U.S. COMMISSION ON CIVIL RIGHTS

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BRIEFING

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AN EXAMINATION OF THE EFFECT MINORITY ACCESS, PERSISTENCE, AND COMPLETION HAS ON THE SOCIO-ECONOMIC MOBILITY OF MINORITIES

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THURSDAY, MAY 28, 2015

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The Commission convened in Suite 1150 at 1331 Pennsylvania Avenue, Northwest, Washington, D.C. at 11:07 a.m., Martin R. Castro, Chairman, presiding.

PRESENT:

MARTIN R. CASTRO, Chairman
PATRICIA TIMMONS-GOODSON, Vice Chair
ROBERTA ACHTENBERG, Commissioner
GAIL HERIOT, Commissioner
PETER N. KIRSANOW, Commissioner
DAVID KLADNEY, Commissioner*
KAREN K. NARASAKI, Commissioner
MICHAEL YAKI, Commissioner

** Present via telephone*

STAFF PRESENT:

ANGELA FRENCH-BELL, Director, OCRE
PAMELA DUNSTON, Chief, ASCD
DARREN FERNANDEZ
LATRICE FOSHEE
DORIS GILLIAM
ALFREDA GREEN
JENNINFER CRON HEPLER, Parliamentarian
LENORE OSTROWSKY, PAU
MICHELLE YORKMAN, Director, IT

COMMISSIONER ASSISTANTS PRESENT:

SHERYL COZART
ALEC DEULL
JASON LAGRIA
CLARISSA MULDER
AMY ROYCE
JUANA SILVERIO
ALISON SOMIN
KIMBERLY TOLHURST

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(11:07 a.m.)

CHAIRMAN CASTRO: This meeting will come to order. I'm Chairman Marty Castro of the U.S. Commission on Civil Rights. I want to welcome everyone here today to our briefing on the Effect of College Access Persistence and Completion Rates on the Socioeconomic Mobility of Minorities. It is now 11:10 a.m. and with me here in the Office of the Civil Rights Commission are our Vice-Chair, Patricia Timmons-Goodson, Commissioners Narasaki, Heriot, Kirsanow, Achtenberg and Yaki. Participating by phone is Commissioner David Kladney, and the purpose of the briefing today is to examine how access to and persistence through completion of higher education may have a disparate impact on socioeconomic mobility for minorities.

The Commission will also be examining in detail barriers that minorities face in accessing higher education. Before we get into the formal program, however, I would like to give our Commissioner Roberta Achtenberg, an opportunity to say a few opening remarks. This is a briefing that she brought forward, and we give her the floor.

OPENING REMARKS

COMMISSIONER ACHTENBERG: Thank you, Mr.

Chairman. I want to begin by saying a big thank you to the OCRE staff, especially Angela French-Bell and Darren Fernandez for all their work on putting together this first two-day briefing that the Commission has had in a very long time. It was a tremendous amount of work, and they did the work extremely enthusiastically. I also want to thank the OCRE staff for the work that they did on the LGBT workplace discrimination briefing held in March. Both of these projects have been very important to the Commission's work; OCRE's work has been exemplary and I wanted to say a special thank you to them for all the hard work.

The premise of today's exploration is that access to and attainment of a bachelor's degree is the key to upward socioeconomic mobility in today's national economy. Attainment has significant, measurable, lifelong benefits for workers. Workers who attain the bachelor's degree can expect to achieve as much as $1 million in additional lifetime earnings as compared to their high-school degree earning counterparts, and that is very significant. However, there are racial disparities and gaps in enrollment in university, persistence toward a baccalaureate degree, and the attainment of a baccalaureate degree, and those gaps and disparities are what we will be examining today.

Certainly, there are disparities in preparation for admission, which then lead to disparate admission statistics, disparate persistence statistics, and disparate achievement levels. Nonetheless, there are programs that we will hear testimony about from the heads of three major university systems and others that help minorities and others address these achievement gaps. Many have been operated extremely successfully, and some have been invested in not only locally on the state investment, university investment, but federal investment as well, and that will be explored.

However, federal statutory funding formulae don't always address these disparate issues; in fact, in some cases, they compound the disparities, and we'll hear testimony to that effect as well. Why is this relevant? Well, given the significance to economic and social mobility of achievement of a baccalaureate, addressing these disparities is an important civil rights issue of our time, and with the Higher Education Act in the process, perhaps, of being reauthorized, now is the time to take a look at what we can do or what we can recommend that Congress do, and the Administration consider, when it comes to reauthorizing the Higher Education Act.

The various campus-based funding formulae are in need of radical revision, and that is something that we hope might be the result of the examination that we will be undertaking over the course of the next two days. As a nation, we are under-performing in terms of degree attainment in general; if we hope to propel our national economy forward at an ample rate and to become internationally competitive again, federal investment could be better made to address the gaps in overall achievement as well as the gaps in achievement by African-Americas, Latinos, and Native Americans, in particular when it comes to achieving the baccalaureate degree.

These problems could be addressed significantly by the redeployment of already allocated federal funds, and we'll hear experts talk about how those funds might be redeployed much more strategically in programs that we know work. This is a pressing issue of our time, and I'm delighted that the Commission will spend two days exploring these very serious challenges that we face. It's about time, and I'm delighted that the time has come. So thank you for the opportunity, Mr. Chairman.

CHAIRMAN CASTRO: Thank you, Commissioner. I know that you and your staff put a lot of effort into

getting this concept paper before us, and I also want to express my thanks to the OCRE staff on putting together a two-day panel for us, which is unusual but necessary on this topic. So we're going to have over the course the day, today and tomorrow, a number of speakers. So today we're going to have 14 individuals that are going to present to us throughout the day in four panels.

The first panel is going to consist of a financial funding formula expert, and that will be an individual who will join us by telephone shortly. The second panel is going to be a group of federal government officials who are going to share their perspective, and Panels 3 and 4 are going to touch on the impact of the socioeconomic mobility and family structure issues in education. But as I prepared for this briefing, reviewing the materials, I couldn't help but see myself reflected in some of the commentary that some of our witnesses are going to be presenting to us.

As the first generation college student, the son and grandson of Mexican immigrants, as the product of Head Start, as the product of affirmative action programs, I am an example of the programs that we're going to be studying today and tomorrow. I'm an example of the success of those programs, and so when

I read some of our witnesses talking about oh, you know, everyone doesn't have to go to college, there is a lot of other things people can do, well you know what? When I was an honors student in high school, my high school guidance counselor said that to me. You shouldn't go to college; you should go work in the steel mills, where most of the people in the community, which was a black and brown community, went and earned a living. And I said "no, I don't want to work in the steel mills, I want to go to college." And my high school guidance counselor would not help me with my college applications.

So I had to go home, where my parents didn't have any personal capital in how to do this, and I luckily got into college through a leap of faith. And I wonder to this day how many of my fellow classmates in that largely Latino school heeded that advice from the counselor and did not go to college. And then when I got to college, I worked hard and got into a good law school through affirmative action, and had people who cared for me, and I had federal student loans, as well as cleaning toilets and digging ditches to pay my way. Then I got here, the first Latino chairman of the United States Commission on Civil Rights. I would not be sitting here today were it not for the educational

programs that existed from Head Start on the way up to Pell Grants, and I would not be here if I listened to the high school guidance counselor that I listened to.

And it's not an uncommon story, because I sat in a room with Senator Kennedy, Senator Simon and a few other senators a few years ago, and raised the same issue, and there was a room full of Latino leaders from across the country, and 90 percent of them raised their hand and said they had a very similar experience happen to them. So when I read about things that say "well you know, you all shouldn't go to college," or "college might be too tough for you, you're going to be disappointed." I take personal concern about those comments. So I really look forward to hearing from those witnesses; they're going to talk about those issues and to be sure, there are challenges.

We're going to hear about how college debt is impacting students, particularly student of color and from lower socioeconomic backgrounds. Luckily, I was able to pay off my student loans over 10 years, because I ended up working under the world's largest large firm. But many of those opportunities don't exist today, and so we need to figure out creative ways to be able to address this so that we're getting people not only a good college education, but a way to pay back

the debt that they're incurring. So I'm really looking forward to the periods of testimony over today and tomorrow.

Now those individuals who are in the room who are going to be witnesses, they'll hear from me right now the mechanics of this are going to work, and I'll repeat it for every other panel, because I know all of our witnesses aren't here yet. But we have a series of warning lights here; green, red and yellow. So every panelist is going to have seven minutes to speak, make a presentation, and that will be followed by questions and answers from my commissioners. And I will select the commissioners who are going to ask questions, and as my colleagues all know, I try to be fair and I also try to make sure the trains run on time. But to that point, as the light goes green, that's when panelists will speak; when it gets yellow, it's a two-minute warning to begin to wrap up, and when it's get to red, we ask you to conclude your remarks. There will be an opportunity in the question and answer to more fully flesh out where you may have left off, and so there will hopefully be that opportunity for everyone to make their presentations.

So it is my hope then that we can then begin this process if our first speaker--I don't know if--Mr.

King, King Alexander, is he on the phone yet? He's supposed to join us at ll:20. While we wait for him, I want to let folks know that in addition, the record of this hearing is going to remain open for 30 days from the date of the last hearing, so that'll be after tomorrow. Members of the public can submit materials; speakers or witnesses can submit and supplement additional materials by either mailing them to us here at the U.S. Commission on Civil Rights, Office of Civil Rights Evaluation, 1331 Pennsylvania Avenue, N.W., Suite 1150, Washington, D.C. 20425, or via email at publiccomments@usccr.gov, that's P-U-B-L-I-C-C-O-M-M-E-N-T-S at USCCR dot gov. And with those bits of housekeeping out of the way, Dr. Alexander, are you available?

While we wait for him, let me give you a little bit of his bio. He is from Louisiana State University, and he's the Chancellor. And he's actually going to be presenting to us on some very interesting statistical information.

COMMISSIONER ACHTENBERG: Mr. Chairman, King Alexander is the Chancellor of the Louisiana State University System, and prior to that he was the President of California State University Long Beach. He's a well-recognized expert in federal funding and federal

financial aid, and is particularly well-versed in the matters of where funding is currently going and how it might be more strategically deployed to address some of the achievement gaps, as well as the gap that the nation is currently experiencing in attainment overall, so both of those are critical issues. Obviously, the issue of underachievement is the specific issue that we are here to address, but the problem is enormous.

PANEL I

FINANCIAL FUNDING FORMULA EXPERTS

CHAIRMAN CASTRO: Thank you, Commissioner. Is Dr. Alexander there?

DR. ALEXANDER: Yes, I'm here. This is King Alexander.

CHAIRMAN CASTRO: Hello, Doctor, how are you?

DR. ALEXANDER: Good, good. I can barely hear you.

CHAIRMAN CASTRO: All right, how's that?

DR. ALEXANDER: Can you hear me?

CHAIRMAN CASTRO: Yes, we can hear you quite well.

DR. ALEXANDER: Okay.

