



**Opening Statement of Rep. Bruggess Owens (R-UT), Chairman
Subcommittee on Higher Education and Workforce Development
Hearing: “Lowering Costs and Increasing Value for Students, Institutions, and
Taxpayers”
July 27, 2023**

(As prepared for delivery)

Deeply embedded in the American psyche is the idea that colleges and universities provide valuable education that offers the best pathway to realizing the American Dream. That in order to unlock a successful career, you must spend at least four years chasing a college degree. Historically, a college degree was sought by aspiring professionals who needed a specialized education to enter fields like medicine, law, and the clergy. The expansion of college programs has meant that some degrees inevitably misalign with professional opportunities, leaving graduates underprepared to enter the workforce.

Before college became a universal mandate thrust upon unwitting 17-year-olds, this ideal was perhaps accurate. College was cheap. Jobs were being filled. And students and taxpayers were all but guaranteed a return on investment.

That is not the case today. Outdated measures of quality, coupled with virtually zero transparency of value, have distorted the postsecondary education marketplace. The results?

Families are forced to choose a college without knowing the full price, and the government provides a loan without regard to a student’s ability to repay the principal or the predatory interest. Students and taxpayers are left to navigate making an expensive gamble with zero assurance that their bet will pay off.

Central to this malfunctioning market is a question of whether colleges can continue to provide value. For decades, we've relied on accreditors to provide quality assurance by sending the public a signal of which institutions were high-quality institutions. Similarly, the federal government has relied on metrics, such as the cohort default rate, to protect taxpayers' interests, while the states have been tagged to review colleges from a consumer protection lens.

Due to the ineffectiveness of these measures, one third of colleges leave students worse off than if they had never enrolled in the first place. Additionally, taxpayers are asked to write off hundreds of billions of dollars in loans for individuals who make approximately \$1 million more than their non-college-going peers.

The purpose of the college market remains. Like every voluntary exchange in a free market system, its purpose is to provide value to the consumer. Students pay for tuition, room, and board because they believe the cost today will be offset by a better job and higher salary down the road. The federal government then subsidizes the students' expectations. Unfortunately, the results of this investment have not, for decades, lived up to the expected returns. This generation is being run roughshod by the economic and social realities of a college degree. The free market didn't fail them; overregulation of input and overpromising of outcome did.

This hearing today seeks to explain why college is no longer realizing the American Dream for so many students. The Committee will also explore solutions for what we recognize is a structural issue.

We need to understand that the devaluation of the 4-year college experience is exacerbated only by blanket federal bailouts, one-size-fits-all debt relief, and overburdensome regulations. Restoring the value of a college degree requires thoughtful, structural reform to the *Higher Education Act*.

I believe there is an opportunity for a bipartisan discussion here today. For too long, the federal government has doled out hundreds of billions of dollars to colleges without any sense of accountability. Presently, public funding and profit is based on

the number of seats colleges filled, not on students' performance or success. This has been a recipe for more students with more debt and worse outcomes.

This antiquated financial structure needs to be re-aligned so that colleges cannot succeed without their students also succeeding.

This means innovative funding based on outcomes, not inputs. It means "skin in the game" for colleges whose students take out loans. And it means some responsibility for their graduate's educational success, their ability to build a career, and to repay debt. They should also take equal responsibility when their education platform does not live up to their promise to graduates.

Presently the burden of student debt is almost entirely shouldered by taxpayers and borrowers. It's time to think of colleges as stakeholders in their students' success.

However, accountability means more than just sanctioning. Colleges that promote economic opportunity through high-valued, successful postsecondary programs should be rewarded for doing so.

With a fresh, innovative mindset and a willingness for accountability, we can ensure that students will receive a positive return on their college investment.

America would, for years to come, succeed as the greatest postsecondary education system in the world.