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**SUBMISSION FOR THE RECORD of the:  
SUBCOMMITTEE ON HIGHER EDUCATION and WORKFORCE TRAINING  
Offered by Teresa Lubbers, Commissioner  
Indiana Commission for Higher Education**

Introduction

Chairwoman Foxx, Ranking Member Hinojosa and members of the subcommittee, thank you for the opportunity to testify on the important subjects of affordability and cost containment within higher education.

My name is Teresa Lubbers, and I serve as commissioner of the Indiana Commission for Higher Education. The commission is a 14-member public body, created in 1971 to define the missions of Indiana's public colleges and universities; plan and coordinate the state's postsecondary education system; and ensure that Indiana's higher-education system is aligned to meet the needs of students and the state.

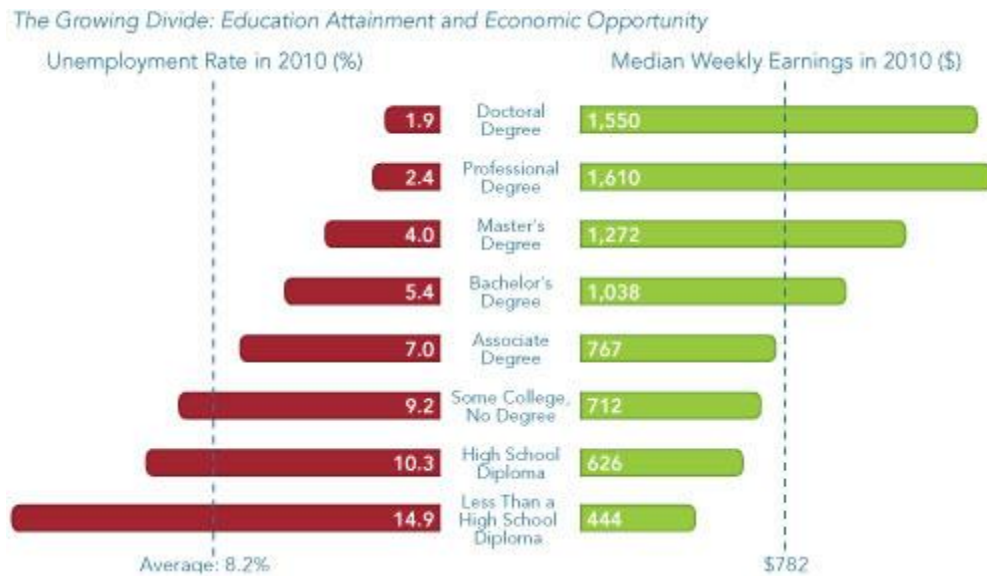
My testimony will provide a brief overview of the commission's goals for college affordability and productivity; the current cost of higher education in Indiana; and how those costs have increased over time. I will describe actions the Commission for Higher Education and its partnering state institutions of higher education have recently undertaken to contain, and in some cases reduce, the cost of education to Indiana residents. I will also mention briefly additional steps that are planned or currently in progress to advance the goal of making postsecondary education affordable to all Hoosiers. In particular, I will focus my comments on five areas that the commission considers to have great potential in limiting the cost of postsecondary-credential attainment to students and to taxpayers. Those five areas are: performance-based funding, innovative educational-models, accelerated credential-completion, optimization of credit transfer, and transparent means for students and parents to calculate the return on their investments in postsecondary study.

Reaching Higher, Achieving More

Indiana is ripe for reform in higher education. The state currently ranks 40<sup>th</sup> in the nation in higher education attainment. Less than a third of Indiana's four-year college students graduate on time, and just over half graduate after six years. Only 4 percent of the state's two-year college students complete their credentials on time, and merely 12 percent graduate within three years. More than two-thirds of students attending the statewide community college require remediation in math, English, or both.

