



MONTANA UNIVERSITY SYSTEM  
Office of the Commissioner of Higher Education

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**TO:** BOARD OF REGENTS  
**FROM:** SHEILA M. STEARNS, COMMISSIONER  
**DATE:** NOVEMBER 5, 2003  
**RE:** HIGHER EDUCATION ACT REAUTHORIZATION

I am enclosing some articles that may help you frame a discussion with Montana's U.S. Congressional delegation regarding the Higher Education Act (HEA) Reauthorization. I have also included some Montana University System statistics that may be helpful.

The "Federal Triangle" that the Journal of New England Board of Higher Education refers to includes "access," "affordability," and "accountability." We have included these words with almost any discussion of priorities in the Montana University System.

Access is the piece of Federal Reauthorization that has been deemed the top priority for many, if not all, higher education organizations. In a statement before a U.S. Senate Committee, the American Council on Education (ACE) on behalf eight higher education associations stated:

*"Ensuring equal educational opportunity to college for all those who aspire to attend without regard to their means or economic status has been the compelling rationale for the federal role in higher education since the 1970's. It is the guiding vision that is carried out through the various need-based federal student aid programs, and it is the reason that the Higher Education Act centers predominately on student, rather than institutional, aid. As we move steadily into the 21<sup>st</sup> Century, the importance of this compact between the federal government and America's students remains as essential now as it has ever been."*

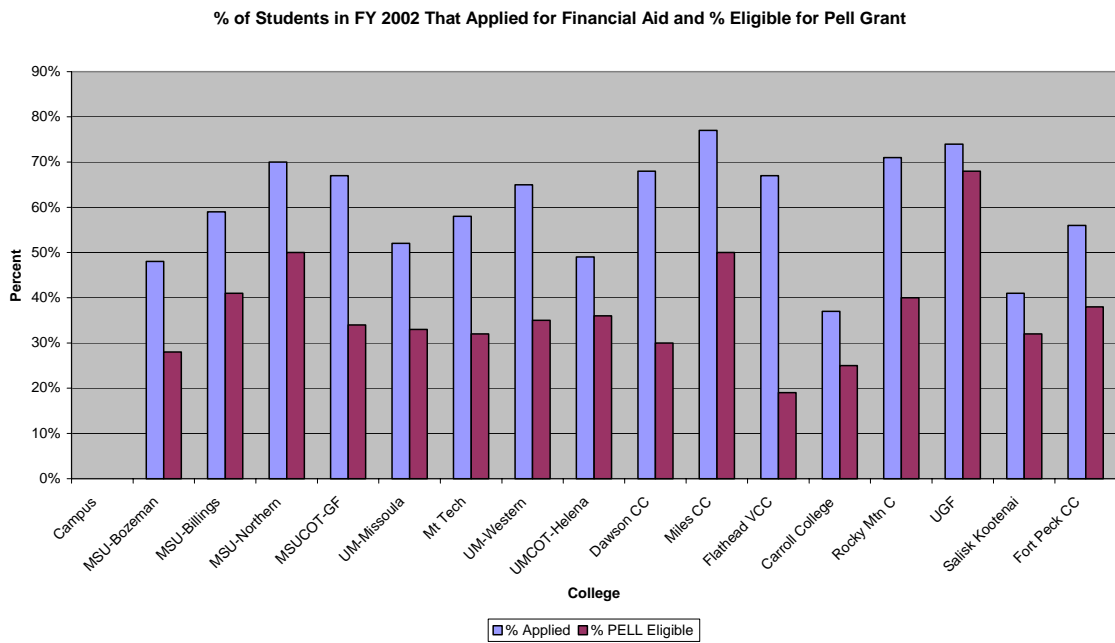
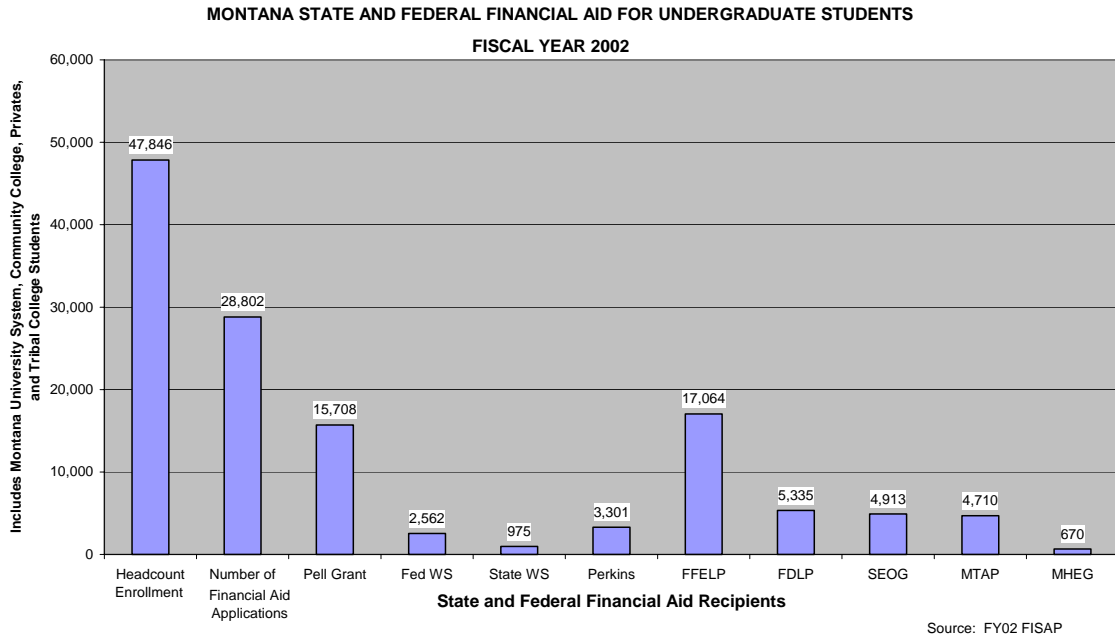
NACUBO, in a letter to U.S. Representative John A. Boehner stated,