CHAIRMAN CASTRO: Let me let you know you'll be speaking for seven minutes, prior to that I'd

like to swear you in if you're able to do that. I'll ask that you swear or affirm that the information that you're about to provide us is true and accurate to the best of your knowledge and belief; is that correct?

DR. ALEXANDER: That's correct.

CHAIRMAN CASTRO: Great. And also just for the record, we have a court reporter here who's going to be taking down all the--a transcript of all of the proceedings over today and tomorrow. So Dr. Alexander, you may proceed.

DR. ALEXANDER: Well certainly. Thank you, and I commend the Commission for looking into an issue that we've been struggling with for quite some time. That issue is how to more accurately and effectively get federal funds to institutions that serve low-income students, and currently the system that's in place has not done an effective job of doing that. Our low income and minority based students are primarily, once again as they have always been, at institutions that charge the least, spend the least and in most cases, sending students to, in some cases, without degrees or degrees that are not effectively used in the marketplace.

So I would say that the student aid system first and foremost was set up to aid private higher

education to keep it from going under in 1972, and to help under the premise that they would ensure that low-income students would receive greater access to private institutions if, indeed, a federal voucher system were to be adopted, which is what was adopted. And in addition to that, the only mission that was prioritized by the federal government at the time wasn't whether you're a for-profit, not for profit public institution or whether you serve low-income populations, but many of the programs are cost or price-sensitive, such as SEOG. SEOG is price-sensitive to the extent that if you charge more, you get more work study money, you get more SEOG money.

For example, Duke University gets about--last year got about $700,000 in SEOG funds and $2 million in work study funds. California State University Long Beach, on the other hand, with nearly a 50 percent low income population, of which Duke has about a 15 percent Pell population. Cal State Long Beach got the same amount of SEOG money, and one-half of the work study money that Duke University received, and one-half of the money that DePaul University received in Chicago, with perhaps only 30 percent to 20 percent of the low income population that many of the California institutions have. So the system was set

up to prop up high cost institutions and not to effectively support the low income students, the growing number of low income students needing higher education institutions and the lower cost higher education institutions.

CHAIRMAN CASTRO: Does that conclude your remarks, Doctor?

DR. ALEXANDER: Well, I'd point out that this is evidenced in so many different varieties. What was not anticipated by the federal government in 1972 with the federal based programs was that states would be removing themselves from their fiscal responsibilities to support low cost institutions. So once the states started doing that--and states are down 48 percent in tax effort from where they were in 1981--that means the lower cost institutions that rely very heavily on state funding, which was supposed to be maintained, are also the same institutions serving the bulk of the nation's low income students and population. Now the federal system has become so lucrative, that hundreds of for profit institutions have jumped into the fray, and now the federal--and now, for example, 30 percent of all the Pell Grants go to for profit sector institutions that serve 11 percent of the student population, yet still actually have about 47

percent of all the student loan defaults. I would say a substantial disservice to the low income students who get pulled into those institutions.

So what effectively has happened is that we have taken the exact opposite position at higher education at the federal level than we did at K-12 level for Title I ESEA schools, where it was maintained and it was believed and it was put into policy that institutions or schools that had a certain percentage of free lunch kids, a certain percentage over the minimum, that they deserve to have more support through federal additional funds, and these are non-supplanting funds, so states can't take their money out; the states have to keep their money in and the federal government contributes to those low income schools, K-12 schools.

All of a sudden when these students turn 18, we make a drastic change in federal policy. We say that nobody, none of these students have the same socioeconomic disadvantage that they did in high school, so that the institutions that primarily serve these low income students do not need any additional institutional support, and that is the great divide that we made between K-12 and higher education. And in many cases, you could argue that as they have done effectively in numerous states, as many as 20 plus states, that if we

are spending more money on a richer group of students going to richer institutions, and less money on the poorer students going to poorer institutions that charge less, that spend less per student, is that constitutional?

Well, it's not a fundamental right to go to higher education, but somebody needs to ask that question. Do they have a fundamental right to be supported at least at an equal amount, or even at a higher amount, that's what we decided in ESEA in Title I schools, and that is in the process of being reauthorized at the moment. So I would say we've done the exact opposite for higher education in propping up higher cost institutions who support more higher income students at the expense of supporting the institutions that support and educate the bulk of our lower income student populations throughout the United States.

CHAIRMAN CASTRO: Thank you, Doctor. I'm going to begin the questioning; we're going to have the commissioners ask you some questions. We're going to start out with Commissioner Achtenberg.

COMMISSIONER ACHTENBERG: Dr. Alexander, thank you so much for your testimony, and we'll be entering into the record a number of the scholarly articles that you've published on the issues surrounding

federal funding and low income students, so I want to thank you for that as well. Could you restate the problems that surround campus-based aid funding formula challenges? Could you talk about the disparities between, for example, what the California State University System receives in the aggregate to supplement the funding of its low income students as compared to, for example, what the Ivy League schools receive in the aggregate? I'm told that the Ivy League schools receive about $10 million in SEOG for 60,000 students, and the CSU for 400,000 students receives about $11 million. How can that be?

DR. ALEXANDER: That is because the formula has been based on protecting the have versus those that are the newer institutions that are the have nots, even though the have nots have the bulk of it. The numbers you just gave also support that the entire Ivy League combined--all eight institutions--have less Pell students than Cal State Long Beach by itself. And this is a substantial disadvantage, and the way the formula works is not towards a fair share process, but it's to protect the institutional haves, who have been in the process longer, and that have less low income students, and it is more about supporting them than it is about supporting students.

If the campus-based programs followed the Pell process, much more money would have gone to the CSUs and other institutions that have the bulk of America's low income students, instead of the richest campuses in America. So you're exactly right to point out that this does not make sense, that the Ivy League, with over $100 billion in endowment in the bank, that they're getting the same amount as Cal States that have a substantial portion of the low income Hispanic, African-American, Asian-American students in this country. And the protection--I call it the Plymouth Rock syndrome.

The campus based programs have fought for 30 years, and these reports started coming out in the late 70s, that there is a problem with this, but the Plymouth Rock syndrome means that if your campus is closer to Plymouth Rock, chances are you're going to get more campus based support, and the numbers pan that out. The farther you are from Plymouth Rock, the newer your institutions are, the larger your institutions are, and the more your institutions serve low income students needs to be weighted differently in the formula, much more like Pell Grants instead of based on previous formulas that do not support the fair share; they support what has traditionally happened, which is to protect

the money that they've been getting for 30 plus years.

COMMISSIONER ACHTENBERG: Could I ask one more question?

CHAIRMAN CASTRO: Please. Go right ahead.

COMMISSIONER ACHTENBERG: Conversely, there are investments that work. In the concept paper, we take a look at the TRIO Program and the GEAR UP Program, and I know various university presidents are going to be testifying today and tomorrow about all the strides that have made, that they have been able to make with their campus based programs, early assessment programs, cohort programs, Summer Bridge Programs and the like that do yield real results for low income students and for minority students, and do begin bridging that gap. Could you talk a little bit about your experience in that regard, and what has been working at LSU, for example?

DR. ALEXANDER: Well, what we know works is getting the right information in parents' hands and students' hands beginning as early as sixth grade. It's not showing up at orientation, it's sixth grade through, and those programs, GEAR UP and others do an effective job of reaching many students; however, GEAR UP and the TRIO Programs, it's been estimated only reach about one in 20 of those students that need them. So we're missing

19 of the 20 in terms of students that need those programs. The more effective way to follow TRIO certainly is to take a look at the campus based programs and allocate funding to institutions that are able to reach larger percentages of minority and low income populations. Those are your larger institutions, and we quite frankly have forgotten that in 1972, we were more interested in protecting private higher education from going under than we were protecting public higher education, which we just assumed would be picked up by the states, and their efforts would be continued by state funding.

Now that states have backed out of their responsibilities, then we need to ensure that any TRIO funding or any real campus based funding that is more need based and not have versus the have not based, or what has continued to happen, what needs to happen is that those federal funds need to be tied to continued state support. Maintenance of effort provisions need to be inherently added to the TRIO, need to be inherently added to any new federal funds that go to states because that will leverage state--federal funding to protect state funding of the institutions with the bulk of America's low income kids.

If we continue to pour money into a TRIO

or a campus based system in this structure, we're aiding Duke and DePaul University and the Ivy League at the expense of sitting and watching our public universities go out of business, of which the first state that will not spend a dime on higher education is Colorado in 2025. Louisiana is right behind them in 2027, and subsequently each state will withdraw their support, and continue to withdraw their support unless these federal funds are not used as leverage to encourage better state investment in its low cost and high service institutions to low income students.

COMMISSIONER ACHTENBERG: Thank you very much. Could you comment on how the current SEOG funding formula actually works--what is the formula that would allow for such disparate funding that you described earlier? I don't understand how--

DR. ALEXANDER: Well, there's been a lot of discussion about changing this since the late 70s, and in phasing out the institutional guarantee, and it's called a base guarantee component that needs to be phased out, that is based on history. That is not based on the number of low income students you serve, and that is the first component used in the formula. We've been trying to get that as the last component used in the formula so that the need based variable, like Pell Grant,

is the first allocation made through the formula. Currently, this base guarantee, I'm not even sure how they can justify its existence anymore. But what it does is it gives an institutional allocation, and it is based on more on what it had received in the past and what the institutions say to support their base allocation is that they charge more. So that they charge more; therefore they should get more.

Well, that is nothing more than an incentive to charge more, and SEOG gives them the incentive to get more money because they charge more money. Now, most of the institutions also that charge more are the same ones that put more money into merit based aid, which is also factored into the calculation because they call that an institutional expenditure. Well that's just a competitive--that's Brown versus Princeton, trying to outbid for a 4.0 student; it's not based on need. They consider that as being an institutional expenditure when it is merit based, and I would first of all, in any formula that supports a greater government allocation, federal or state allocation to an institution simply because they can charge more is exactly why the University of Phoenix made off with $3.7 billion in federal direct student aid last year, and only has an 11 percent graduation rate.

CHAIRMAN CASTRO: I'm going to ask--

DR. ALEXANDER: So the formula--the first premise needs to be changed from--the base guarantee needs to be factored out of the formulas for these campus based programs, and just simplify it. Base it on how many Pell Grant students they're actually serving. That tells you the number and the percentage of low income students they're actually serving; it has nothing to do with what they used to get or what a base allocation is, or what the cost of the institution is. I think perhaps it's the most perverse sort of educational funding that you could put in play is to base it on what a school charges, that therefore they get more, instead of who the actual institution is serving.

COMMISSIONER ACHTENBERG: Thank you. Go ahead.

CHAIRMAN CASTRO: Doctor, this is Chairman Castro; I have a couple of questions, and then my Commissioners Kladney and Narasaki will follow me with their questions.

DR. ALEXANDER: Certainly.