With the recent economic downturn, the imperative to increase Indiana's postsecondary attainment was never clearer or more vividly impactful on the lives of the state's workforce. As the graph below describes, the unemployment rate of Indiana workers by educational attainment is inversely proportionate to their average weekly earnings. Generally, Hoosiers with postsecondary credentials

have weathered the recession far better than their less-well educated neighbors; and the higher the educational attainment, the more secure the job and the greater the income.



Source: Bureau of Labor Statistics, 2010

While Indiana’s postsecondary attainment lags the national average, and has done so historically, the will and call to improve are strong. More Hoosiers than ever before recognize that a college credential is their passport to opportunity and prosperity, as evident in the recent growth in postsecondary study. Within the past five years, enrollment at Indiana’s statewide community-college has increased by double-digits, and it has witnessed a remarkable 57 percent increase in associate degree production. Moreover, the postsecondary-enrollment rate of recent high school graduates is moving in a positive direction, now at 67 percent. Increasingly, Indiana’s economy demands better-skilled workers. The Bureau of Labor Statistics projects that by 2018, Indiana will have 500,000 job vacancies requiring postsecondary credentials, compared to only 325,000 with high school diplomas. Indiana’s legislature is equally committed to improvement, having enacted broad-sweeping reforms to improve the state’s K-12 system, while actually increasing the allocations of state funds for financial aid during the recent economic downturn.

With the need to reform and the commitment to do so at hand, in March 2012, the Indiana Commission for Higher Education adopted a new strategic plan, titled *Reaching Higher, Achieving More*. The development of a new plan reflects the evolving environment of higher education, including employer demands for higher-skilled workers, the imperative to ensure quality in the credentials produced, the need for quicker and alternative pathways to credential attainment, and the fact of ever-increasing costs of tuition and fees.

To respond to that evolving environment, *Reaching Higher, Achieving More* envisions a higher-education system grounded in three overarching principles. The system must be student-centered, recognizing the changing needs and demographics of Indiana students and placing students at the center of all reform efforts. It must be mission driven, recognizing Indiana’s diverse landscape of public and private postsecondary institutions, each with a distinct but integrated role within the system. It must be

workforce aligned, recognizing the increasing knowledge, skills and credential attainment needed for individual lifetime-employment and to ensure Indiana's economic competitiveness.

To advance the principles embedded in *Reaching Higher, Achieving More*, and to honor the evolving environment of higher education, the plan calls for action by the commission and by Indiana's public universities in three key areas: completion, productivity and quality. Specific recommendations are set forth to increase credential attainment, generally, as well as on-time graduation rates. The plan supports improvements to remedial education; a focus on improved secondary-postsecondary alignment; and increases in dual-enrollment courses and other means of accelerating credential completion. It calls upon the colleges and universities to collaborate more fully on instructional delivery, to expand joint-purchasing agreements, and to establish annual targets for savings. And the document seeks reform in the allocation of state financial-aid awards, facilitated transfer of academic credit, and comparable assessments of program quality. While many are aggressive, the objectives contained within the plan are well reasoned; some are reflective of the very best practices in higher education nationally, while others are truly innovative in concept and approach.

Ultimately, the goal of Indiana's environmentally-responsive, integrated system of higher education as envisioned in *Reaching Higher, Achieving More* is quite straightforward: to ensure that more students complete postsecondary credentials on time and at the lowest possible cost.

