIME TOTAL</b>					<b>\$9,000</b>	<b>15</b>

Most students' attendance patterns, if they include summer enrollment, are not as neat and clear-cut as Student A's above. Therefore, if we consider Student B's Pell funding pattern with some summer enrollment, the result may be as follows.

	<i>Fall Term</i>	<i>Winter Term</i>	<i>Spring Term</i>	<i>Summer Term</i>	<i>ANNUAL TOTAL</i>	<i>Number of Academic Terms Attended</i>
YEAR 1	\$600	\$600	\$600	Not Attended	\$1,800	3
YEAR 2	\$600	\$600	\$600	\$600	\$2,400	4
YEAR 3	\$600	\$600	\$600	\$600	\$2,400	4
YEAR 4	\$600	\$600	\$600	Not Attended	\$1,800	3
YEAR 5	\$600	Not Attended	Not Attended	Not Attended	\$600	1
<b>LIFE-TIME TOTAL</b>					<b>\$9,000</b>	<b>15</b>

As with Student A, Student B will not receive MORE money over the course of his education if he receives Pell Grant money in the summer; he will receive it EARLIER. This is true even taking into account Student B's longer period of enrollment to obtain his degree.

### Student C

Student C is pursuing a teaching credential and will be eligible for Pell Grant during both her undergraduate studies and during the teacher credential courses. Her federally-required family contribution (EFC) is \$750, making her eligible for \$3,300 annually in Pell. During her undergraduate course of study, Student C will attend full time and will therefore be eligible for \$1,100 per quarter, while during the teacher credential program course of study, she will be attending school half-time and will consequently be eligible for \$550 per quarter.

Under the current funding pattern, Student C will be able to maximize her Pell eligibility only by skipping summer enrollment, in order to attend a traditional "term-time" pattern (nine months of a calendar year). This choice will delay her entering the teaching ranks, as her credential program requires more than three quarters to complete (many credential programs require four quarters, not three.)

	<i>Fall Term</i>	<i>Winter Term</i>	<i>Spring Term</i>	<i>Summer Term</i>	<i>ANNUAL TOTAL</i>	<i>Number of Academic Terms Attended Full-time</i>
YEAR 1	\$1,100	\$1,100	\$1,100	Not Attended	\$3,300	3
YEAR 2	\$1,100	\$1,100	\$1,100	Not Attended	\$3,300	3
YEAR 3	\$1,100	\$1,100	\$1,100	Not Attended	\$3,300	3
YEAR 4	\$1,100	\$1,100	\$1,100	Not Attended	\$3,300	3
YEAR 5	\$550	\$550	\$550	Not Attended	\$1,650	1.5
YEAR 6	\$550	Not Attended	Not Attended	Not Attended	\$550	0.5
<b>LIFE-TIME TOTAL</b>					<b>\$15,400</b>	<b>14</b>

If student C were eligible for Pell Grants on a year round basis, she would be able to obtain her teaching credential in Year 5 rather than in Year 6. As with the previous examples, Student C will not receive MORE money over the course of her education if she receives Pell Grant money in the summer; she will receive it EARLIER and as a result be able to teach sooner.

	<i>Fall Term</i>	<i>Winter Term</i>	<i>Spring Term</i>	<i>Summer Term</i>	<i>ANNUAL TOTAL</i>	<i>Number of Academic Terms Attended Full-time</i>
YEAR 1	\$1,100	\$1,100	\$1,100	Not Attended	\$3,300	3
YEAR 2	\$1,100	\$1,100	\$1,100	Not Attended	\$3,300	3
YEAR 3	\$1,100	\$1,100	\$1,100	Not Attended	\$3,300	3
YEAR 4	\$1,100	\$1,100	\$1,100	\$550	\$3,850	3.5
YEAR 5	\$550	\$550	\$550	Not Attended	\$1,650	1.5
<b>LIFE-TIME TOTAL</b>					<b>\$15,400</b>	<b>14</b>

**ATTACHMENT "B"****SUGGESTED ANNUAL STAFFORD LOAN  
MAXIMUMS FOR YEAR ROUND  
STUDENTS**

(Aggregate Lifetime Limits Remain Unchanged)

<b>LEVEL IN SCHOOL</b>	<b>9-month annual borrowing limit</b>	<b>12-month annual borrowing limit</b>
Freshmen	\$2625	\$3500
Sophomores	\$3500	\$4667
Junior & Seniors	\$5500	\$7333
Independent Freshmen & Sophomores	\$4000	\$5333
Independent Junior & Seniors	\$5000	\$6667
Subsidized Loans to Graduate and Professional School Students	\$8500	\$11,333
Unsubsidized Loans to Graduate and Professional School Students	\$10,000	\$13,333

## PREPARED STATEMENT OF THOMAS A. BABEL

Mr. Chairman, and Members of the Committee: My name is Thomas Babel and I am vice president of Student Finance for DeVry University, which operates over 65 locations in 20 States, and Canada. It is my pleasure to present testimony to you regarding the year-round academic calendar. I speak to you today on behalf of our more than 52,000 students who are enrolled in programs at the associate, bachelors, and masters degree level. DeVry's mission is to provide high-quality, career-oriented undergraduate and graduate programs in technology, business and management. A DeVry education is designed to provide economic opportunity for its

graduates by providing them with the knowledge to navigate careers at the intersection of business, technology and the growing health care field.