CHAIRMAN CASTRO: You mentioned the Plymouth Rock syndrome, and that reminded me of what Malcolm X had said about, you know, "we didn't land on Plymouth Rock, it landed on us," and then I keep thinking

that it continues to land on us, especially when you talk about the issue of these for profit colleges and universities. My senator, Dick Durbin, has been a champion of pointing out the challenges and the pitfalls that they present to students, particularly students of color and low income students. Could you talk a little bit more about that, and you mentioned that many of the students end up with defaults and heavy debt; it's my understanding as well that some of these students can't even transfer some of the credits they got at these schools, and therefore their "education" there is virtually useless because they cannot use it elsewhere, and also they've used up most of their financial aid with some of these for profit colleges. Could you talk a little bit more about that?

DR. ALEXANDER: Certainly, and the Demos report that I mentioned in my statement shows that as states have backed out of their responsibility, and as for profit--at the same time, many for profit institutions have jumped into the fray, the feeding frenzy on low income students has been quite extraordinary to the extent that our African-American and Latino students are ending up with the greatest amount of debt, with the least amount of degrees, and this--it's sort of a--it's a vulture mentality, that

they're playing on many of these low income students. They're also playing on our veterans, and Senator Durbin is well aware of it, and he's done a very good job at addressing these issues and starting to realize the magnitude of the problem.

Many of our low income students are getting sucked in based on convenience; they're taking out large amounts of student loans, and they're ending up in the greatest amount of debt compared to white students, and these are primarily Latino and African-American students disproportionately. So not only has the for profit sector gone after these students, but they've also gone after our veterans in the same way. We have many of these students coming to us, and even veterans coming to us saying we have lost all of our G.I. Bill benefits from institutions that are giving us no degrees or degrees that aren't worth anything, and I'll sue Corinthian Colleges as an example.

Corinthian with millions of enrolled students, now they have $1.3 billion worth of debt that the Department of Education is trying to figure out how to pick up because they went out of business. These institutions are everywhere and they do not live and die by the market, they live and die by federal direct student aid. Phoenix's total revenues were $4.3

billion last year; 93 percent of all the revenues came from the federal direct student aid system or the G.I. Bill benefits, with little regard to finishing degrees, with little regard to completion, with little regard to what the degrees actually mean.

That's why we've been fighting to keep the default mechanisms in place to keep these numbers to actually force institutions who get student aid to admit how much debt your students have. Unfortunately, despite $170 billion federal financial aid system that's in place, including tax credits and the direct student aid system, our low income students still have a 10 percent chance of getting a baccalaureate degree. And in addition to that, the likelihood of those students graduating with more than average debt is much higher, and the likelihood of them finishing without a degree is much higher.

That's why we need to re-examine what we're doing with the $170 billion and perhaps use that as leverage, as we did with the stimulus package, as we did with other forms of matching federal aid to institutions who want to be accountable, that have the low income populations, that unfortunately are not able to spend as much as other institutions are to educate these students.

CHAIRMAN CASTRO: Dr. Alexander, we're going to at the end of this entire process, make some findings and recommendations to the President and Congress on this issue. What recommendation would you give as a way to prevent some of these for profit colleges from even being at the trough where they're doing what they're doing as you've testified. Is there some way that we can change their access to these funds or is there a way to better police this?

DR. ALEXANDER: Well first of all, I would point out that we're the only OECD country in the world that gives public money to institutions like this, and I get questioned by my colleagues from Australia to Canada, that even questions the fact why are we giving money to institutions that were just created last year that accredit themselves. Number one, I would have--I would actually give greater authority to the Department of Education to oversee who gets accredited. And so the accreditation bodies, 30 plus bodies out there are accrediting anybody and everybody, which basically allows federal funds, $170 billion, to flow to those institutions. There has to be some sort of oversight at the federal level on who gets this money, and there isn't any oversight, and right now we've been in a fight to try to create some degree of oversight through default

percentages and others, but why are we the only OECD country in the world that insists that the federal government, even though it's the major revenue supplier to higher education, has no say in where the money goes?

I think the federal government has every right. States only spend $75 billion now, they're down to $75 billion, so the federal government is spending two and a half times, through their programs, for higher education, and they have no control over who gets it. So I would say first of all, the federal government needs to have greater oversight; they deserve that right since the bulk of the revenues are coming. I would say number two, the federal government needs to use its federal funding, as I mentioned, as matching funds to states to maintain the funding for higher education that states are backing out of.

People ask me about the Tennessee free community college plan. It's not the 75 percent of the cost that the federal government is buying out for the students that's so great for low income students in Tennessee, it's the fact that they only get the 75 percent funding for the student--to make community colleges free--if and only if Tennessee maintains its funding effort to two and four year institutions. Once Tennessee starts backing its money out, the federal

government backs its money out.

So there is matching federal funds to hold states accountable, and this is a big fight because I know folks in the Senate--and I'll be testifying next week on this--I know folks in the Senate don't like any more federal oversight of what states are doing, but if the federal government does not support the Cal State Long Beaches, the Cal State Dominguez Hills, the Trinity University in Washington with 50 percent African-American low income students, if the federal government is not going to prioritize those institutions and support them based on who they serve and whether or not they're affordable or not, then we're not going to have affordable public institutions in the starting in the next 10 years, because that's when Colorado is the first state to drop off the map.

So I would say that--two things. The federal government needs to leverage its resources to force states to maintain their state effort for keeping institutions affordable, and that opens the door for low income students and always has. And the second thing is that the federal government has every right in the world, which is what the whole ratings system was developed to try to do, was to help parents and students know whether the University of the United

States of America, which sits in an industrial park in Long Beach, was any good or not, whether their students end up in massive default or not, whether they get degrees where they can get a job or not. These are all the reasons why the federal ratings system has been discussed for six years, that we need to do a better job of holding institutions accountable, but we also need to do a better job at holding states accountable so they don't abandon their low income population at their low cost affordable public universities, like the Cal State University system.

CHAIRMAN CASTRO: Thank you, Doctor. I'm going to give the floor now to Commissioner Kladney.

COMMISSIONER KLADNEY: Dr. Alexander, thank you very much for all this good information, but I would ask you if you could provide us a proposed formula that you think--I mean, you made recommendations, but as far as the entire formula goes, to provide us a draft of that or several different kinds of proposals that we could look at, I would appreciate that.

DR. ALEXANDER: Okay. I certainly can do--I can do that, and the easy part of this is instead of basing SEOG's formula on what it used to, base it on what Pell Grants do, because Pell Grants are based

on student income, and they follow the low income students, and currently, we've being fighting to get SEOG and the campus based formulas to follow where the bulk of the low income students really are. So I will certainly--

COMMISSIONER KLADNEY: Okay, and then my second question is--this is pretty interesting because you were speaking about graduation rates, and I got the impression that you were thinking about tying graduation rates to funding and this and that. On the other hand, there are public universities and universities of color--I went to a public university that has a low graduation rate, not 11 percent, mind you, but under 50 percent, and I was wondering if it would be a good idea to cap the funding after five years and changing the formula to performance and graduation rates, something like that.

DR. ALEXANDER: Well, I'm not a big fan of rates because everybody knows you can improve your rate by just turning away as many low income students as possible. And what matters, what drives the economies are --if you could improve your rate at the time as you can maintain your low income access, at the same time you can maintain the number of graduates or increase the number of graduates that you're putting into the

work force, then those three variables have to be weighted equally. So if, even if we've got schools in Louisiana with four percent graduation rates, with 90 percent Pell students. Well, if we can help them get to where they're having a 25 percent graduation rate without losing the Pell population, we need to make sure we're measuring all of those equally.

I would say even more importantly , what could be done at the federal level, not necessarily about the performance side of this, but something that exists today is--which is completely opposite of what we do in K-12 schools, that if we had a 20 percent threshold that said that in order to get campus based aid, you have to have 20 percent Pell eligibility to receive it, this is another recommendation that would change the dynamics, because it would create the first incentive for basically rich institutions to start serving more low income students. Right now, it's kind of like going to New Trier or Naperville outside Chicago. We don't give Title I funds to the richest school districts in the country because they don't have enough free lunch students, but we give all this campus based aid to institutions that have no threshold, none whatsoever, on how many low income students they serve.

So if we were to create, even outside of

the graduation rate, but the federal programs which support and re-incentivize, create an incentive for institutions to at least serve 20 percent low income populations, I think that might get institutions more interested in serving minority, low income, underrepresented students. We don't give Title I ESEA funds to the richest schools in the country; there's a reason for that.

COMMISSIONER KLADNEY: Right. And you--but you mentioned in your answer about the four percent graduation rate to a 20 percent graduation--I mean, I am concerned about graduation rates, because I've seen schools with six-year graduation rates in the low 40 percents, and that surprises me because here we have experts and Ph.D.s in education holding themselves out as educators, being able to get students through college, and they're getting paid high and they get all these benefits; then you mentioned improving that rate to 20 percent. I mean, is that way to--is that a variable that can be in your equation?

DR. ALEXANDER: Well it could be. You know, I think most--the institutions with the four percent graduation rates and the 10 percent rates are one or the other. They're the poorest public universities or colleges in the country, number one,

or they're for profit institutions that don't really care if they graduate, number two. Those are two different dynamics and distinctions. The states need to put pressure, and the federal government through these programs could indeed put pressure on states to ensure that they are improving on their graduation rates and the numbers of students they graduate. It's more of a delicate measure, because I think that, for example, what we're able to do at Long Beach was --and we measured this carefully--but with 50 percent Pell students coming from 80 percent Title I schools, we were able to get our graduation rate from 40 percent to 60 percent, and we spent about $12,000 per student, which is among the lowest per student spending in the country of universities.

It's getting that rate up and getting--is a complicated and complex approach that involves everybody on the campus. Certainly we--in Louisiana, there is a debate about whether you close an institution that has a four percent graduation rate--and that's the Southern of New Orleans-- or do you merge it. There is pressure on them from the states to get their rates up, and 32 states have performance-based funding schemes that tie their rates to funding. It could be mentioned at the federal level; I think the most important dollars

that could be used and leverage that could be used at the federal level is to get the wealthy institutions in this country turned around and start serving more low income students. And that's the flagships, that's the research, public universities, because right now, there is a mad rush to out-of-state students to fund the higher education systems of our states. That is where the bulk of our low income student population is. They're in the community colleges, they're in our other public regional universities, and there's still some flagships that are committed, like the UCs, that are committed with 30 percent and above Pell students.

But without any threshold being set by the federal government say that you must serve this amount to get these campus based funds, we're still going to give Duke twice as much money in work study than we're giving to Cal State Fullerton or Texas El Paso, which is 80 percent minority students and 60 percent Pell eligible population.

COMMISSIONER KLADNEY: Thank you so much, Doctor, and I appreciate it. Hopefully you can give us those formulas, written formulas.

DR. ALEXANDER: I certainly will.

CHAIRMAN CASTRO: Okay, we're going to move on to Commissioner Narasaki, then the Vice-Chair, and

since we're already over time, I'll give Commissioner Yaki the last question.