#### Indiana's Educational Costs and Financial Aid

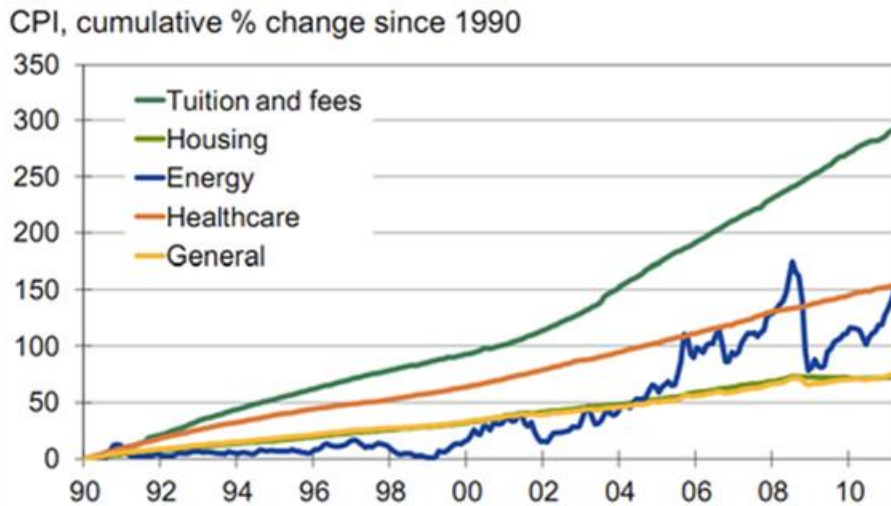
Indiana has fared no better than most states in containing the costs of postsecondary education over the past two decades. Too many Indiana families must borrow large sums to pay for higher education. In fact, Hoosier students borrow an average of \$27,000 to finance a college degree, and according to the U.S. Department of Education, Indiana's student loan default rate has increased by 35 percent over the past three years.

It is true that Indiana has weathered the recent national recessionary-period far better than nearly all states, attributable to sound fiscal management and prudent spending cuts across state agencies. Credit is due to Indiana's political leadership, Governor Mitch Daniels and the state's General Assembly, for their extraordinary efforts to sustain postsecondary funding during a period of significant economic turmoil. Whereas most states have trimmed, and many have eviscerated, their appropriations for public institutions, Indiana's higher-education funding has remained essentially stable in terms of direct-dollars.

Moreover, recognizing the ever-increasing importance of college access, Indiana has nearly doubled its appropriation for student financial-aid over the past decade. State student-support has increased by 90 percent, and remarkably, the appropriation has grown by \$23 million during the current biennium—a generous 4.5 percent increase. Importantly, Indiana's financial-aid program is primarily needs-based, focused on Hoosiers who would otherwise be challenged to pay the cost of postsecondary study. And since Indiana grants-in-aid follow the students, whether they enroll in public, private or proprietary institutions, students are free to choose the school that best fits their needs.

Nationally, much recent debate has centered on the role of tuition and fee increases in college affordability. The graph below describes tuition increases in comparison to other cost-sectors. Over the past twenty years, tuition and fees have grown nearly 300 percent, while other cost-sectors have

increased by a fraction of that rate. That tuition and fees have outpaced increases in healthcare costs is especially remarkable, given the substantial national-outcry about healthcare affordability.



Source: Moody's Analytics

Indiana faces the same concerns. Despite Indiana's efforts to sustain higher education appropriations and increase funding for student financial-aid, state dollars simply cannot keep pace with the year-over-year cost increases among postsecondary institutions. The table below describes the increases in tuition and fees at Indiana's public institutions over the past decade, as compared to changes in Hoosier per-capita personal income and the consumer price index. The average tuition and fees at Indiana's public colleges have increased by nearly 100 percent over the past decade, while Hoosier per-capita personal income has grown by 27 percent and inflation by 24 percent. To address this dramatic increase, the legislature has mandated that the commission set targets for tuition and fees at public institutions and requires each institution to hold an open hearing on proposed increases.

