



Washington Office

**STATEMENT OF  
THE COLLEGE BOARD**

**BEFORE THE  
UNITED STATES HOUSE OF REPRESENTATIVES  
COMMITTEE ON VETERANS' AFFAIRS  
SUBCOMMITTEE ON BENEFITS**

**PRESENTED BY  
KATHLEEN LITTLE  
EXECUTIVE DIRECTOR  
FINANCIAL AID SERVICES  
THE COLLEGE BOARD**

JUNE 7, 2001

Good morning Mr. Chairman and distinguished members of the House Veterans Affairs Subcommittee on Benefits. I am Kathleen Little, the Executive Director for Financial Aid Services of the College Board. As you may know, the College Board is a 100 year old national nonprofit membership association dedicated to preparing, inspiring and connecting students to college and opportunity through major programs and services in college admission, guidance, assessment, financial aid, enrollment, teaching and learning. The College Board is comprised of more than 3,800 schools, colleges, universities, and other educational organizations. It serves more than 3 million students and adults, 22,000 high schools, and 3,500 colleges and universities. The Board's Education Opportunity Center, operated here in the Nation's Capitol, annually provides financial aid counseling as well as other education and career guidance and counseling to more than 3,000 low-income, first generation adults who wish to attend college. A significant number of the Board's EOC clients are veterans.

It is a privilege to appear before you this morning to discuss the critical need for enhanced student financial aid, the subject covered in HR1291, the 21<sup>st</sup> Century Montgomery GI Bill Enhancement Act.

### **Introduction**

Each fall, the College Board releases information from its *Annual Survey of Colleges (ASC)* on how much colleges and universities plan to charge full-time undergraduate students in the upcoming nine-month academic year. The survey, administered each spring to over 3,200 postsecondary institutions across the country, collects a wealth of data on enrollment, admissions, degrees and majors, tuition, financial aid, and other aspects of undergraduate education. The College Board has conducted the Annual Survey for more than two decades, resulting in an extensive longitudinal data file about two-year, four-year, public and private colleges and universities.

Simultaneous to making available the college pricing data, the College Board releases information from a counterpart survey, *Trends in Student Aid*. This publication presents annual data on the amount of financial assistance—grants, loans, and work-study—available to help students pay for postsecondary education. The College Board began this data series fifteen years ago to track the value of such aid over time from federal, state, and institutional sources.

Taken together, the companion reports, *Trends in College Pricing* and *Trends in Student Aid*, tell much about the financing of postsecondary educational opportunity in America. One provides the latest information on how much college “costs.” The other tracks the amount of financial assistance available to help pay these expenses.

This testimony excerpts highlights from the Fall 2000 Trends publications, available in full at the College Board's web site ([www.collegeboard.com](http://www.collegeboard.com)).

### **2000-2001 Tuition and Fees**

For the 2000-2001 academic year, the average tuition charged by public four-year colleges and universities was \$3,510, up from \$3,362 in 1999-2000, an increase of 4.4 percent. Private four-year college tuition increased by 5.2 percent, from \$15,518 to \$16,332. Two-year public and private institutions charged an average of \$1,705 and \$7,458, respectively, up 3.4 and 7.0 percent respectively. The average surcharge for out-of-state or out-of-district students at public institutions was \$3,237 at two-year colleges and \$5,510 at four-year colleges.

These tuition and fee charges are enrollment-weighted, reflecting the experience of the average student. (When weights are used in the calculations, fixed charges reported by colleges with larger enrollments are weighted more heavily than institutions with smaller enrollments.) The College Board believes that the weighted averages are generally more helpful to students in planning to meet future education expenses, and should be more helpful to the Committee in understanding expenses incurred by Veterans.

Examining regional differences, the West offered the lowest average tuition rates at public four-year institutions (\$2,747) and the Southwest the lowest average rates at private four-year institutions (\$11,965). The highest tuition was found in New England, where four-year public tuition averaged \$4,748, and four-year private tuition averaged \$21,215.