COMMISSIONER NARASAKI: Thank you Mr. Chair. Sir, I have a couple of questions. One is that despite the fact that, as you lay out, the elite schools and flagship schools who are, you argue, get a disproportionate amount of funding from low income, given how many students are enrolling. So how do we get them to serve more low income students in their states? President Obama has proposed a Pell bonus for colleges that enroll and graduate low and moderate income students; is that something that you agree with, or do you have alternative proposals? And why is it that the Ivy League schools are not enrolling more, even though they're getting a lion's share of support? What would you do to get them to increase their service?

DR. ALEXANDER: Number one, I think that you need to fund the schools that are committed, that show their commitment, much like we do in Title I with K-12 schools. The Ivy League are the richest universities in the world and have the smallest percentage of low income students in the country. And so I think one reason they do that is because--and one reason we worked on a federal ratings system is because they pay attention to U.S. New and World Report and the

affluent ranking systems.

The affluent ranking systems in the United States, first of all, rank institutions based on many kids they turn away, not how many students they educate, number one. Number two, they rank them on how much money is spent per student, which ultimately disadvantages every public university because they have scale. If you spend the most amount of money on the fewest amount of students, you rank extremely well. Thirdly, low income students drive your score down in these ranking systems. Low income students, they hurt your selectivity index, they hurt your graduation rate, which is 20 percent of the score, and they hurt multiple measures that puts you at--instead of being third in the country on these rating systems, you drop to 12th. That's what they've been paying attention to closely.

The federal ratings system was being put together as a counter proposal to get better information in the hands of parents and students, to reward institutions who are serving and graduating low income populations. So I support the fact that--the Cal State university system was the first system in the country to not only make it available, but we to this day, as we do at LSU now, we list how many Pell students we serve and what percentage of those Pell students actually

graduate as a percentage of the graduating class. In addition to that, how many of those graduating students are African-American, how many of those graduating students are Latino, how many of those graduating students are female, how many of those graduating students are Asian-American.

This is an accountability issue that needs--what should have happened is that the federal government should have grasped on to what the Cal State University System did, and forced everybody to admit this information. We could not--it was in 2005 and '06 that we had to get federally legislated through the Reauthorization of Higher Education Act just to get those very schools to admit how many students graduate with debt, and what kind of debt are they graduating with. So the counter-proposals that are--the proposals that are out there are indeed good ones; we need to reward the schools that are serving the highest cost students the best, and then make them the role models of where these funds ought to be going to; not Duke and not Harvard. They're not role models for any of us to follow. The role models are Texas El Paso; the role models are Cal State Long Beach. Those are the role models that should be getting more funding than Duke does, and that's the perverse incentive that's set up

in this structure.

So I would say why are they not serving low income students? Well, because their rankings will go down if they do, and my question is why don't we put a federal threshold in place, like we have with Title I schools? And if for those schools that are at--Washington University in St. Louis, one of the wealthiest universities in the world, has seven percent Pell.

COMMISSIONER NARASAKI: So let me ask you--

DR. ALEXANDER: Why don't we tell Washington University that you cannot get--

COMMISSIONER NARASAKI: --right, so--

DR. ALEXANDER: --SEOG or campus based funds?

COMMISSIONER NARASAKI: So it sounds like one of the things you might support is an alternative ranking system to what the magazines put out that would help provide incentive for some of these colleges to do better. I also wanted to ask, some say--some of our witnesses are going to be saying today that some federal funding needs to be directed to institutions directly rather than through students to help them provide greater support for the students who need help. There's a lot of testimony about the fact that many students

are going to schools not fully prepared for a college load, or because they have complicated family situations, might need more counseling or help in identifying funding streams and things like that. So where do you stand on that issue?

DR. ALEXANDER: I think that is a critical question, and the fact of the matter is I'd like to take us back to 1972. In 1972, because private higher education wanted the voucher system, the market based system, public higher education wanted institutional support to help the low income populations that they served. Public higher education lost the argument in 1972, and went into a free flowing voucher system that has gotten so out of control that we have for profit institutions in every industrial park in the country now. Now, what was also passed as a compromise in 1972 was a program called the Cost of Education Allowances, and this is why your question is so timely. The Cost of Education Allowances were passed as a component or a program that would take $2,500 and it would flow directly to the institution that enrolled the Pell Grant student.

So yes, that was actually passed by Congress in 1972, but has never been funded. So it was supposed to be a companion program that said if you take--which

also created an incentive for institutions to take low income students instead of the disincentive of the cost of remediation and all the other disincentives. But if we simply went back to funding the Cost of Education Allowances that were passed by Congress in 1972, that sent $2,500 to every institution per Pell Grant student, it would have tremendous effect in supporting the student service programs, the counseling programs, the advising programs, the remediation programs, developmental education programs; we just never funded it.

So we just assumed that these low income kids, once they left their Title I schools, didn't have any other institutional needs, and they were equal to everybody else. We'll just give them tuition-based money and let them flow into the universities, but we never supported the institutions that admitted those students, which would help Trinity, which would help Berea College, who has 90 percent low income kids, which would help Cal State Long Beaches and the Cal State System immensely. Why don't we just do what we authorized in 1972, and that would be the simplest remedy to the question, which is a great question. I've asked why haven't we done that? It's been 50 years.

CHAIRMAN CASTRO: Dr. Alexander, I'm going

to turn it over to our Vice Chair for a quick question, and then Commissioner Yaki will follow with the last question.

VICE CHAIR TIMMONS-GOODSON: Thank you very much, Mr. Chair. Dr. Alexander, first let me commend you on that wonderful history of the funding of higher education, I found it especially enlightening and I'm sure some of my colleagues do as well. You have made the point that the federal government is in fact the major supplier of higher education, specifically supplying some $75 billion annually, and that represents some two and a half times what states are putting in. You've advocated that the--we ought to go to a matching funds model, where I assume the federal government would tie its support to state institutions to the amount of money, under some formula, that they put in. It's sounds like a great notion to me. I was wondering though what is the--what are some of the arguments that you have heard in opposition to such a thing?

DR. ALEXANDER: Well the primary argument comes from Senator Alexander in Tennessee. He says he's a states' rights guy. And I asked him point blank--and I'll be testifying next week to his committee, the Health Committee on the Senate side--I've asked him do states

have a right to get out of their public higher education obligation. Is that a right? And do they have a right to accept federal money while they're doing it? And I'm still waiting for a good answer. The beauty--a couple of examples of history have proven very effective. SSIG was created in 1972 to get states--to create state student aid programs. Within 10 years, about 15 states grew to 40 states that had federal matching funds that created state student aid programs, that's your TAFT program in New York, your MAP program, your CAL grants in California. They weren't created prior to federal leverage and federal matching funds.

The second best example is in the stimulus packages. The three stimulus packages that we put into effect, you could only take education funds in the stimulus packages if and only if states did not cut their budgets below the 2006 funding level. Now, we had 48 governors against us on this, and it passed in conference by one vote, and once that language went into the stimulus packages, 20 states within six months cut their funding levels to the very threshold before the federal government told them to stop. Even Senator Alexander--and I reminded him of this--Tennessee at that time, even though he hates more federal leverage, Tennessee had a $1.1 billion higher education fund that

they funded public higher education with. Tennessee cut their funding to within $13 of where the federal leverage kicked in to penalize Tennessee.

Federal matching funds, federal leverage works, and it has been proven time and time again that it works. I'm just puzzled why we assume that higher education, unlike highways, unlike Medicaid, unlike the next generation of students that need higher education, why aren't we tying federal leverage and matching funds to the states and holding states accountable as well. It works, it's proven to work, and I know who's against it; all the governors. The NGA is against it, Senator Alexander is against it because he doesn't like the other federal leverage that's in place.

CHAIRMAN CASTRO: Dr. Alexander, I'm going to turn it over to Commissioner Yaki for the final question. Commissioner?

DR. ALEXANDER: Okay.

COMMISSIONER YAKI: Thank you very much, Dr. Alexander. A quick question. What would--just to play devil's advocate, what would be the response of a Harvard or a Duke to what you say here today? What do they traditionally say back to you with regard to your accusations that they are receiving disproportionate funds and--but do a

disproportionately less number of disadvantaged students as part of their classes?

DR. ALEXANDER: I would ask why aren't they serving twice as many low income students; they already spend--

COMMISSIONER YAKI: I'm sorry; my question is more what is their traditional response to you when you make these statements? How do they--maybe you can't state how they defend themselves, but I'm curious as to how--what they do say. Is it because the students that they do admit have such a large disparate economic disadvantage that they have to put disproportionate resources to those individual students, so the cost per student is that much greater, or what is that they--how they justify the position they're in vis-a-vis your university or a Cal State Long Beach?

DR. ALEXANDER: Well, you know, first of all, I would point out that a history class at Cal State Long Beach doesn't cost any more than a history class at Harvard; they just choose to pay their people three times as much, number one. Number two, I would question the fact that they have $40 billion in the bank and why don't they have twice as many low income students, of which they've committed to doing in 1972, because that was their promise that they would make themselves more

accessible and they would control their costs better having been able to get federal funds. Their argument to me is that nothing should change, the money should follow the student and that the institution should not be held accountable based on federal regulations that question whether or not they're serving enough low income students or not.

They don't want anything to change, and in fact, they've lobbied against using federal leverage to encourage states to keep colleges affordable, because that allows them to increase their costs more readily when we look and act more like private institutions. So they have won in the first 50 years of the Higher Education Act. They've won in per student spending, they've won in salaries, they've won in rankings. The question is what are we going to do in the next 50 years to salvage public higher education universities and colleges? Now they don't care quite frankly what happens to UMass Amherst. They really don't' care what happens to Louisiana State or Cal State Long Beach, as long as they rank better, because they're the winners in this, and that's why they lobby--that's why they're on the opposite side of the table.

They don't want a 20 percent threshold in low income students, and quite frankly the reason I set

my recommendation at setting a threshold at 20 percent is because it is primarily the richest publics and the richest privates in the country that have less than 20 percent. And why don't we create incentives to force those institutions, if they're going to enjoy public funds, incentivize those institutions to be more public. I've argued with--they've been on the opposite side of the table with me every time we try to change any of this.

CHAIRMAN CASTRO: Thank you very much.

DR. ALEXANDER: One reason SEOG works like it does, one reason the campus based funds work as they do is because of Harvard's objection to changing the way it works right now and how it's worked in the past.

CHAIRMAN CASTRO: Thank you very much, Dr. Alexander. Are you done?

COMMISSIONER YAKI: Yes.

CHAIRMAN CASTRO: Doctor, thank you so much for your presentation; I know we've gone a little the time we said we would, but the information was extremely important to us, so thank you. Any additional--

DR. ALEXANDER: I hope it helps.

CHAIRMAN CASTRO: It did, and you can provide any additional information to us after that fact, and we will now take a break until 1:00; we will

resume the panel with Panel number 2. We're adjourned until 1:00.

DR. ALEXANDER: Thank you very much.

CHAIRMAN CASTRO: Thank you, Doctor.