#### 2001-2011 Freshman Tuition and Fees--Indiana's Public Institutions of Higher Education

|                               | 2001     | 2002     | 2003     | 2004     | 2005     | 2006     | 2007     | 2008     | 2009     | 2010     | 2011     | Total Decadal Increases |
|-------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-------------------------|
| Overall Average               | \$3,354  | \$3,566  | \$4,149  | \$4,741  | \$4,933  | \$5,183  | \$5,504  | \$5,777  | \$6,061  | \$6,373  | \$6,675  | 99%                     |
| Annual % Change               | 3.7%     | 6.3%     | 16.4%    | 14.3%    | 4.0%     | 5.1%     | 6.2%     | 5.0%     | 4.9%     | 5.1%     | 4.7%     |                         |
| 2-Year Institution Average    | \$2,263  | \$2,263  | \$2,611  | \$2,769  | \$2,908  | \$3,066  | \$3,232  | \$3,396  | \$3,568  | \$3,725  | \$3,896  | 72%                     |
| Annual % Change               | 0.0%     | 0.0%     | 15.4%    | 6.1%     | 5.0%     | 5.4%     | 5.4%     | 5.1%     | 5.1%     | 4.4%     | 4.6%     |                         |
| 4 Year Institution Average    | \$3,510  | \$3,752  | \$4,369  | \$5,023  | \$5,223  | \$5,486  | \$5,829  | \$6,117  | \$6,417  | \$6,751  | \$7,072  | 101%                    |
| Annual % Change               | 4.1%     | 6.9%     | 16.4%    | 15.0%    | 4.0%     | 5.0%     | 6.3%     | 4.9%     | 4.9%     | 5.2%     | 4.7%     |                         |
| Consumer Price Index          | 177.1    | 179.9    | 184.0    | 188.9    | 195.3    | 201.6    | 207.3    | 215.3    | 214.5    | 218.1    | 220.2    | 24%                     |
|                               | 2.8%     | 1.6%     | 2.3%     | 2.7%     | 3.4%     | 3.2%     | 2.8%     | 3.8%     | -0.4%    | 1.6%     | 1.0%     |                         |
| IN Per-Capita Personal Income | \$28,028 | \$28,476 | \$29,484 | \$30,528 | \$31,141 | \$32,667 | \$33,645 | \$34,894 | \$33,323 | \$33,981 | \$35,550 | 27%                     |
|                               | 2.1%     | 1.6%     | 3.5%     | 3.5%     | 2.0%     | 4.9%     | 3.0%     | 3.7%     | -4.5%    | 2.0%     | 4.6%     |                         |

Source, IN Per-Capita Personal Income data: Bureau of Economic Analysis

To their credit, Indiana's public postsecondary-institutions have begun to adopt measures that directly lower their costs of tuition and fees. While some measures are quite straightforward, others seek to cut costs while also incentivizing student achievement.

- Indiana University, Ball State University and the University of Southern Indiana have lowered their summer-session tuition and fees by as much as 25 percent.
- Vincennes University has instituted the "Middle-Income Hoosier Scholarship," which provides semesterly tuition reductions to income-qualified students who maintain a 2.5 grade-point average. Students who graduate within five semesters receive a \$250 refund.
- Indiana State University has launched the "Sycamore Graduation Guarantee," which guarantees eligible students that they will be able to complete a bachelor's degree within four years. If not, they will be able to enroll in remaining courses tuition free.

While direct reductions in postsecondary tuition and fees are certainly welcome, it is widely recognized that college costs, and therefore affordability, are also a function of more indirect variables. The correlation between cost and time spent by students in a course of study is clear. By delaying college completion, time spent in remedial courses, a superabundance of academic-credits taken, and academic credits lost through transfer or poor academic-advising all contribute to inflated student costs. In fact, these factors diminish the likelihood of completion all together; and low completion-rates surely increase institutional costs. Moreover, if students' expected return on their educational investment is not transparent or evident, they will be less likely to make good, cost-conscious educational choices, and may not make them at all.

In recognition of the impact of these more indirect drivers of postsecondary costs, the Indiana Commission for Higher Education and its partner postsecondary-institutions have committed to a series of reforms as articulated in *Reaching Higher, Achieving More*. Among them, five opportunities for action are particularly noteworthy for their potential to lower the cost of college completion.

#### Performance-Based Funding

The commission believes that funding for our state's colleges and universities should be tied to key values and needs, especially higher graduation rates and credentials that lead to greater economic opportunity for students and the state.