*"NACUBO endorses the higher education community's reauthorization recommendations submitted by the American Council on Education. We support the recommendations that seek to increase access to higher education for low-income students by strengthening support for grants and early intervention programs, particularly the PELL Grant programs; improve terms and conditions of student loans; and reduce regulatory burden on colleges and universities participating in the Title IV student assistance programs."*

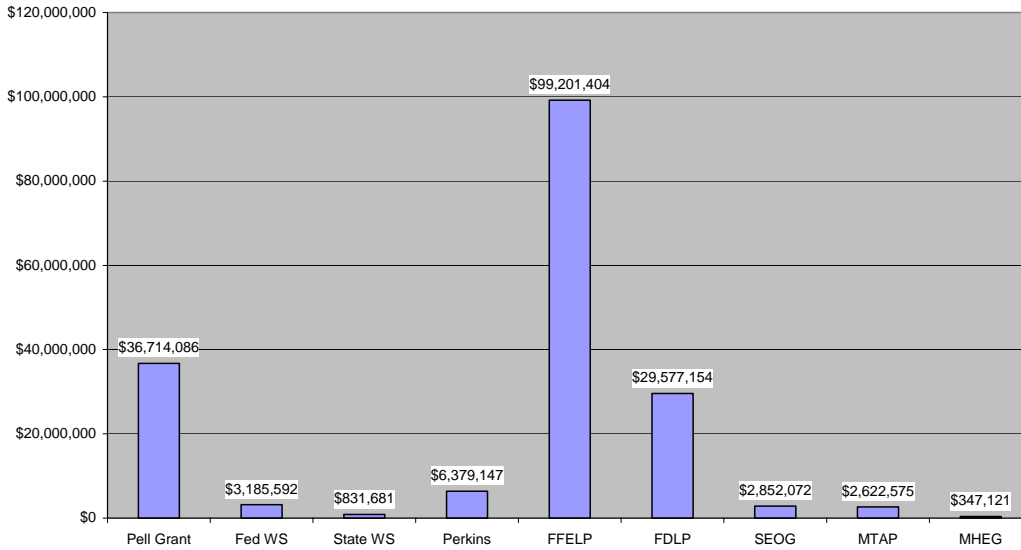
A list labeled "Important Financial Aid Facts" that the MUS gave to the 58th Montana Legislature's Education Subcommittee included the following issues for Montanans, based on FY02 information:

- 60% of Montana students apply for financial aid
- 33% of Montana students are eligible for a PELL Grant
- Average PELL Grant \$2,337
- 14% of Montana students have family incomes of \$13,000 or less

Greater access through increased PELL grants is certainly an issue for Montana students.  
 Fiscal Year 2002 Montana Higher Education Statistics  
 Includes Montana University System Community Colleges, Privates, and Tribal College Students.



**MONTANA STATE AND FEDERAL FINANCIAL AID DOLLARS  
UNDERGRADUATE STUDENTS  
FISCAL YEAR 2002**



Note: Perkins, FFELP, and FDLP are loan programs. SEOG, MTAP, and MHEG are State and Federal Grant Programs.

The “affordability” piece of the triangle presents problems for many Montanans. Again, from the “Important Financial Aid Facts”,

- 14% of Montana students have family incomes of \$13,000 or less.
- Average cost of education at Montana public colleges is \$13,000.
- Average financial aid award was \$7,676 (70% of which was loans.)
- Average unmet need was \$5,324.
- Average loan debt of graduating students who borrow was \$21,404.

Changes in the funding components of Montana’s public educational units reflect the following:

	1983	1993	2003	20 year change	10 year change
<b>Consumer Price Index</b>	<b>99.6</b>	<b>144.5</b>	<b>184</b>	<b>85%</b>	<b>27%</b>
<b>Tuition and Mandatory Fees (avg)</b>	\$825	\$1,563	\$3,979	382%	155%
<b>Expenditure Per Student</b>	\$3,767	\$5,530	\$8,025	113%	45%
<b>State Support per Resident Student</b>	N/A	\$4,286	\$4,171	N/A	-3%
<b>State Support</b>	\$79,830,013	\$110,111,417	\$113,384,240	42%	3%
<b>Resident Students</b>	N/A	23,753	26,226	N/A	10%
<b>Total Students</b>	27,213	29,338	32,673	20%	11%

The Financial Aid Director at The University of Montana, Mick Hanson, calculated the following:

**Trend in Costs at The University of Montana - Missoula**

	1980-81	2002-03	% Increase
<b>National Consumer Price Index</b>	<b>90.9</b>	<b>184.0</b>	<b>102.4%</b>
<b>Federal Minimum Wage</b>	<b>\$3.10</b>	<b>\$5.15</b>	<b>66.1%</b>
<b>Annual Charges</b>			
<b>Tuition only</b>	<b>\$333</b>	<b>\$2,790</b>	<b>737.8%</b>
<b>Tuition &amp; Mandatory Fees</b>	<b>\$657</b>	<b>\$4,012</b>	<b>510.7%</b>
<b>Annual Charges (on-campus)</b>			
<b>Residence Hall (double room)</b>	<b>\$565</b>	<b>\$2,330</b>	<b>312.4%</b>
<b>Premium Meal Plan</b>	<b>\$1,064</b>	<b>\$2,760</b>	<b>159.4%</b>
<b>Monthly Rental University Housing</b>			
<b>2 Bedroom Elliot Village</b>	<b>\$147</b>	<b>\$358</b>	<b>143.5%</b>
<b>If the federal minimum wage had kept pace with UM tuition minimum wage would be:</b>		<b>\$22.87 / per hour</b>	

Students would have to earn \$22.87 per hour in order to be able to pay their way through college as well as students were able to in 1981.