(Whereupon, the meeting in the above-entitled matter went off the record at 12:17 p.m. and resumed 12:59 p.m.)

A-F-T-E-R-N-O-O-N S-E-S-S-I-O-N

PANEL II

FEDERAL GOVERNMENT OFFICIALS

(12:59 p.m.)

CHAIRMAN CASTRO: It's one o'clock, we'll be calling the hearing back into order. I'm Marty Castro, Chair of the Commission. For those panelists who were not here earlier, I just want to briefly explain the system of warning lights that are here. Every one of you will have seven minutes to speak, after which we will ask you a series of questions. That seven minutes will be timed using this series of lights. Green start; yellow you've got to wrap up in two minutes, and then red of course stop; at that point I ask you to stop and then we will try to pick up where you left off when we ask you some questions. We've got a really great panel for us this afternoon. I want to introduce the panelists before I swear them in.

Our first panelist is Dr. Dan Weinberg with the Census Bureau, our second panelist is Dr. John Gawalt with the National Science Foundation, our third panelist is Dr. Tashe Innis, who is also with the National Science Foundation, I think you're on loan, as I remember reading in your bio. And our fourth

panelist for the second panel of the day is Ms. Valeria Carranza with the Congressional Hispanic Caucus. I will now ask you to each raise your right hand and swear or affirm that the information that you're about to provide to us is true and accurate to the best of your knowledge and belief; is that correct? Yes? Okay, great. Dr. Weinberg, please proceed.

DR. WEINBERG: Thank you for inviting me to present testimony today. One correction, I was with the Census Bureau for 25 years, but retired last year. I'm now a visiting scholar at Virginia Tech.

CHAIRMAN CASTRO: Thank you.

DR. WEINBERG: Maybe you got me under that affiliation because I'm going to talk about data, that's what the Census Bureau does. While I'm a visiting scholar there, this is solely my own testimony. I'm going to focus on the data sources that have the potential to illuminate the possible civil rights impact that access to and completion of higher education at four-year flagship universities has on minority socioeconomic mobility. As a prerequisite, I assume that the Commission will settle on a definition of a flagship university that could be applied uniformly throughout the country, since as far as I know, no such official definition exists.

To obtain useful research results about the question at issue, that is how an individual's earnings can change, one must focus on the characteristics of those individuals and how they affect later outcomes. A short list of factors that might affect socioeconomic outcomes including individual characteristics, parental characteristics, housing characteristics, neighborhood characteristics, and school characteristics.

COMMISSIONER KLADNEY: This is Dave.

CHAIRMAN CASTRO: Oh, thanks Commissioner. We're already with witness testimony.

COMMISSIONER KLADNEY: Oh, I'm sorry. Okay.

DR. WEINBERG: All these factors can play a role, and it's unlikely that all of them will be present on any one data set. The key data sets for comparing cohorts of individuals over time are the long form of the decennial censuses and the relatively new American Community survey, a replacement for the long form begun in 2005. In my written testimony, I presented an example of earnings estimates published from the 2013 ACS, and principle one could tabulate the ublic use micro data back to 1960 to estimate returns to education for particular groups classified by age, but the micro

data does not identify the educational institutions attended by the respondents, so that's pretty much a dead end. However, the tabulations could provide a useful baseline.

The most promising avenue to understand the issues raised by the Commission is by using longitudinal data; that is, data collected on the same individuals at many points in time. If the data set had all the information one would need, one could then compare socioeconomic outcomes for minority individuals with those from non-minority individuals with the same background, such as those attending college or those not attending college, and those attending four-year flagship universities with those attending other four-year institutions. A warning though, in any such comparison, the analyst must pay particular attention to issues of attrition and selection bias. In any longitudinal survey, not all of those interviewed in a prior year are willing to be interviewed again, and people who attend college at all, or a flagship university in particular, are different from the ones who do not in ways that are potentially not accounted for by the observed characteristics.

One particular survey worth noting is the National Longitudinal Survey of Youth. The 1979 survey

was a nationally representative sample of over 12,000 young men and women born between 1957 and 1964. They were interviewed annually through 1994; they were first surveyed in 1979 and annually through 1994 and biennially since then. The 1997 cohort of the NLSY followed the lives of a sample of youth born between 1980 and 1984, interviewed of course first in 1997, and they've been surveyed 15 times to date, and now are interviewed biennially. This survey does include questions about the respondents' high school and college experiences, but the actual college attended is probably known to the survey administrators; it's not part of the public use data.

There is a series of national longitudinal surveys done by the--excuse me--longitudinal surveys done by the National Center for Education Statistics that focuses on typically a high school class, high school seniors, and follows for several years thereafter. I'm going to skip in the interest of time, skip a little more detail and explanation of those, but it might be possible to use those surveys to understand the early years of socioeconomic progress for minority college students. There's also something called the Baccalaureate and Beyond study they do, which takes a sample of college seniors and follows them for several

years, and the internal files for that survey do identify the colleges and universities.

And the final source of data to understand the issue before the Commission is administrative records, data created for another purpose that can be assembled into a data base to examine your questions. This approach is epitomized by the data systems established under NCES' statewide longitudinal data systems grant. One such system I'm somewhat familiar with is the Virginia Longitudinal Data System, and the State of Virginia has linked elementary, secondary and post-secondary school information to earnings and welfare receipt. Its major advantage for addressing the issues the Commission is interested in is that all of the colleges and universities attended are identified in the public use data. So once again, once you come up with a definition, you can look at those attendees versus attendees at other universities. One key drawback is that only residents of Virginia are tracked, so the lack of full data on in and out migrants may bias the results, but to the extent that findings of a study focused on Virginians could be replicated in other states, and there are 47 states with grants to create such systems; such cross validation can give more confidence in the findings.

In sum, this VLDS seems like the most promising for immediate work since it contains information on schooling as well as earnings data, and is available via the Internet. Another route I would recommend is that the Commission explore whether the National Longitudinal Surveys of Youth can perhaps create a new restricted use file that identifies flagship universities in the sample. They've done this for other users, the BLS is the sponsor, they've created a geographically-limited restricted use file, and so this is something worth investigating. Thank you for your attention.

CHAIRMAN CASTRO: Thank you, Dr. Weinberg. Dr. Gawalt, you're next.

MR. GAWALT: Yes, thank you. Thank you for the invite.

CHAIRMAN CASTRO: You're welcome. Make sure your mic is on.

MR. GAWALT: And because I guess we're under oath here, for clarity, I do not hold a Ph.D. Anyway, I'm John Gawalt, director of the National Center for Science and Engineering Statistics. We are an organization, an agency within the National Science Foundation. We are one of the 13 principal statistical agencies of the U.S. federal government.

COMMISSIONER YAKI: Could you move your mic a little closer to you?

MR. GAWALT: Sure. And we were established really many years ago, but formally given our name for the Competes Act of 2010, primarily responsible for producing data analysis relevant to the U.S. Science and Engineering counterparts. We do that by collecting primary data, by engaging in activities that promote the use of data, and by disseminating information through a series of information products and compiled reports and data files. Today I want to talk about information we have in two of my reports; I've made those available to you this afternoon. One is Women, Minorities and Persons with Disabilities in Science and Engineering, and the other is Doctorate Recipients from U.S. Universities.

The Women, Minorities and Persons with Disabilities in Science and Engineering report is biennial, provides statistical information about the participation of these groups in science and engineering education and employment, and it's one of the signature reports produced by my organization. It is mandated the Science and Engineering Equal Opportunities Act, it is produced biennially. We produce this formal report in digest form, but also if you read it online, there are

numerous detailed tabulations with richer data that support the findings in the report itself.

So, the representation of certain groups in science and engineering education and employment differs from the representation of the U.S. population overall. That is to say that they are disproportionately smaller and--I'm sorry, I'm off on my notes. Blacks, Hispanics and American Indians/Alaskan Natives are considered underrepresented in science and engineering, and that is they are disproportionately smaller percentage of SME degree recipients that are employed scientists and engineers in the U.S. population. Asians are also a minority group that are considered to be over-represented among SME degree recipients and those employed in SME.

Those shares are rising proportionate on represented minorities earning bachelor's and doctoral degrees in science and engineering and non-science and engineering field overall is lower than 30 percent. As you can see from this chart, underrepresented minorities earn just under 20 percent of the bachelor's degrees awarded, and there's little difference between science and engineering and non-science and engineering fields. At the doctoral level, represented here by the dash line,

the proportions are lower, with the share of degrees earned by underrepresented minorities in science and engineering fields being well below than those in non-science engineering fields.

I want to turn your attention to the progress of minority women and men in science and engineering degree awards. In this slide, the orange lines correspond to the bachelor's level, and the green line correspond to the doctoral level. Underrepresented minority women are the solid lines, and underrepresented minority men are the dashed lines. You see the underrepresented minority women are a higher proportionate of science and engineering bachelor's and doctorates than underrepresented minority men and the solid line is higher than the dash line at both degree levels, and the gap is particularly large at the bachelor's level. An interesting related finding here is that, in the case of whites, we observe the opposite pattern. White women earn a lower proportion of science and engineering degrees than men at all degree levels. In the case of Asians, we see that Asian women and men similar proportions of SME degrees, and these figures can be found in the Women and Minorities report.

Looking at trends, we can see the numbers of all bachelor's degrees by minority group. You can

see the overall increase with the number of degrees earned by Hispanics surpassing those earned by blacks in 2012. The trend is similar for bachelor's degrees in science and engineering fields, but the crossover point occurs in 2009, a few years earlier, with the bachelor's degrees overall.

In this slide, we see the proportion of underrepresented minorities earning bachelor's degrees in different SME fields. We see the proportions of underrepresented minorities lower than 30 percent in all broad fields, but they are highest in psychology and the social sciences, followed by computer science and increase faster in psychology and social science than any other SME fields, with the proportion of underrepresented minorities earning degrees in more math-intensive fields is particularly low.

And previous slides should--to recap, this slide shows the trend in shares of bachelor's degrees earned by underrepresented minority groups, even though the number of bachelor's degrees awarded to Hispanics and blacks went up considerably in the last two decades, the share of bachelor's degrees awarded to blacks has held steady at around nine percent since about 2000, while the share of SME bachelor's among Hispanics continued to increase over the period.

Now I want to focus on information that we have at the doctoral level; this information comes from the report that you see here, which you also have a copy of. Of the approximately 52,000 research doctor degrees awarded at U.S. institutions, and in 2013 represents the highest number of degrees awarded--I'm going to skip along here--and every year the number of SME fields degrees exceeded the number of non-SME fields. And participation in the doctoral education by underrepresented minority groups who are U.S. citizens or permanent residents is increasing as evidenced by a 70 percent increase in the number of doctorates awarded to blacks and African-Americans in the past 20 years more than doubling the Hispanic or Latino doctorate recipients. But the proportion of doctorates awarded to blacks and African-Americans has risen from 4.5 percent to 6.4 percent in 2013; proportionately, Hispanics from 3.4 to 6.3 in 2013.