Historically, support for Indiana's public colleges and universities had been determined by set increases in state funding, based on the number of students enrolled in a given year and adjusted for inflation. In other words, the more students enrolled, the greater the funding colleges received, without respect to how many students actually graduated. A performance-based funding formula represented, therefore, a significant shift from past practice.

Indiana's performance-funding formula was first enacted in 2003 as an incentive to increase the level of research conducted at the public institutions of higher education. In the intervening years, the formula continued to evolve, expanding upon its incipient research-focus to place priority on degree completion, on-time completion, and the success of at-risk students. Indiana allocated 5 percent, approximately \$61 million, of overall state-support for institutions to performance funding in the 2011-13 biennial-budget.

As Indiana plans for its next biennial budget, new performance criteria have been established. The refined performance-funding formula complements the existing foci by rewarding successful remediation strategies, establishing targets for credit-attainment, and incentivizing institutions to

produce graduates in fields that support Indiana’s economic-development goals. To honor mission differentiation among the state’s colleges and universities, and to support their individual priorities, each institution may also designate a unique metric to be included in its performance formula. The new criteria fit within three high-level foci of performance:

#### Completion Metrics

- Overall Degree Completion – Includes one-year certificates, associate degrees, bachelor degrees, master’s degrees and doctoral degrees.
- At Risk Student Degree Completion – Includes one-year certificates, associate degrees and bachelor degrees. Applies to Pell recipients at the time of graduation.
- High Impact Degree Completion – Includes bachelor degrees, master’s degrees and doctoral degrees in STEM-related fields. STEM is defined as Science, Technology, Engineering and Mathematics, based on national standards. This metric applies only to research campuses.

#### Progress Metrics

- Student Persistence Incentive -- Provides an incentive for students successfully completing a set number of credit hours. Two-year institutions are rewarded for students earning 15, 30 and 45 credit hours; four-year, non-research campuses are rewarded for students earning 30 and 60 credit hours. The metric applies only to community colleges and non-research four-year institutions.
- Remediation-Success Incentive – Provides an incentive to two-year institutions for students who successfully complete a remedial course and subsequently complete a gateway college-level course in math and English.

#### Productivity Metric

- On-Time Graduation Rate – Provides an incentive for increased on-time graduation rates at two- and four-year institutions. On-time graduation rate is considered four years for four-year institutions and two years for two-year institutions.

Institutional Defined Productivity Metric – This metric is defined by each institution and submitted to the commission for approval. The metric must align with the strategic plan of the institution and focus on reducing the cost of attendance to the student. Although differing by institution, the goal is to rewarding institutions for improving productivity in some manner.

Indiana is widely recognized as a national leader for advancing an effective performance-based formula for higher education funding, and it is a practice we advocate for consideration among other states, as well. With the staunch support of Governor Daniels and members of the General Assembly, Indiana has made performance funding a foundational principle of public support for our higher-education system, and the state is also committed to increasing the percentage of overall institutional support allocated through performance in the years ahead.

#### Innovative Educational-Models

Increasingly, Indiana’s college students are a diverse group from all ages and backgrounds who are working (often full time), commuting to campus, and balancing their academic work with family obligations. The changing demands of Hoosier students requires new approaches to the delivery of higher education, embracing flexibility and expanding options that support student learning at the time, place and pace that best fits an individual’s unique needs and circumstances. Within Indiana’s system of public postsecondary institutions, several innovative models meet those changing demands.

Western Governors University-Indiana fills a unique role among higher-education institutions. WGU-Indiana is a fully-online university that allows students to advance in their degree programs as they master the material rather than through credits-earned or time-spent in class. WGU-Indiana's competency-based approach caters specifically to working adults, enabling motivated students to earn bachelor and master's degrees faster and at lower cost than they could otherwise. Moreover, WGU-Indiana offers the state's community college graduates full transfer-credit for prior coursework, an application fee waiver, and a 5 percent tuition discount.