The headline in a press release from the Committee on Education and the Workforce (dated July 22, 2003) states:

**House GOP Education Leaders Declare Cost Crisis in Higher Education; Announce Principles for Reform**

*“Four principles will govern legislative action in the coming months as the committee works to address the cost crisis and bring new accountability to federal higher education programs, committee Republicans announced. The four principles are:*

1. *Holding colleges accountable for cost increases – without over-burdensome federal intrusion.*
2. *Removing barriers for non-traditional students.*
3. *Improving quality and innovation by empowering consumers.*
4. *Realigning student aid programs in ensure fairness for America’s neediest students families.”*

In “The College Cost Crisis” **“A Congressional Analysis of College Costs and Implications for America’s Higher Education System”** (dated September 4, 2003), Representative John A. Boehner, Chairman of the U.S. House Committee on Education and the Workforce and Representative Howard P. “Buck” McKeon, Chairman of the U, S. House Subcommittee on 21<sup>st</sup> Century Competitiveness listed 9 key findings:

1. *America’s higher education system is in crisis due to exploding college costs.*
2. *It’s not the economy, stupid.*
3. *In both good and bad economic times, institutions of higher education have continued to disproportionately increase prices for students and families.*
4. *Students and parents are losing patience with higher education ‘sticker shock.’*
5. *Americans believe institutions of higher learning are not accountable enough to parents, students, and taxpayers –the consumers of higher education.*
6. *Americans do not believe a dramatic increase in federal funding for higher education will solve the college cost crisis.*

7. *Americans believe wasteful spending by college and university management is the number-one reason for skyrocketing college costs.*
8. *The amount of information available for consumers about tuition increases is inadequate, inhibiting the ability of consumers to ‘comparison shop’ and hold institutions accountable for tuition hikes.*
9. *While significant tuition increases are the norm, they are not unavoidable.*

On October 16, U.S. Representative Buck McKeon introduced the “Affordability in Higher Education Act of 2003.” This act has four major components, one of which is the much-publicized federal price control on tuition increases. The components of McKeon’s bill are:

- College Affordability Index (comparing tuition increases with changes in the CPI. Sanctions would include removal from participation in Title IV programs);
- Consumer Information (instructional expenditure per FTE calculation to be disseminated);
- Demonstration Program (participating institutions implement innovative strategies to deliver financial aid to improve affordability);
- Transfer of Credits (institutions could not deny transfer credits based on the prior institution’s accreditation.)

In response to Representative Buck McKeon’s proposed legislation, I have included an editorial from Barron’s (October 27, 2003) entitled, “The Price of an Education—Can we really afford to make it cheaper?”

*“McKeon’s bill would make public and private institutions accountable to the federal Department of Education in a whole new way. They would all file annual reports on their tuition and fees, adjusted somehow for scholarships, loans, and other student aid. If an institution’s charges increased by more than twice the CPI in any three-year period, it would have to file detailed plans for slowing the tuition growth. If the increases continued for two more years, it would have to file more reports, and if the new words did not soothe the Education Department, the department would eliminate federal funding for the school—including federal student aid.*

*Is this progress? Is this good for students? Is it good for higher education? Compared to what?”*

Another important part of Reauthorization to economically disadvantaged and minority Montanans is the Educational Talent Search Program and Gear Up Program. The Educational Talent Search Program, part of the Federal TRIO Program, serves 1350 student in grades 7-12 annually. The Talent Search grant award for FY04 is \$556,553. The Gear Up Program provided services to 1742 7<sup>th</sup> and 8<sup>th</sup> grade students and 974 9<sup>th</sup> and 10<sup>th</sup> grade students in the 2002 academic year. Gear Up was originally awarded as a 5-year grant (totaling \$11.8 million) and is currently under consideration for sixth year funding. Both programs are undergoing scrutiny in the HEA.

Reauthorization for the Perkins Technical Education Grant must also be reauthorized. Congress has not yet begun its formal process to reauthorize Perkins. The expected timeframe is Fall 2004.