### **Other Expenses**

It is important to keep in mind that students incur costs beyond what is charged for tuition and fees. According to College Board data, the 2000-2001 on-campus room and board charges were between 4.2 and 5.1 percent higher than the previous year. Room and board averaged \$6,209 at four-year private colleges and \$4,960 at four-year public colleges.

Many older students, including Veterans, live off-campus and commute to classes. The College Board's data about living costs for such students is less complete than for students living on-campus, and therefore, is not included in the *Trends in College Pricing* publication. However, for four-year public institutions providing data (about 51 percent of the survey respondents), the average enrollment-weighted costs for housing and food totaled about \$5,700.

In addition to room and board, students must pay for books and supplies, as well as for transportation, and miscellaneous personal expenses. According to *Annual Survey of Colleges* data, average costs for books and supplies ranged from about \$660 at two-year institutions to just over \$700 at four-year institutions. Transportation costs for commuter students were about \$1,000 at all types of institutions, and miscellaneous expenses ranged from about \$1,100 at four-year private institutions to about \$1,500 at four-year public institutions.

### **Sample 2000-2001 Undergraduate Budgets**

The average enrollment-weighted cost of attendance, including tuition and fees, room and board, books and supplies, transportation, and other expenses, for students living on campus at four-year public institutions totaled \$11,338 in 2000-2001. Commuter students attending four-year public institutions incurred an average enrollment-weighted cost of attendance of \$12,635. Students attending four-year private institutions faced an average total cost of attendance of \$24,946.

### **Tuition and Fee Trends**

In the 1970s there was little, if any, real growth in college prices. Since 1980, however, college prices have been rising at twice and sometimes three times the Consumer Price Index. Over the ten-year period ending in 1999-2000, after adjusting for inflation, average public four-year tuition and fees rose 49 percent compared to 32 percent for private four-year colleges. Public and private four-year tuition increased most steeply in the Southwest during this period, rising 93 percent and 42 percent respectively. Among two-year institutions, average public tuition rose 50 percent, and average private tuition rose 16 percent. Since 1980-81, both public and private four-year college tuitions increased on average more than 114 percent over inflation. Private college tuition rose most sharply in the early and mid-1980s, while public tuition increased the most in the late 1980s and early 1990s.

### **Affordability**

Combined with generally stagnant family income over the past 20 years, trends in college tuition present serious problems for low-and moderate-income families. While average, inflation-adjusted tuition has more than doubled at both public and private four-year institutions, student aid did not keep pace with the rise in tuition, although it did increase in total value. As you are aware, most growth in aid has been in the form of student borrowing.

## **Trends in Student Aid**

Available student aid topped \$68 billion in 1999-2000, the most recent academic year for which complete data are available. This is an increase of 4 percent over the preceding year after adjusting for inflation. Over the past decade, total aid has increased by almost 90 percent in constant dollars. However, the growing reliance on loan programs was responsible for two-thirds of this increase.

Loan aid has increased by 125 percent during the past decade in constant dollars, while grant aid has increased by 55 percent. Loans comprise 59 percent of total aid available to students, compared to 49 percent 10 years ago, and 41 percent in 1980-81. Over the past quarter century, federal student aid has drifted from a grant-based to a loan-based system, producing a sea change in the way many students finance postsecondary education.

## **Unsubsidized Loan Programs**

Student use of the unsubsidized loan option, introduced in 1992-1993 and available to students regardless of need, continues to grow while borrowing in the subsidized loan program has leveled off. The latter is subsidized in that the government pays the interest while borrowers are enrolled, while for unsubsidized loans, in-school interest charges are added to the borrower's total cost. Unsubsidized borrowing by students as well as parents now accounts for more than \$17 billion, or 48 percent of federal education loan volume.

Non-federal borrowing totaled \$3.8 billion in 1999-2000, up 30 percent over the previous year. While the amount of non-federal borrowing is small compared to the \$36 billion in federal education loans, large increases over the past four years reflect a growing interest in and reliance on alternative methods of paying for college.