Ivy Tech Community College also employs a competency-based approach through its Ivy Institute of Technology. The Institute delivers academic programs that are structured around industry-recognized certifications in such high demand areas as manufacturing, computing technology, and logistics. The 30-week programs are offered as a single progression of skill acquisition within a fixed daily class schedule of 6 hours per day. The self-contained instructional day includes all academic activity, allowing students to engage in evening employment, if necessary. The curricula are delivered through self-paced, computer-based instruction, and are facilitated by a content-expert, certified faculty. At the completion of the program, students earn a certificate of completion and are eligible to sit for one or more nationally-recognized certification exams.

In addition to these competency-based models, Indiana actively encourages the state's colleges and universities to award credit for prior learning. Through competency-based assessments that evaluate the knowledge and skills individuals have mastered in their work and related experiences, students earn credit, thereby shortening the length of their formal studies.

Taken together, these and other innovative educational-models are providing more options for students to complete postsecondary studies, while ensuring academic quality.

#### Accelerated Credential Completion

Recognizing that time is the enemy of completion, the commission increasingly emphasizes on-time and accelerated degree completion. In addition to the on-time completion component of the performance funding formula noted previously, several of the state's postsecondary institutions are implementing alternative course-delivery and scheduling options that enable students to earn an associate degree in one year and a bachelor's degree in three years.

Ivy Tech Community College's Associate Accelerated Program (ASAP), a highly-structured associate degree program enables students to earn a two-year degree in 10 months. The accelerated program is intensive, applying rigorous interventions to address remediation needs and requiring students to be on campus 40 hours each week for coursework and group study. Designed specifically for students from low-income households, the ASAP program targets students during the critical transition period from high school to college. As participants in ASAP, students are encouraged to think of college as a job, and to that end, they are provided with a stipend of \$5,200 per year, which covers living expenses and encourages them to make coursework their first priority. This focus also ensures that students learn critical soft skills, including the importance of arriving on time, staying on schedule, and working collaboratively with others.

Purdue University is transitioning to a balanced trimester schedule in an effort to streamline students' path to graduation and to increase institutional operating-efficiency. Offering a third semester each year will allow students to complete a four-year degree in as little as three years, saving students both time

and money in the process. When fully implemented, Purdue estimates that the trimester initiative could provide \$40 million in additional revenue for the university and would support better use of classrooms, residence halls and other campus facilities during the summer months.

Eliminating excessive credit requirements is another effective strategy for supporting on-time and accelerated degree completion. Credit requirements have steadily increased nationwide over the years, and currently, nearly 90 percent of Indiana college degree programs exceed the historical standard of 120 credit hours for a bachelor's degree (four years of full-time attendance) and 60 credits for an associate degree (two years of full-time attendance). Ball State University has led a statewide return to the 120 credit-hour standard for all bachelor's degrees offered by that institution. Further, recent-enacted legislation mandates public institutions to provide justification for degree programs that exceed the standard, and establishes an ongoing audit-process that empowers the commission to enforce the statute.

Building on this recent progress, Indiana is currently exploring related on-time and accelerated completion incentives for students. Possible policy directions include encouraging full-time students to take 30 credit hours per year and potentially capping state financial aid for students who accumulate excessive credits.

#### Optimization of Credit-Transfer

College becomes more affordable when students are able to transfer without losing credit, take courses from less expensive colleges before transferring, succeed after transferring with a strong foundation for subsequent coursework, and easily access reliable information about their transfer options. To these ends, Indiana has, over the past ten years:

- Created a statewide comprehensive community college system;
- Undertaken curricular innovations;
- Facilitated ways high school students can earn college credit; and
- Utilized technology to inform students about transfer opportunities.

Indiana has the only statewide community college system that is accredited as a single institution. Such an approach facilitates transfer of credit, providing a single curriculum and common syllabi for each credential statewide. Moreover, transfer agreements with four-year institutions are more readily maintained; and the community college's accreditation as a single institution promotes system-wide quality.