Minority U.S. citizens and permanent residents doctorate recipients of different racial and ethnic backgrounds are more heavily represented in some fields than in others as you can see from this chart. An interesting bit of information you get from the survey of our doctorates in this report is the pattern of parental educational attainment, and you can see that

there is a difference between those underrepresented minorities and other groups. Another source of data we have is data we have on the workforce, and you can see that of the science and engineering work force here, and these are people who have been in the workforce for about four decades, so we have a lot of older cohorts, the proportion of blacks in SME occupations is lower in proportion to the U.S. workforce overall.

And I wanted to wrap up with one last reference to some of the data Dr. Weinberg had mentioned, and that was the American Community Survey. It's a very important survey, and some of you might want to look at the data that comes from that survey done by the Census Bureau. We added in 2009 a question on field of degrees, and that will allow you to disambiguate to understand who's a scientist and engineer and who's not in that file, and therefore you can analyze the data and subset the group that's of interest to you. So, looking at that will be very helpful.

CHAIRMAN CASTRO: Thank you, Doctor. Dr. Innis? I'm sorry, you're not a doctor. I know you said that.

MR. GAWALT: That's all right, I'm fine. Thank you.

DR. INNIS: Good afternoon, thank you so

much for the opportunity to present to you. I'm going to take a different tactic; I'm actually going to talk about a program that I work with at the National Science Foundation which I think has helped to contribute to the numbers, the successful numbers of students underrepresented in STEM. I am a mathematician from Spelman College, and I'm doing a rotation at the National Science Foundation in the Education and Human Resources Directorate. I work with the Louis Stokes Alliances for Minority Participation. So, today I will talk to you about the LSAMP Program and the different tracks, the funding tracks that we have and the numbers that have come out of LSAMP.

So LSAMP is a national program that was established in 1991; every year, Congress supports the continuation of the program. And the goal of LSAMP is to significantly increase the numbers of students historically underrepresented in STEM who successfully complete high quality baccalaureate degree programs in STEM. So when we say underrepresented students in STEM, we're referring to African Americans, Hispanic Americans, Native Americans, Pacific Islanders, Alaska Natives. Those are our target groups, and our emphasis is on transforming STEM education through innovative recruitment and retention strategies and high quality

undergraduate experiences for these students.

Currently, we have 45 active alliances across the nation, and that include alliances in Alaska, Hawaii and Puerto Rico. Our alliances are multi-institutional, so each alliance can be made up of flagship universities, four-year institutions, research one institutions, liberal arts colleges, comprehensive colleges, so they are made up of a multitude of institutions. And in our alliances are over 600 institutions, so our program is far-reaching across the nation. In terms of the results for our 45 active alliances across the nation, just in the 2013-2014 academic year, we had over 36,000 baccalaureate degrees that were earned by students underrepresented in STEM. And if we look at the statistics of LSAMP versus non-LSAMP students, we notice that in terms of persistence and retention, we have better statistics.

For LSAMP, 45 percent completed--excuse me--65 percent pursue graduate degrees, whereas non-LSAMP students only 45 percent pursued graduate degrees. So our goal not only is to help our institutions develop comprehensive programs to help students of color earn baccalaureate degrees, we also have another track in LSAMP called Bridge to the

Doctorate. Bridge to the Doctorate was established in 2003, and this is a program that is focused on funding students for the first two years of their graduate studies in STEM, and we have noticed that--if I can remember correctly--a large percentage of the students who earn baccalaureate degrees from LSAMP institutions go on and receive at least a master's degree.

Another program that I want to talk about, because there is a focus at the National Science Foundation on Hispanic serving institutions, we have another program called Bridge to the Baccalaureate, that's another track in LSAMP. Bridge to the Baccalaureate actually is an alliance of two-year institutions or community colleges, and the goal for B to B--that's what we call it, Bridge to the Baccalaureate--the goal for B to B is actually to increase the transfer rate of students underrepresented in STEM, so four-year institutions in pursuit of a four-year STEM degree, and that actually has been very successful. I have one example in New Jersey, where we have the Garden State LSAMP that's actually working with the Northern New Jersey Bridge to the Baccalaureate, and they have a nice partnership and collaboration.

I wanted to talk about, last but not least, along with Bridge to the Baccalaureate and our

traditional alliances and Bridge to the Doctorate, not just in LSAMP, but we have funding opportunities at the National Science Foundation that has been advertised in what we call Dear Colleague letters, and there are two Dear Colleague letters that are currently out there that are focused on two-year Hispanic serving institutions, and it is to increase the capacity of these institutions, to support the students to earn baccalaureate degrees and then go on to four-year institutions. LSAMP has been a very effective and productive program, and I think that we will continue to support the alliances so that they can support the students so that we can have increased statistics for these students underrepresented in STEM. Thank you.

CHAIRMAN CASTRO: Thank you. Ms. Carranza?

MS. CARRANZA: Thank you. My name is Valeria Carranza, and I'm the Executive Director of the Congressional Hispanic Caucus. Thank you for the opportunity to testify about the importance of federal financial aid programs on minority-serving student enrollment at bachelor degree granting colleges and universities. I'm here to be just one voice for the Latino communities across our country whose educational success and livelihood are affected by these financial

aid programs. Can you all hear me?

CHAIRMAN CASTRO: I think your IPad wifi is interfering with the microphone.

MS. CARRANZA: Oh, okay. As an ardent education advocate, and most importantly as a first generation college graduate, I am here to advocate and support our federal financial aid programs. Looking at me today, you wouldn't know that I'm the daughter of Salvadoran immigrants who came to this country without knowing English. My grandpa is illiterate; he doesn't know how to read or write. My grandma had a second grade education, and both my mom and dad had to drop out of high school in order to raise me. My mom was 16 and my dad was 17 years old when they had me. Growing up, my parents both had two full-time jobs; my dad flipped burgers at Tommy's and cleaned cars at Avis Rent-A-Car. And in order to put food on the table, my mom delivered the Los Angeles Times at three in the morning and stocked shelves at Pick 'n Save.

Still, my family saved what little they could in order to buy school supplies for my brother and me. My mom would put our school uniforms and shoes on layaway at Pick 'n Save so we could have one new outfit a year, just like everybody else at our school. My family has always valued education, but words like

"SATs" or "FAFSA" were not in their vocabulary. They themselves had never applied to college, and had no idea there were scholarships or financial aid for students like me.

My story is not unique. It is the story of many first generation students, Latino students and poor students. According to the Higher Education Research Institute at UCLA, median family income is $37,565 for freshmen whose parents did not attend college. Families whose parents did attend college have a median income of $99,635. That's more than two and a half times more a year than those families without a college degree. The numbers are even worse at Ivy Leagues; according to the Dean of Admissions and Financial Aid at Harvard, more than half of Harvard's freshman class come from families making over $125,000 a year. This includes 15 percent with incomes between $250,000 and $500,000, and almost another 14 percent who make over half a million dollars a year. In contrast, many of the 15 percent like my family, who are first generation freshmen, earn under $40,000.

Growing up, the only expectations of me were one, don't get pregnant; and two, graduate from high school. Even though I was at the top of my class with honors in the Law and Government magnet program, a

college education seemed like a dream. A few years ago, I traveled and participated in a sister cities program with my local county government, to my family's native country of El Salvador. In a high school classroom, we asked students how many of them would like to go to college. Not a single student raised their hand. We rephrased the question; we're not asking how many of you plan to go to college; how many of you dream or would like to go to college? Still, not a single hand went up. A student then volunteered the answer and said "Why would we dream of going to college when we know the reality is that we will not, we cannot afford it?"

This classroom and this student could have easily been in the United States in one of the congressional districts of our Congressional Hispanic Caucus members. For Latino students, as with many minority students, college costs and available financial aid are among the most significant factors that influence their decision to enroll in college. As average tuition costs rise and financial aid amounts decline, we run the risk of making access to higher education an out of reach dream for low income students.

According to a college board report, almost 60 percent of undergraduate students receive some sort of financial aid to help them pay for their education.

Department of Education data also shows us that a decrease in portion of federal aid is distributed according to need. IN recent years, low income students received a lower share of grants for financial aid. Given that many Latino students come from low income families, the limited availability of financial aid, the increase in costs of higher education both prohibit Latino participation in higher education. The implications of funding education at all levels are very real. Latinos are the fastest growing demographic, and it's projected that in 2050, we are going to make up 30 percent of the nation's population.

These aren't just statistics or projected data; this is the future of our country. These are our future teachers, researchers, explorers, innovators, and leaders. Many of our CHC members are themselves the first in their families to go college, and that's what fuels them to keep fighting. Higher education further empowers the nation's democracy by developing an educated community who is better able to participate in political and civic life. A work force that is both highly educated and diverse strengthens our economy. Higher education increases economic mobility and reduces income inequality, and begins the process of ending the cycle of generational poverty. I know this

through research and through my own personal story.

This is the story of so many of us. My former high school has the highest number of students in foster care and on probation in L.A. County. The area is plagued by violence stemming from gangs; as a result, Los Angeles has issued a city court ordered gang injunction for the area. The median household income is nearly $10,000 lower than the U.S. average. Many students in low income areas like the one I grew up in barely graduate or even make it out alive. That is the importance of funding education, and most importantly, financial aid programs and mentorship for these students.

Students need to know that there are choices and paths for them after high school, that there's a path to building a better and more self-sufficient life for themselves and their families. These students have so much potential to be our future leaders. WE need to invest now, not tomorrow or in the future, to have a work force that reflects the America that we are. Thank you.

CHAIRMAN CASTRO: Thank you Ms. Carranza. Commissioner Achtenberg, do you want to lead off the questions?

COMMISSIONER ACHTENBERG: Thank you Mr.

Chairman. I'd like to ask Ms. Carranza if you could talk about the Reauthorization of the Higher Education Act that is being considered now, and what kinds of changes, if any, are being talked about that would result in the federal funding more readily addressing the kinds of priorities that you identified in your statement?

MS. CARRANZA: So this Congress, the Congressional Hispanic Caucus has not reauthorized its principles; however, last Congress we identified the following six priorities within HEA. One, improve college affordability; two, strengthen the capacity of HBCUs and minority serving institutions; three, improve education quality and student success by increasing funding for first-year student retention and success programs; four, promote college readiness for students of color and disadvantaged students through programs like GEAR UP, TRIO and HAPCAMP; five; increase the recruitment and retention of teachers of color; six, support access, participation and success for undocumented youth.

COMMISSIONER ACHTENBERG: And is it the view that if these were more extensive priorities for the federal funding, that there would be movement, positive movement in terms of numbers of low income and minority students who would be better prepared to enter

the university, more likely to be retained, and more likely to achieve the baccalaureate? Is that the sense of your members that these priorities might yield some progress on that score?