The United States is at a critical juncture, as jobs in the 21st century require education beyond a high school diploma. As a Nation, we must provide a greater opportunity for future generations to educate themselves so that they are competitive in the knowledge economy. This testimony is limited to a statement of our firmly held belief that every citizen should have equal access to funds that support the post-secondary education that best meets his or her educational objectives. We believe that Pell Grants should be available throughout the year to meet the varying needs of today's college students.

In recent years the number of non-traditional students entering or re-entering higher education has exploded. Non-traditional students now make up 73 percent of students attending higher education. The baby boom echo now entering college is stressing institutional capacity and financial assistance resources. In addition, the increase in first generation college students, who are increasingly members of minority groups, creates additional strain on the Federal student aid programs. The need for a more efficient use of Pell Grants is needed to ensure that needy students have an opportunity to achieve their educational goals.

#### THE ACADEMIC CALENDAR AT DEVRY

Unlike most academic institutions, DeVry University operates on a year-round, three-academic semester basis providing students attending full-time the ability to complete their bachelor's degree in 3 years or less. For example our 2003–2004 academic year began with a summer semester on July 7, 2003 that ended on October 6, 2003. Our fall semester began on October 27, 2003 and ended on February 29, 2004. The spring semester began on March 1, 2004 and will conclude on June 20, 2004. While the academic calendar at DeVry is more intense and requires a level of commitment that some may regard as atypical, we believe it serves the best interests of the highly motivated student attending at an accelerated pace and students who benefit from the rigor of uninterrupted study as well as students who may proceed at the more traditional pace.

DeVry University and other institutions of higher education are presently constrained in their efforts to provide Federal Pell Grants to eligible students by two factors. First, the failure of the Secretary of Education to exercise his discretionary authority under Section 401(b)(6)(A) to allow "a student to receive 2 Pell Grants during a single award year, . . ." Second, insufficient Federal funding from the Congress to support two Pell awards in a single academic year.

#### YEAR ROUND STUDY BENEFITS THE STUDENT

Because of DeVry's year-round class schedule, DeVry students can earn their bachelor's degree more quickly and, therefore, enter the workforce sooner. This means that they start earning a salary more quickly than those students enrolled at traditional institutions. See Table 1 for example.

The Center for Higher Education Policy Analysis at the University of Southern California recently wrote, "Even when factoring in the tuition costs, which tend to be above the tuition prices of comparable public institutions, jobs students find after graduation tend to pay reasonably well. Thus the return on investment for the average student in a for-profit program in higher education is greater than a similar return for the average bachelor's degree graduate from a traditional institution—about 28 percent versus 17 percent."

#### YEAR ROUND STUDY IMPROVES RETENTION AND GRADUATION

The DeVry University experience indicates that persistence and graduation is enhanced through year round attendance for non-traditional students. A non-traditional student at DeVry is older, has family responsibilities and may work full-time. Our 2002 Fall Graduation Rate survey of the 1995 first-time full-time student cohort shows that year round enrollment increases the likelihood that non-traditional students progress to degree when they can do so without interruption, including summers. The lack of year round Pell funding acts as a barrier for non-traditional students who are heavily reliant on student financial assistance. These students graduate with a higher debt burden because they have been saddled with a disproportionate amount of student loans.

Providing Pell Grants throughout the year would benefit all students, including those gifted students attending traditional colleges, non-traditional students who are trying to complete their education while working full time, and low and middle income students at traditional institutions, who experience financial and pre-college preparation barriers to academic persistence and success. With a year round Pell

Grant, gifted students could continue their studies and graduate in 3 years, while more academically average students could complete their degree in 4 years, thus reducing the cost of student loan subsidies and grants to the Federal Government.

The longer students are in school, the more costly it is for students and taxpayers. Currently, the Pell Grant program provides grant awards twice a year—on the typical two-semester schedule. This results in a needy student who is motivated to attend classes year round to take on additional loan debt to meet their financial obligations.

#### OUR RECOMMENDATION

DeVry fully understands the budgetary consequences of adding a second Pell Grant award during a single academic year. A maximum award recipient currently would qualify for an award of \$4050 in fiscal year 2005. If a third semester Pell award were implemented, this amount would increase to \$6075. During the current Higher Education Act reauthorization, DeVry recommends that Congress authorize a three-semester Pell Grant demonstration program—including 20 to 25 baccalaureate institutions of higher education representing a diverse cross section of all such institutions.

**Table 1**

Tuition shown as a debt and salary as income. Based on the average salary for a DeVry graduate in Business Administration for 2002, and assumes there is no raise for year 2 in the job.

<b>Cost of Education</b>		
	<b>University of Illinois at Chicago</b>	<b>DeVry Chicago</b>
<b>Summer/Fall 2003 Semester Rates</b>		<b>Summer 2003</b>
<b>Undergraduate Resident</b>	<b>12 hours (full-time)</b>	<b>Undergraduate</b>
<b>Tuition</b>	\$2,449	\$5,050
<b>General Fee</b>	233	
<b>Service Fee</b>	264	
	\$2,946	
<b>Year 1 tuition (2 terms UIC, 3 DV)</b>	(\$5,892)	(\$15,150)
<b>Year 2 (cumulative tuition)</b>	(\$11,784)	(\$30,300)
<b>Year 3 (cumulative tuition)</b>	(\$17,676)	(\$45,450)
<b>Year 4 (cumulative tuition: salary)</b>	(\$23,568)	\$32,983
<b>Year 5 (cumulative tuition: salary)</b>	(\$29,460)	\$32,983
<b>Total</b>	(\$29,460)	\$20,519

[Whereupon, at 10:40 a.m., the subcommittee was adjourned.]