For nearly a decade, the Commission for Higher Education has worked with the state's institutions of higher education to develop a legislatively-mandated Core Transfer Library (CTL) of some 85 courses. All courses in the CTL transfer to all public institutions, and many private colleges participate in the CTL on a voluntary basis, as well. To supplement the CTL, the commission worked closely with the Indiana General Assembly during the last legislative session to establish a *common statewide-transfer general-education core*, which, when completed, will transfer as a block of 30 credits to any of the state's public institutions. Notably, the general education core is to be based on a set of competencies – what students are able to know and do – rather than a standard set of distribution requirements of credits. The legislation also calls for a common course-numbering system to reduce confusion among institutions and students, alike.



To increase public transparency in credit transfer, the commission maintains a comprehensive TransferIN website that helps students to understand how completed courses transfer between colleges and to avoid wasting time and money on duplicative coursework. Students are also able to determine how a specific course they are contemplating will transfer to another institution, if at all.

Indiana has also worked to provide students with more opportunities to complete college-level coursework while in high school. By statute, each Indiana high school must offer a minimum of two dual-credit and Advanced Placement courses, and the state has made a concerted effort to expand the numbers of students completing these rigorous courses. From 2006-2011, Indiana increased the percentage of high school graduates passing AP exams from 7.5 percent to 14 percent, while dual-credit course-taking increased by 317 percent to include more than 43,000 students. To support affordable access to dual credit courses, state law also gives the Commission for Higher Education the authority to limit the cost charged to students by the Indiana's public colleges and universities. For 2011-2013, that cost was capped at \$25 per credit hour. The commission has also put in place quality-control mechanisms to ensure that dual-credit courses are truly college-level courses.

With these reforms, Indiana has made important strides in ensuring the fungibility of coursework between a less-expensive community college and a four-year institution. Students who begin their education at a community college will be able to transfer their credits seamlessly to four-year schools. Likewise, four-year students who discover a community college or a different university to be a better fit, will not lose academic credit. These efforts will undoubtedly help make college more affordable to students and lead to greater student success.

#### Transparent Return on Education Investment

As the cost of postsecondary education rises, students and their families are increasingly called upon to finance tuition and fees through personal savings or student loans. As noted above, the average Hoosier student now graduates with \$27,000 in college debt. In making investments in college study, students and families alike, increasingly seek assurance that they will realize a return, in employment opportunity, in job security and in financial remuneration.

Although there is no single measure, data point or piece of evidence that will fully satisfy that need for assurance, a number of sources of information can be assembled to help students and their families make good investment choices. One important data point is presented in the chart on page two of this document, describing the inverse proportionality between unemployment risk and wages produced as academic attainment increases. A multiplicity of data demonstrate the truism that while all postsecondary degrees matter, some matter more in terms of postgraduate earnings-level, employment prospects, and job security. Other data attest to the differential quality of education among institutions, demonstrating that the same degree, earned from disparate institutions, frequently results in widely-varying employment prospects and salary levels.

The whorl of these data points and other information about postsecondary outcomes begs for improved aggregation, accessibility and transparency; and sound advice on appropriate debt-levels should be part of the calculus. The goal of this ambitious project is support for students and their families in appreciating the value proposition in higher education--in making reasoned and informed judgments about their financial investments in postsecondary study and understanding the value of what they stand to yield from them.

The Commission for Higher Education has embarked on such a project to bring that information into a one-stop, user-friendly, easily-accessible format for Hoosier. When complete, the utility will allow students to discern their interests and values for a professional career; to identify those careers that best fit their aspirations and financial goals; to discover which academic programs and postsecondary credentials lead to that career; to learn which institution meet their personal and academic needs, and those of employers; to obtain precise information about available financial aid; and to understand how their own monetary contributions should best support their education.

Indiana has already made good progress on the project. Learn More Indiana is a communication and outreach initiative that guides students through a series of questions and exercises designed to help them *plan, prepare and pay* for postsecondary studies. Planning includes completing the Indiana Career Explorer interest and values inventory and investigating universities and colleges with the College Navigator developed by the Institute of Education Sciences. The Preparing section counsels students in good study habits and leads them to explore careers through information provided by the United States Department of Labor. And when it comes to Paying, students are directed to the commission-supported *College Cost Estimator*, a robust tool that uses family-specific income information and demographic data to predict, quite accurately, their anticipated costs at any Indiana college or university.