## **Grant Programs**

Recent increases in Pell Grant appropriations have helped to stabilize the overall loan-grant balance in the aid system. Yet the maximum Pell, at \$3,125 in 1999-2000, remains far below the purchasing power it had two decades ago. Originally designed as the foundation for student aid packaging, the maximum Pell Grant now covers 39 percent of the average fixed costs (tuition and fees, room and board) at a four-year public college and only 15 percent at a private four-year college.

While providing less than 6 percent of total student aid, state grant funding has increased by 58 percent during the last 10 years after adjusting for inflation. Federal matching through the Leveraging Educational Assistance Partnership program has been cut sharply in recent years, contributing only \$22 million to state need-based grant programs in 1999-2000.

Institutional grants account for nearly 20 percent of total available aid. Since 1989-90, the estimated amount of institutional grant assistance has more than doubled in constant-dollar value.

## **Aid to Veterans**

Included in the \$68.4 billion in total aid is \$1.487 billion in aid to Veterans. Over the past ten years, aid to Veterans has increased by 41 percent after adjusting for inflation. However, tuition at two-year and four-year public institutions during the past ten years rose about 50 percent; this illustrates clearly that Veterans' benefits have not kept pace with increases in college prices.

## **Unmet Need**

U.S. Department of Education data on unmet need from 1999 provides further evidence of the degree to which student aid funding has not kept up with increases in college prices. These data were published in *Access Denied: Restoring the National's*

*Commitment to Equal Educational Opportunity*, a February 2001 report of the Advisory Committee on Student Financial Assistance. The report shows that the lowest income students face an average of \$3,200 of unmet financial need at public two-year institutions and \$3,800 of unmet financial need at public four-year institutions. At four-year private institutions, the lowest income students face unmet financial need that averages \$6,200. Students whose financial needs are not fully met are often forced to work excessive numbers of hours while going to class, to borrow heavily, or to reduce their class loads.

Again, on behalf the College Board I thank you Mr. Chairman and subcommittee members for this opportunity to share information with you regarding the costs of college and the trends in student financial aid. We appreciate your dedication in pursuing additional resources for educational opportunities for the men and women who serve and have served our nation. The College Board stands ready to assist you in any way possible as you move forward to increase the benefits in the Montgomery GI Bill. Thank you.

**Kathleen W. Little**  
**Executive Director, Financial Aid Services**  
**The College Board**

Kathleen Little has served as Executive Director, Financial Aid Services at the College Board since June 1986. From 1986 through 1996, she was responsible for the College Scholarship Service's Financial Aid Form (FAF) and related services, as well as for the College Board's Multiple Data Entry contract with the U.S. Department of Education. Since 1996, she has been responsible for the design and development of the CSS/Financial Aid PROFILE Service. Ms. Little provides chief staff support to the CSS Council's Financial Aid Standards and Services Advisory Committee (FASSAC), and has staff responsibility for maintenance of and improvements to the Institutional Methodology (IM).

Prior to joining the College Board, she was the Director of Financial Aid at the University of California, Santa Cruz from 1977 through 1986. During these years, she served as the President of both the California Association of Student Financial Aid Administrators (CASFAA) and the Western Association of Student Financial Aid Administrators (WASFAA).

Prior to 1977, she held positions as Associate Director of Financial Aid at California State University, Long Beach; as Director and Assistant Director of Financial Aid at Bronx Community College of the City University of New York; and Financial Aid Counselor at Bernard Baruch College of the City University of New York.