MS. CARRANZA: Yeah, these are preliminary priorities based on last Congress, and I think as we develop and also look forward to the outcome of all the testimonies here today, we will also develop our priorities for this Congress and keep pushing. But I think this is at least a good snapshot of certain priorities in funding that we believe will make some kind of impact in low income communities. And you know we saw something similar with the Elementary Secondary Education Act earlier this Congress, when we were seeing cuts, especially in low income areas, and when we talk about low income areas, we're primarily talking about black and brown communities. And in contrast, we were seeing more funding in higher income areas, and so that's kind of what it goes down to in both the K-12 but also beyond that through higher education is funding for more of these support systems.

COMMISSIONER ACHTENBERG: And might I ask a question of Dr. Innis? You talked about some promising programs, and that through these LSAMP programs and partnerships, certain statistically

verifiable progress is being made. Could you be more specific about some of the practices that you're utilizing, and what the statistics tell us about the success or failure of those practices?

DR. INNIS: Yes. Thank you for the question. With LSAMP, we support alliances and institutions and we allow them the flexibility to design the program as they see fit based on their particular institution or regional context. But what I can tell you is that in 2006, the Urban Institute did an evaluation of the LSAMP program and developed what we call the LSAMP model. And there's certain elements in the LSAMP model that a lot of our alliance institutions implement that we think are effective or best practices. These include summer bridge programs, sometimes with a focus on math. Definitely scholarship support for funding a college education, peer study groups, undergraduate research experiences, peer mentoring, attendance at conferences, internships, supplemental instruction by students.

And so a lot of these are what we call our retention strategies for LSAMP, and we found that they really--it's creating a very cohesive cohort of students that support each other, and then to have very committed and dedicated faculty at the institutions that are

committed to the success of these students. And I'll just tell you I gave the overall number in 2013-2014, but if I were to break it down by race and ethnicity, over 13,000 black or African American students earned baccalaureate degrees in STEM; over 19,000 Hispanic or Latino, over 1,100 Native Americans, over 500 Native Hawaiian or Pacific Islanders, and we have 2,221 who reported more than once race. And so these numbers are based on the different strategies that are utilized at the different alliance institutions.

COMMISSIONER ACHTENBERG: What percentage--are there percentage increases that you can--I mean, I understand those numbers in the aggregate, but what kind of increase, if any, do those numbers represent?

DR. INNIS: That's actually a very good question. So when an alliance is funded for their first five year grant period, they have to commit to doubling their numbers over the five year period, and we have alliances that have been in existence over 20 years. And so what happens is in terms of the percentage increase, they are significantly increasing the numbers using these strategies.

COMMISSIONER ACHTENBERG: So we know these strategies work, is that correct?

DR. INNIS: Yes.

COMMISSIONER ACHTENBERG: And how is this funded? How is this initiative funded?

DR. INNIS: So LSAMP is a program at the National Science Foundation, and we receive our appropriations from Congress as part--so the President presents his budget, and then Congress makes the appropriations.

COMMISSIONER ACHTENBERG: Thank you very much.

DR. INNIS: Thank you.

CHAIRMAN CASTRO: Commissioner Yaki?

COMMISSIONER YAKI: Thank you very much, Mr. Chair. Just a personal note to Ms. Carranza, my wife went to Dickinson as well. But this is for Ms. Innis, and actually I'm going to go a little bit off your testimony a little bit, simply because you mentioned that you are a mathematician, which of course just boggles my mind. I can barely add two plus two, but that's why I'm in politics. You talked about Spelman College, and one of the things I think has interested me, and I was listening to a report the other day about the state of enrollment in HBCUs in general, if you can just talk a little about the importance of HBCUs and the need for continued federal support for that as also

a way of ensuring minority educational opportunities and prospects in this country, I'd appreciate just your overview as someone who's right there.

DR. INNIS: I appreciate that question, thank you so much. And I should tell you that I'm actually an alumna of an HBCU, Xavier University of Louisiana. I am an applied mathematician; I was one of the first African American women to receive a Ph.D. from the University of Maryland College Park. I teach at an HBCU and I am the product of an HBCU, and I know for a fact that we not only prepare our students academically, we prepare our students holistically. So we prepare them to be leaders, to be civically engaged, to be servants to their community, to be activists. And so in terms of the importance of HBCUs, I have a statistic. If you were to look at all of the underrepresented people who have received doctorate degrees in STEM, a large majority of them started off at an HBCU and as the baccalaureate origin institution. So if you were to look at the top 10 institutions that were the baccalaureate origin institutions of all STEM doctorates, I believe eight out of the 10 are HBCUs, and Spelman College actually is number one on that list.

COMMISSIONER YAKI: Of course.

DR. INNIS: So I think it's vitally

important that continued funding for HBCUs because students sometimes elect to go to an HBCU because of the supportive and nurturing environment that are at an HBCU, and given the fact that even though we only make up a small percentage of the number of institutions, we produce the largest number of students that earn doctorate degrees in STEM, I think that we play a vital role in producing students of color that get advanced degrees in STEM.

COMMISSIONER YAKI: Thank you.

CHAIRMAN CASTRO: Earlier today on the first panel, there was some discussion about for profit universities and colleges and the impact that they have on students of color particularly completing their education or actually not, and then taking on some debt. So I don't know if any of you have some thoughts on the impact that that has had from the perches that you're sitting at. No?

DR. INNIS: Well I don't want to be the only one to speak, but I will. So with the non-profit, I don't want to misspeak--

CHAIRMAN CASTRO: You mean the for-profit.

DR. INNIS: --the for-profit, I apologize, I'm thinking Spelman. For the for-profit institutions, a lot of our students elect to go there because they

feel like it affords more flexibility in terms of when you can take courses and in terms of basically being able to structure your pathway. And what I find is that students who attend for profit, on the one hand, it's good the flexibility, but on the other hand, there's no pressure on the students to finish, and so sometimes they may not finish and incur a lot of debt. What we find with a lot of our students, and another reason why we are focusing with the Bridge to Baccalaureate is that a lot of our students of color start off in community colleges. And we're hoping that with targeting some funding for the two-year institutions, that will bring some of the students--nothing against for-profit, but that will bring some of the students to the two-year institutions so that they would get more motivation to complete their degrees.

CHAIRMAN CASTRO: Okay. Anybody else? Yes Doctor--I mean Mister.

MR. GAWALT: Not to your question on for-profits, but I do want to come back to this and the topic of baccalaureate origins. That is a report that we produce, so if the Commission is interested in that report, those data come from the survey or earned doctorates, because through that survey, we have the baccalaureate tool, and so we can feed that together.

So we're happy to provide that report to you.

CHAIRMAN CASTRO: That would be appreciated. Earlier as well, at the beginning of the panel this morning, I talked about an instance that happened to me when I was in high school, even though I was an honors student, that my high school guidance counselor encouraged me not to go to college, and I mentioned how that--I shared that anecdote with some U.S. senators in a group of Latino leaders a few years ago, and that many of them in that room also had the same experience, and as Dr. Flores will probably mention when he comes up, he told me afterwards that the same thing happened to him, very similar.

So clearly there's a pattern here, and more often than not, race or ethnicity seems to play into this. In particular, is there something that the Congressional Hispanic Caucus has identified on this? Is this an issue that you all have seen, and is this going to be part of--could it possibly be part of one of the priorities that you're going to be approaching? And certainly anyone else who wants to address that.

MS. CARRANZA: It's an issue that a lot of us have seen personally, including the chairwoman, and myself as I mentioned in my testimony, the expectations of me were one, don't get pregnant; and two, graduate

from high school. It wasn't go to college and graduate from college. And you know where, for example, TRIO programs and for me personally, mentorship, which is a component to TRIO programs, plays a huge part in making sure that low income students are treated just like any other student. And I was lucky enough to have an English teacher that believed in me and literally handed me a scholarship brochure and said "you're going to college." And that was one of the first times that an adult had told me that I was college bound.

So again, the more we talk about it, the more we identify that these are our stories, and the more we also identify that it should be a priority to invest in mentorship programs. And we also have the Congressional Hispanic Caucus Institute, which I'm not a part of or correlated with, but the Chair of the Congressional Hispanic Caucus also chairs CHCI, and that's a similar model there where you're literally paying it forward and mentoring and fostering the talent of tomorrow to make sure that they have the resources they needed, but most importantly, they have an entire support system saying you will succeed, you do have options, the options go beyond your neighborhood, and if it's community college or vocational school or four-year, there are options. But you know, a lot of

that is on us to make that a priority and to go back and make sure that it's not just data or statistics or policy or words on a page, but we're actually doing something about it.

CHAIRMAN CASTRO: All right. Dr. Innis, do you have something you want to say?

DR. INNIS: Definitely. I'll put on my LSAMP hat. So with our alliances, one of the great things, even though they do not get direct funding to support K-12 activities, a lot of our alliances, because they have to develop innovative recruitment techniques, actually do outreach to K through 12 schools. And when students of color who are pursuing baccalaureate degrees go to the K through 12 school, again, like was said, there is motivation or encouragement to the students to say okay, there's someone that looks me that's actually in college, and so I can do it. So a lot of our alliances do K through 12 outreach to help break, you know, the trend of not encouraging students of color to pursue college degrees.

CHAIRMAN CASTRO: Okay, thank you. Any--Commissioner Narasaki?

COMMISSIONER NARASAKI: Thank you Mr. Chair. I have two questions. One is that some of the people who will be testifying sometime during the

hearing have taken the position that we don't really need to actually increase the number of STEM graduates, that in fact we have not only enough but a surplus, which runs counter to most of what I've heard, so I would like to get your response to that. And the second is that we have someone testifying later, Richard Vedder, who has taken the position that "and this unrealistic promotion of college participation may now do minorities more harm than good," with the basic premise that because low income students, first of all low income students don't need to go to college; and secondly, they may not be able to survive because they're not sufficiently prepared and there's a high risk because they will be taking on debt for a school that they then can't actually complete. So I'd like your responses to those.

MS. CARRANZA: I can take the first question. So this congress, the Congressional Hispanic Caucus has met with a number of tech companies; one of them had a three percent Latino work force, and the other one had a four percent Latino work force, and when we asked them about their numbers, their answer was always the same: we can't find them. They don't have STEM degrees.

CHAIRMAN CASTRO: Anyone else? Ms. Innis? Mr. Gawalt?

MR. GAWALT: I wanted to say to the first question also, but I have to first say that as a statistical office, we really stay away from policy and policy questions; these are both pretty much policy questions. But I do want to refer though to a very recent report from the National Science Board, and my office works very closely with the National Science Board in development of the Science and Engineering Indicators Report, and the Board customarily--and that's a very policy-relevant but policy-neutral document, but very thorough. The Board often to address policy issues will issue things that we call--we refer to as companion pieces. So they issued in the last month a companion piece on this very topic, and so I would recommend that that's how--you take that, I'm sure that's not the conclusion that you'll see in the National Science Board's report. And I'm referring to the numbers of STEM graduates.

CHAIRMAN CASTRO: Anyone else?

COMMISSIONER HERIOT: Can you supply us with that report, even though it's not your office but it's still--it's quicker than us trying to get it.