Within the coming months, the assistance already available at Learn More Indiana will be supplemented by a *Return on Investment Calculator*. The calculator will frame the value proposition inherent in higher education, generally, as well as the anticipated returns on making specific choices about college major, degree type, institution and cost. Moreover, the commission has begun scoping a prescription, likely in the form of a percent on post-graduation earnings, that will provide students and their families solid advice on appropriate debt-levels for their postsecondary education.

The commission anticipates that, equipped with fuller information about their interests, institutional quality, major-to-career options, employment prospects, financial aid and borrowing, students will be empowered to make the good decisions about their postsecondary study and will understand that a sound and appropriate financial commitment will produce lasting dividends.

### Summary

I will conclude with some reflections on the shared responsibility which must characterize the discussion of educational affordability as we move forward.

The past two decades, right up to the present, have witnessed a perfect storm within higher education and the economy. Cost growth among postsecondary institutions has been fueled by the emergence of widespread information-technology and the need to make extraordinary capital investments to facilitate learning and to support administrative needs. Many universities have made costly investments in residence halls, fitness centers, and other high-visibility facilities, as well as student support staff, in an on-going race to attract students who place a premium on such amenities.

Concomitantly, evolving employer demand for a highly-skilled workforce has required more students to seek postsecondary study, placing further pressure on institutions to expand their offerings and facilities to accommodate burgeoning enrollment. Complicating these upward pressures on cost, the recent national economic-downturn has caused many states to contract their spending on postsecondary operations. Students themselves are not without culpability: postsecondary completion rates have

stagnated, more students supersede normal graduation-timelines, and practice less-than-sound judgment in borrowing and spending.

The result of this perfect storm has been triple-digit-percent increases in tuition and fees, and runaway increases in student debt-load. To reverse this trend and rationalize postsecondary costs must be a responsibility shared among states, institutions and students.

Indiana has taken significant steps to contain higher-education costs and to advance the goal of making postsecondary education affordable to all Hoosiers. More needs to be done, but in adopting *Reaching Higher, Achieving More* as its strategic plan, the Indiana Commission for Higher Education has articulated a clear pathway forward—one that is student-centered, mission-driven and workforce-aligned—with specific, actionable goals. The commission remains grateful to have the support of Governor Mitch Daniels and the Indiana General Assembly in sustaining public investments in the operations of the state’s institutions and in increasing the amount of aid available to Hoosier students.

The commission is fortunate to have the partnership of Indiana’s public colleges and universities, whose leadership is active and engaged in efforts to improve postsecondary affordability. Those institutions have already begun to adopt cost-containment measures aimed directly at lowering tuition and fees. Many have implemented other affordability measures that will allow students to graduate more quickly and at reduced cost.

Now we must turn our attention more fully to the crisis of student debt. Solutions will require the development of assistance mechanisms and making information more transparent, so that students and their families can simultaneously realize the overwhelming value proposition inherent in postsecondary attainment, while understanding fully the ramifications of borrowing and the need to spend wisely.

While today’s hearing focuses on cost considerations, a word of caution is warranted. Neither the nation nor the State of Indiana can suffer the long-term consequences of building a productive, affordable system of higher education that gives short shrift to academic quality. Ensuring affordability at the expense of academic rigor would be a hollow victory, indeed. It would be far too easy to develop academic programs that accelerate completion at the cost of learning, and credentials that have no value within the workplace. To avoid doing so will take thoughtful, collaborative discussion among all stakeholders in the outcomes of postsecondary education, as well as mutually-accountable, eagerly-accepted shared responsibility in making positive change.

I am grateful to the members of the subcommittee for convening this important discussion and thank you for the opportunity to contribute testimony.