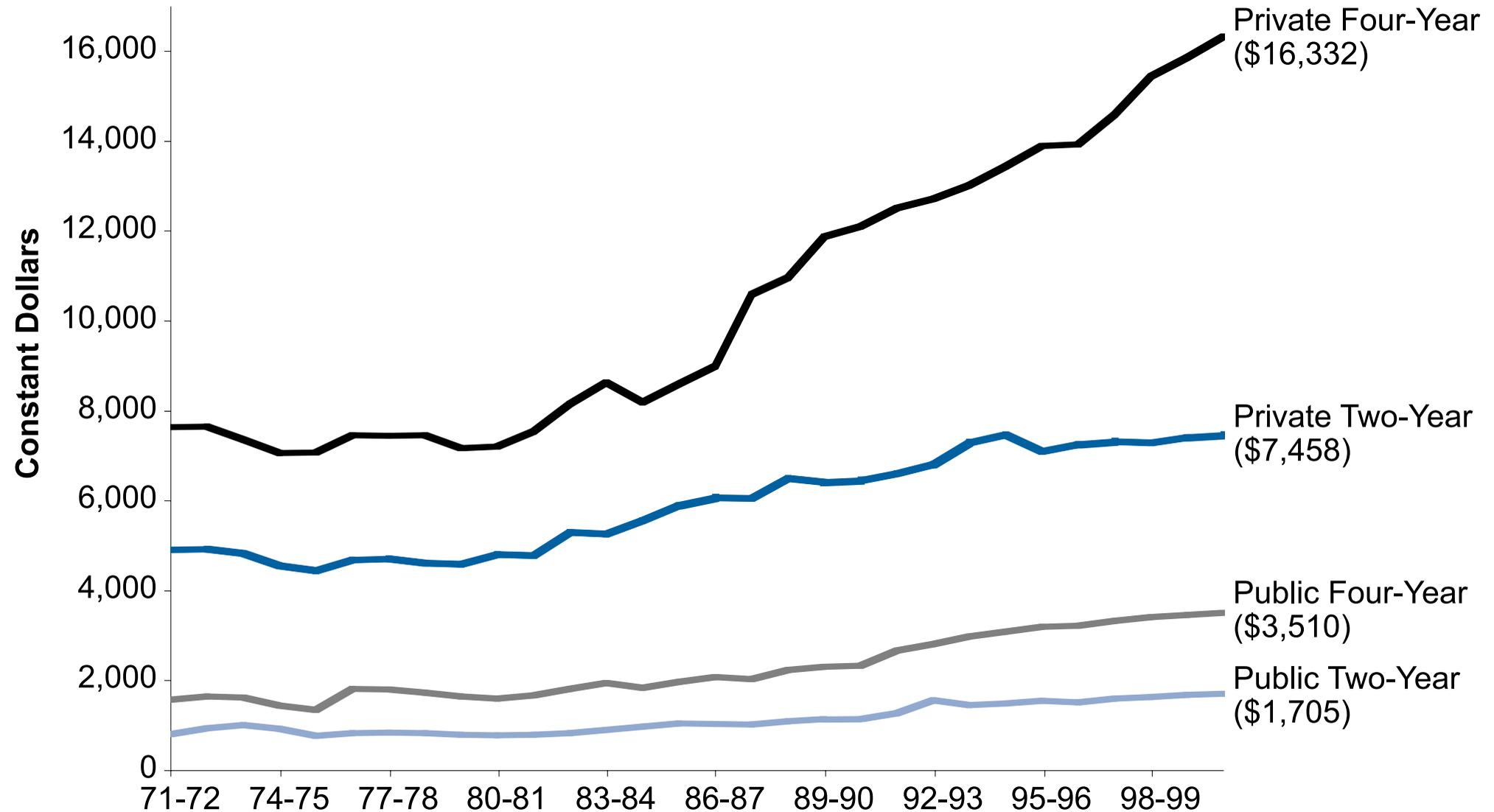
Ms. Little holds a Bachelor's of Arts degree in French from the College of William and Mary and a Masters degree in Higher Education Administration from Teachers College, Columbia University.

**Disclosure of Federal Grants or Contracts**

The College Board does not currently receive, nor has it received during the previous two years any federal money for grants or contracts relative to the subject matter of this hearing on HR1291.



