

**Senate Education Committee**  
**Hearing on College Affordability**  
**Testimony of Sister R. Patricia Fadden, IHM, EdD**  
**President- Immaculata University**  
**AICUP Board Member**  
**June 4, 2009**

Good afternoon. I am pleased to be here to speak with you as the President of Immaculata University, a board member of the Association of Independent Colleges and Universities, and a representative of the private higher education sector in Pennsylvania. Mary Young, AICUP's VP for Government Relations, is with me today to assist in answering your questions.

I welcome this opportunity to join the ongoing conversation on college affordability because we as a Commonwealth and a nation need to determine how we can best address this very complex issue. I also think it very important for Commonwealth leaders to understand how Pennsylvania's 90+ private colleges serve students of need and keep our costs under control.

*Concerns About Debt*

I share your concern about students graduating with unreasonable amounts of debt. And I believe that one of the problems we currently face is lack of agreement on how much debt is "reasonable." As a result, we do not have clear policies about how much assistance we will provide students in order to prevent them from assuming too much debt. Instead we, by and large, provide students from widely different income levels with equal state support at some institutions and very little state support at others. We do not target our resources that well.

I also believe that we need more data about the amount of debt students carry. While I am certain there are horror stories out there, I would recommend a recent article in the *Chronicle for Higher Education* from May 22, 2009 entitled *A Lifetime of Student Debt? Not Likely*. This article states that "despite stories of a large number of students who face gargantuan debt, about a third of graduates leave college with no debt at all for their education. Of the 65 percent who face debt, the average they owe is around \$20,000. That's just below the starting price of a 2009 Ford Escape." We need to know our own students indebtedness to make sensible plans to alleviate it.

While our political leaders understandably want to address concerns about high tuition and debt, I urge caution. For instance, Governor Rendell's proposed *Tuition Relief Act* creates a new grant program designated only for students attending the community colleges and the state system universities. This is bad public policy that is unfair to many Pennsylvania families, communities, and the state taxpayer. Please consider the following:

- It creates an incentive for students to attend public universities which currently receive on average \$4,580 in institutional appropriation (according to the Joint State Government commission report) plus additional dollars if the student is

eligible for PHEAA. Increasing enrollment at these institutions increases costs to state taxpayers.

- Many private colleges have capacity and may be better suited geographically to serve the student. By drastically reducing the price only at the community colleges and state system institutions, the Governor expects to enroll 20,000 more students in these two sectors next year. This would make some sense if we needed additional capacity to serve an increasing number of students. However, the Department of Education projects that the number of Pennsylvania high school graduates will decline each year over the next decade, so why would we want to expand capacity in the public sector and waste the existing capacity in the private sector when fewer students are likely to be enrolling at our institutions?
- One size does not fit all. Many students attend Immaculata because they are looking for and will grow better in a smaller and more personalized setting or because the offerings suit the student's needs and interests.
- By encouraging students to only attend the public university system, this proposal is also creating economic hardship for many state-related and private institutions and the communities in which they are located. Some state-related branch campuses and private colleges could close if their student populations are significantly cut by this policy. This means a loss of jobs and economic stimulus in communities where these institutions are frequently one of the largest employers. Indeed, this proposal would essentially shift a number of jobs away from the private sector (Pennsylvania's private colleges and universities currently employ 71,000 people) into the public sector where the taxpayer will pick up more of the cost.
- The competition between private and public universities makes all of our institutions better. When public universities and community colleges know that students have an overwhelming incentive to attend their institutions, they will be less conscious of quality because they will have a monopoly in the marketplace.

All of the distribution problems with the *Tuition Relief Act* can be remedied if all new revenue is used to grow the PHEAA Student Grant program.

### *Higher Education Partners to Serve Students*

As Attachment 1 shows, independent college students in Pennsylvania benefited from the financial aid partnership between the state government, the federal government and the private colleges themselves. By far, the largest amount of aid is being provided by our colleges through institutional grants that do not have to be repaid. Unfortunately, however, the partnership role played by the federal and state governments has diminished over the last decade. Ten years ago, their share of financial aid to our students would have been 14 percent. And their portion of this aid has shifted partly to our institutions and partly to our students and families through a greater reliance on loans that will be repaid after graduation. While students receiving federal Pell grant aid will see the first significant increase in years next fall, much of it could be lost if the PHEAA Student Grant funding level is cut as proposed in SB 850. (SB 850 proposes to reduce PHEAA funding by 5% or \$21 million from the 2008-09 level.) Private colleges and universities have been doing our financial aid part and we will continue to do so next year because we know that our families need this additional help. We also need the state to continue its part; that is why we ask you to support the Governor's recommendation for an additional

\$45 million in the PHEAA program. This will help to restore much of the \$580 cut out of the maximum grant award for my neediest students in this academic year. Working together, the federal, state and institutional partners can make college affordable for all students.

Attachment 2 shows how this partnership works to actually benefit individual students. As you can see, our students with need are able to attend our institutions because of the grant aid they receive from our three partners. While there was no single student who received a package exactly like this, this table shows how, on average, we make our tuition affordable to students.

### Impact of state policies on Immaculata University

For my final comments, I would like to share with you some specific Immaculata concerns and initiatives. Immaculata University is a Catholic, comprehensive institution located in Chester County – about 8 miles from here. We have three colleges: Graduate Studies where over 1200 students pursue 3 doctoral and 9 Master’s degrees, College of Lifelong Learning where over 2100 students pursue Bachelor’s degrees and certificates, in traditional, accelerated or online delivery modes, and the College of Undergraduate Studies where about 870 traditional aged full time students pursue Bachelor’s degrees in about 40 majors, and who want all the bells and whistles that accompany the “college experience”.

We are heavily tuition dependent – our endowment at its highest point was \$16 million dollars (currently about \$11 million) and our major source of institutional financial aid is tuition discounting. As we work to balance our budget, we have also worked to bring our tuition discount rate to its current position of 38%. Over 90 % of our students receive tuition assistance, relying heavily on Pell Grants, PHEAA Grants, loans, and work study, supplemented with institutional aid.

Immaculata works to make college affordable. First and foremost, we have continued our policy of fixed tuition and have advertised it heavily. Immaculata guarantees that the College of Undergraduate Studies tuition you pay in your first year will remain the same for four years. In addition, we are committed to helping students graduate in four years. If you are a 9<sup>th</sup> semester senior, you may complete your credits in the College of Lifelong Learning, which runs on per credit rates and is an existing example of “no frills” undergraduate education.

The current economic situation has many families reconsidering their higher education plans and like many others, Immaculata is uncertain about the fallout. Of the 500 students expected to return to university housing in the fall, 66 have changed status from resident to commuter, and at least 15 more have registered for class but not yet decided about housing. Last year at this time, 18 transfer students identified finance as the reason; this year the number is 32. Last year, there were 9 students on Bursar’s hold (owed money for the previous year); this year, there are 52.

As we look to next year, we have authorized an increase in financial aid that will raise our discount rate to around 42%. To offset potential negative consequences of the situation, we have streamlined our budgets for next year, including a wage and hiring

freeze. Every penny we can make available to help a student stay, we are identifying as financial aid.

Our students are an important part of Pennsylvania's future. I urge you to include them in all Commonwealth tuition assistance by continuing to invest Pennsylvania dollars in PHEAA grants.

Thank you for allowing me this opportunity to speak to you about this most important issue.