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Lawmakers and Educators Spar Over College Costs and Federal Student Aid

By RICHARD MORGAN

Washington

If anyone came to Thursday's hearing of the House of Representatives education committee expecting an answer to the question implicit in the session's title -- "The Rising Price of a Quality Postsecondary Education: Fact or Fiction" -- they were likely to have been disappointed.

The hearing, held by the Committee on Education and the Workforce as it begins its review of the Higher Education Act, the law that governs federal student-aid programs, was a lively hodgepodge of complaints by college officials about a lack of federal support, aggressive questioning by lawmakers about why tuition keeps rising so fast, and attempts by each group to counter what they see as the other's myths and misperceptions.

Chief among the legislators' concerns was the notion that increases in federal support for student-aid programs cause states and colleges to react in unintended ways: States, the argument goes, seize upon the increases as an opportunity to offer less of their own state-based student aid, and colleges see them as an excuse to raise tuition.

Rep. John A. Boehner, a Ohio Republican and chairman of the committee, began the meeting by lamenting that even though Congress has significantly increased federal spending each year on student financial assistance, and despite the "billions of dollars spent by states, philanthropies, and colleges and universities themselves," tuition spikes "have outpaced our best efforts to stem this trend."

All of the members of the committee and the higher-education officials who testified before it conceded that states have sharply cut their support for higher education. But the witnesses cited a December 2001 study by the National Center for Education Statistics, which is run by the Education Department, that found "no associations" between federal and state support of higher education.

And there is "absolutely no truth" to the "urban legend which claims that more student aid simply encourages colleges to increase the fee that they charge students," said Robert A. Corrigan, president of San Francisco State University.

That didn't stop the lawmakers from tossing out ideas for new and old approaches to student aid. Rep. Robert C. Scott, a Virginia Democrat, asked the witnesses to entertain the possibility of a \$400 cut in the Pell Grant maximum award, for reasons he did not explain. Rep. Howard P. (Buck) McKeon, a California Republican, asked the panel whether Congress should raise the limits on how much debt a student can incur through federal loans.

Richard M. Freeland, president of Northeastern University, said there is a strong case for increasing federal-loan limits. Students who have hit those limits, he noted, often resort to loans from private companies, which usually charge much higher interest rates.

Rep. Hilda L. Solis, a California Democrat, used the hearing to bemoan the popularity of the federal Hope and Lifetime Learning tax credits, which she characterized as "middle-income programs" that divert federal money and attention away from need-based programs like the Pell Grant, which serves more low-income students.

The college officials at the hearing claimed, however, that normal business models do not apply to higher education.

A financial problem colleges face with need-based student aid is that it "is not at all compatible with business experience," said Gordon C. Winston, a professor of economics at Williams College, in Massachusetts. Mr. Winston added, "It's a bit cute, but a useful reminder, to think of colleges and universities as part church and part car dealer: They're charities, giving things away, at the same time that they're commercial firms, selling a product to their student-customers for a price -- tuition. So, natural though it is to try, they can't be understood simply as car dealers." He noted that, on the national average, only a quarter of colleges' money comes from commercial ventures, with the rest coming from appropriations, gifts, endowment returns, and the like.

As academics complained of being marginalized, lawmakers rebutted by blaming them for not adequately publicizing the important role colleges play.

Rep. Lynn N. Rivers, a Michigan Democrat, conceded that she was "shocked at the anti-intellectualism that exists in Congress." However, she added, the "hollering" and "table-pounding" that lawmakers stir over tuition costs is a result of higher-education researchers who are "living off" grants from the National Institutes of Health and the National Science Foundation but who also say that they are "much too busy to explain what they do, or much too busy to vote, and then they're surprised that they're vilified or being talked about by Rush Limbaugh about how they're stupid or are wasting money."

Community colleges, because of their striking affordability when compared with four-year institutions, were the focus of considerable debate as well.

Rep. Lynn Woolsey, a California Democrat whose district is home to two community colleges, asked pointedly if there was a "stigma" attached to those institutions.

Mr. Freeland of Northeastern responded by lauding the "superb record" community colleges have in remedial education. "Community colleges are really better at that than four-year colleges," he said. However, he conceded that there is a "bias" among students, faculty members, and administrators that community colleges' students and programs are "not as strong" as their four-year counterparts. Although two-year, four-year, and graduate-school institutions do well in their own rights, Mr. Freeland added, it's hard for students to move "across the seams" between those institutions. The status quo, he said, "sets up barriers to higher education that simply don't need to be there." He advocated a public-education system that spans kindergarten through college.

All of the witnesses at the hearing said that the current federal and state-level devotion to higher education is inadequate and that the economics of the situation are, as Mr. Winston of Williams College said, "forcing [colleges] into higher tuition or lower quality, or both." San Francisco State's Mr. Corrigan agreed: "We are in danger of providing access, but to a low-quality education."

The academics tried to get the legislators to understand that college costs are actually almost always lower than advertised because of student aid.

In an apparent attempt to shift the discussion toward a more optimistic tone, Mr. Winston said that highly selective institutions like Amherst and Williams Colleges, or Harvard and Princeton Universities are available at "dirt cheap" prices once student aid is factored into the "sticker price." However, he added, colleges should advertise that difference.

He was interrupted by Rep. John F. Tierney, a Massachusetts Democrat, who said, "I don't think we're doing this. Do you?"

Mr. Winston replied "No," but pinned blame on his perception that "the press likes to take Harvard's sticker price and divide it by the median family income -- which is silly, because nobody making the median family income pays the full sticker price to go to Harvard." As an example, Mr. Winston noted that families with an annual income of \$24,000 pay roughly \$1,700 a year of Williams's \$32,000 sticker price.

"You all should shape up and realize the difference," Mr. Winston told the committee members, "but we're only now shaping up and figuring it out ourselves. ... I guess I'm just asking for some patience."

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