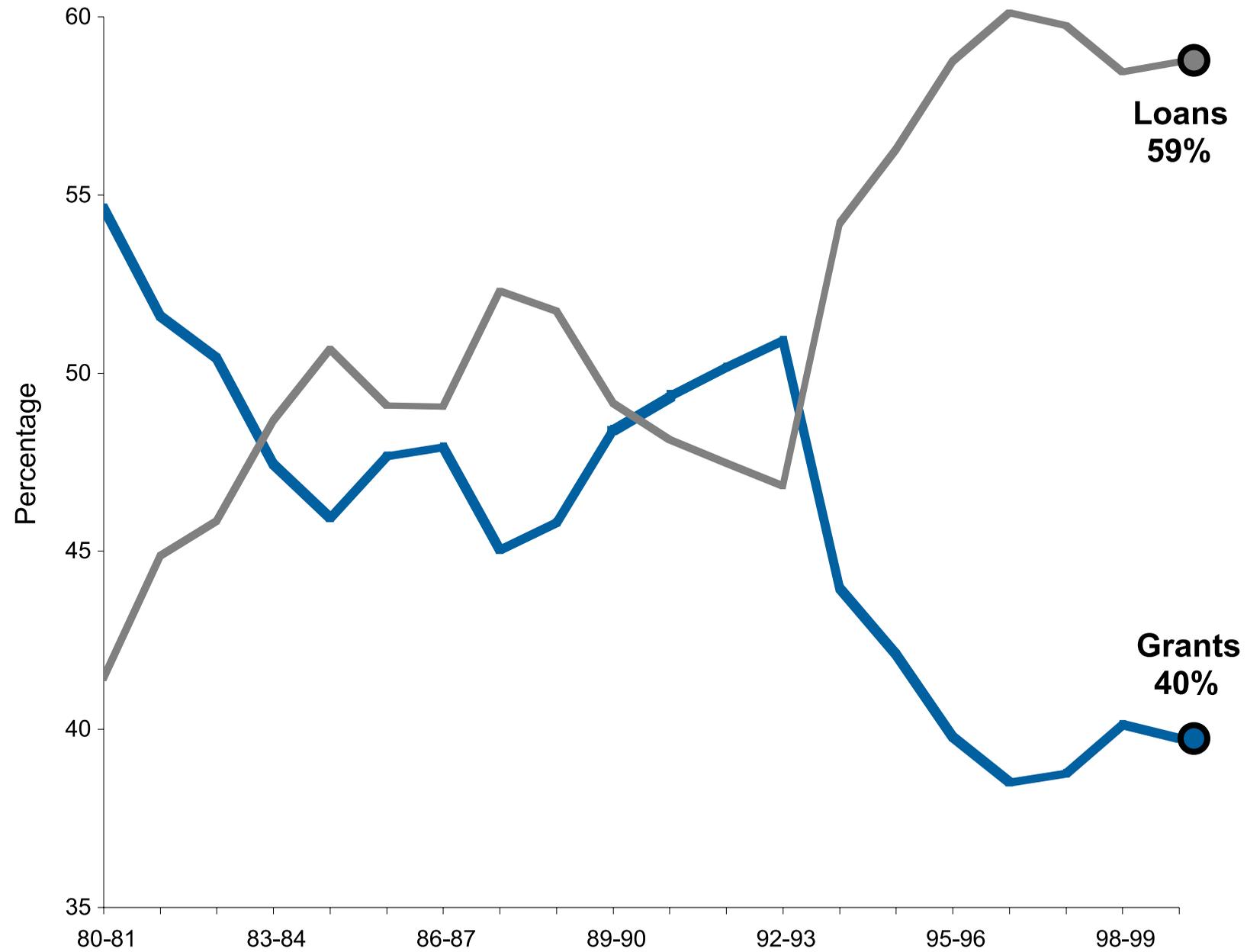
## Average Tuition and Fee Charges, in Constant Dollars, 1971-1972 to 2000-2001



SOURCE: 1984-1985 to 2000-2001: enrollment-weighted data from the *Annual Survey of Colleges*, The College Board, New York, NY; 1971-1972 to 1983-1984: non-weighted data from Integrated Postsecondary Education Data System (IPEDS), U.S. Department of Education, National Center for Education Statistics.

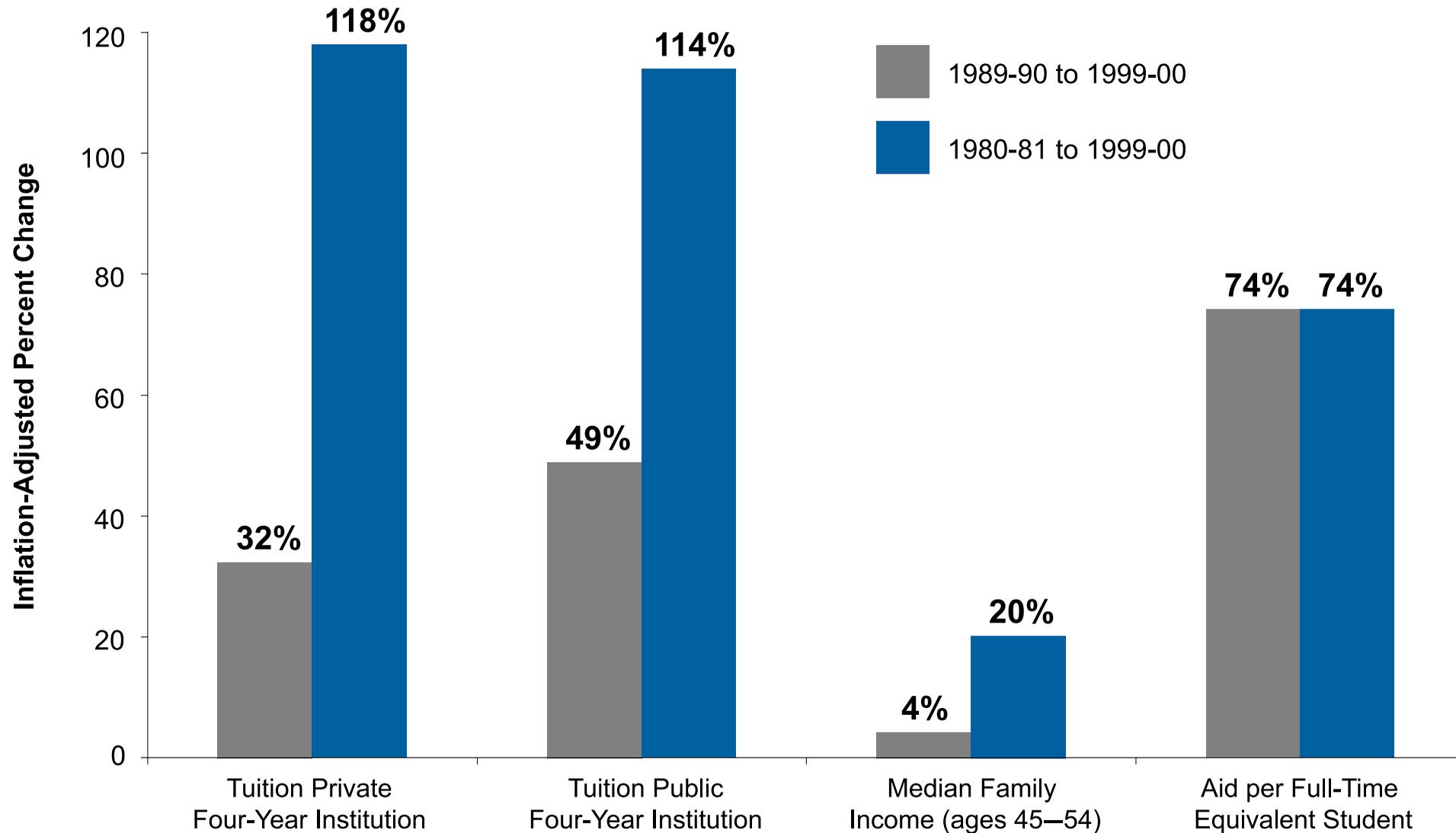


## *Percent Share of Grants vs. Loans, 1980–1981 to 1999–2000*





## *Inflation-Adjusted Changes in Tuition, Family Income, and Student Aid, 1989–1990 to 1999–2000 and 1980–1981 to 1999–2000*



SOURCE: *Annual Survey of Colleges and Trends in Student Aid 2000*, The College Board, New York, NY.

NOTE: The end-year for this graphic analysis is 1999–2000 rather than 2000–2001 because family income and financial aid data are not available for the latter year.