MR. GAWALT: Absolutely. So I may, when I get an appropriate contact to send you, emails, I mean--

COMMISSIONER HERIOT: That'll be fine.

CHAIRMAN CASTRO: Angela French-Bell from our office will make sure that you connect with her. Commissioner Kirsanow?

COMMISSIONER NARASAKI: Well, could I ask--I don't feel like I really--

CHAIRMAN CASTRO: I'm sorry. Go ahead, Commissioner Narasaki; I thought you were finished. No go ahead, keep going.

COMMISSIONER NARASAKI: I just didn't fully get the question answered that I was asking so let me rephrase it. There are many stakeholders in this debate who are basically arguing that we should not put more money into financial aid, and that we should not look through the lens of race. And one of the arguments is that it's actually harmful to minority students to hold out to them the promise that they should go to college and that that in fact is a good path for them to go. And I was wondering what your response is given either your personal or professional viewpoints.

CHAIRMAN CASTRO: Go ahead.

DR. WEINBERG: I'll try a personal response, not based on any institutional knowledge, but it's true that while some of the Census Bureau data have shown that people who go to college tend to earn more than people who don't, there's a wide variation in that.

People who do very, very well in college, who perhaps are in STEM education fields tend to do very well. People who--I'll pick out my son, he's a smart guy who went to Yale, which is probably one of your flagship universities, but he majored in Studio Art and just in case he couldn't get a job being an artist, he second majored in English Literature. I said either one, he could drive a taxi, but he's on Medicaid, he's not making a lot of money. But is college right for him? I couldn't say. There's a wide variation in skill, ability and ability to learn from college education across all races and ethnic groups.

So it certainly could be reasonable to be said that too many people go to college, but I wouldn't say that about minority individuals in particular or it's people with relatively low skills who might be better served by a vocational education. It may well be too much emphasis on college, but it's certainly not--we shouldn't discourage minority students by any means.

CHAIRMAN CASTRO: Anyone else have a response? Dr. Innis?

DR. INNIS: So I too will come from more of a personal standpoint as a black woman with a STEM degree. Back in September 2014, at the National

Hispanic Servant Institutions Week, President Obama says "A nation can strengthen our economy and have the highest proportion of college graduates in the world by 2020, but achieving this goal will require us to unlock the full talents and potential of every student." And so in response to your question about should we not encourage students of color to get college degrees, I would emphatically say yes, we should encourage, and no we should not not encourage them.

CHAIRMAN CASTRO: Discourage. We should not discourage.

DR. INNIS: Thank you. And if you look at statistics, we're not at parity in terms of looking at the percentage of the population that students of color or that people of color make in this country in terms of the degrees that they earn, we're not quite at parity, and another statistic--and my colleague at NSF probably has this--but I want to say it's projected by 2050, we're going to have so many new STEM-related jobs that we have to encourage everyone to go and get degrees, especially in STEMs, so that would be my personal response to that.

CHAIRMAN CASTRO: Commissioner Kirsanow, followed by Commissioner Achtenberg.

COMMISSIONER KIRSANOW: Thank you, Mr. Chair. Ms. Carranza, I should let you know that my

parents had two expectations of me, one was to graduate from high school and not get pregnant, and I accomplished both of them, and they're very proud of me. My question is to Ms. Innis. Am I correct, you said that the LSAMP program is designed or emphasizes STEM programs related to Hispanic, black, Native American and Pacific Islander; is that correct?

DR. INNIS: We have more. African-American, Hispanic-Americans, American Indians, Pacific Islanders, Alaska Natives; those are the groups. I hope I--

COMMISSIONER KIRSANOW: What about other Asian-Americans?

DR. INNIS: So essentially our target are those that are underrepresented in the STEM fields, and so we look at students of color that don't historically earn STEM degrees or that are underrepresented in STEM. So certain Asian groups, and I think one of my co-presenters actually stated that one of the groups is not actually underrepresented in STEM.

COMMISSIONER KIRSANOW: Has there been any analysis as to why that group is not underrepresented in STEM?

DR. INNIS: Not to my knowledge. I'm sure there is, but I don't have firsthand knowledge of it.

CHAIRMAN CASTRO: Any other witnesses have any--thank you.

COMMISSIONER NARASAKI: I can explain it to you.

CHAIRMAN CASTRO: Go ahead.

COMMISSIONER NARASAKI: Well part of it is because the Asian-American community population is largely driven by immigration, and one of the immigration categories that Asian-Americans rely on is the H-1B category. So for many years, you've had a lot of people coming from India, China and some other places come here to go to graduate school, and then having children who grow up in that context. That coupled with the fact that for immigrant students, particularly from Asia, from most of the subgroups like China, not so much India, English language is a challenge, but math is not a language-based issue, so Asian students have tended to test better on the math side than on the English side for that reason, because of the language barriers.

There are some Asian subgroups, like Southeast Asians, who come in primarily because of refugee streams, so many lack the education that streams coming from China today or India have, who should be looked at, and one of the things that we have said is that the Asian community needs to be broken down into

their national origin pieces. But the issue right now in high tech for Asians is not so much getting into the jobs, but a recent report shows that the issue is the glass ceiling for Asian-Americans in technology. They get in, they get through the middle ranks, but they're not making it to the most senior positions in the high tech Silicon Valley companies.

CHAIRMAN CASTRO: Thank you. That was actually very good. Dr. Weinberg?

DR. WEINBERG: Can I just add something to what Commissioner Narasaki said, and that is, it is very important to consider subgroups of both the Asian population and the Hispanic population. I recently completed a study with some colleagues of residential segregation, looking at the suburbs. And for example, Vietnamese would be differently racially segregated than Japanese, for example, or Salvadorans versus Dominicans. It's important to consider that, perhaps for future programs, about--well, if you can get the data on these perhaps underrepresented Asian subgroups and Hispanic subgroups as well.

COMMISSIONER NARASAKI: And if I might add, even for Japanese Americans and fourth generations like myself, so when I was looking at college, my father, who was an engineer at Boeing, told me--really pushed

me about going into engineering, because he said people, when you're dealing with science and math, they can't discriminate against you. It's harder because it's not a subjective field, it's quantitative. Unfortunately for him, math was not my strong suit.

CHAIRMAN CASTRO: Commissioner Kirsanow, do you have any other questions?

COMMISSIONER KIRSANOW: No, sir.

CHAIRMAN CASTRO: Commissioner Achtenberg?

COMMISSIONER ACHTENBERG: I'd like to ask Dr. Weinberg if he could get more specific about how it is the National Longitudinal Survey for youth could be adjusted or augmented so that we might have better statistics on economic and social mobility related to the achievement of the baccalaureate degree.

DR. WEINBERG: I'd be glad to comment on that. The National Survey, the National Longitudinal Survey of Youth is funded by the federal government, and but collected I believe by Ohio State University and the National Opinion Research Corporation. But they are required to keep the data confidential so that people who use the data could not identify the respondents in the survey. And for the most part, they mask certain characteristics. So in other words, they

don't report precise geographic location of the individuals in the survey.

But for some analyses, it's important to know for example, neighborhood characteristics, how neighborhood characteristics might affect certain behaviors. So they created for people interested in location, perhaps matching in data from the American Community Survey on census track characteristics, percent poor, percent unemployed, that sort of thing. They created a restricted use data file which did identify the geography and made that available to researchers who were willing to sign a confidentiality oath and protect the data.

Since the data collection agency does know the college and university to which its respondents attended, it seems to me that they might well be willing to create a different kind of restrictive data use file that researchers could use. They could, for example, say two-year institution, four-year institution, that's relatively straightforward, it's easy to code. What they don't know is flagship university or college or university, versus another university. I looked at the National Center for Education statistics website, and there is no formal definition of a flagship university. Something that's been suggested is perhaps

a land grant university might be considered a flagship university, but would you really include MIT, and not Harvard as a flagship university simply because Harvard's not a land grant university; it preceded the land grant program. In Virginia, is--I think Virginia Tech is a land grant university, but the University of Virginia is not. It's hard to think of excluding the University of Virginia.

So to create this restricted use file, you'd have to define what a flagship university was, and I don't envy you that task, because you know if you're saying is Boston University a flagship university or not? Is the University of Massachusetts at Amherst flagship or not? You might even get some push back from some universities, but that's the first step. Once that definition is available, you could ask the Bureau of Labor statistics to ask its data collection agency to code the file into flagship, non-flagship; of course they're going to ask you for money, it's not costless. It shouldn't be too expensive, however, once you have the definition. And then to set up a procedure for making those data available for analysis in a restricted environment. It's not going to happen overnight, but it doesn't seem to me impossible to achieve given there's already precedent for creating such files.

CHAIRMAN CASTRO: Any other questions, Commissioners? I have a couple. Mr. Gawalt, your slides earlier, I found it interesting that Latinos have seemed to surpass African Americans in getting their science and engineering degrees if I read that correctly, as well as barely -- it's sort of been going up and down I think with Hispanics and African-Americans in terms of the doctorates, is that right? It looks like--so it's page 15, slide 15 and slide 10.

MR. GAWALT: So, yes, these data do show counts. And--

CHAIRMAN CASTRO: Do you know what's behind that? Why is that happening?

MR. GAWALT: We really don't have information that speaks to why, we have the numbers and the characteristics of those who are earning degrees.

CHAIRMAN CASTRO: We don't know if there's been some particular program or effort that's been undertaken that's caused this to occur, or we're just looking at what's happened, not why?

MR. GAWALT: We're looking at what's happened and not why.

CHAIRMAN CASTRO: Okay. All right, any other questions Commissioners? If not, I want to thank this panel, we really appreciate all the information

that you shared with us, and I mentioned earlier today that our record is open for 30 days if there's any additional information you want to supplement, actually you can see our Head of Office of Rights Evaluation, Dr. French-Bell, and she'll make sure to coordinate with you.

(Simultaneous speaking.)

CHAIRMAN CASTRO: So thank you very much.

DR. INNIS: Thank you.

CHAIRMAN CASTRO: We'll take a 15-minute break.

(Whereupon, the above-entitled matter went off the record at 2:03 p.m. and resumed at 2:49 p.m.)

CHAIRMAN CASTRO: It is now 2:49 p.m. and we are back on the record for our briefing. I want to thank the panelists for being here this afternoon.

We're starting a little earlier, because we finished the last one earlier. So, I'm glad you're all here.

You probably were not here earlier when I explained the system of warning lights. I know, Mr. Clegg, you've been here many times. So, you're an old hat at this, but each of you will have seven minutes to speak.

That will be timed by this series of lights.

Green, of course go. Yellow means you've got two minutes left and start wrapping up.

When it's red, we ask you to stop and then we will have a period of time where the commissioners will be able to ask questions and you can probably do some follow-up on whatever you might not have had the opportunity to finish.

PANEL III

SOCIO-ECONOMIC MOBILITY AND FAMILY STRUCTURE I

CHAIRMAN CASTRO: Okay. So, I'm going to introduce briefly each of you and then ask you to be sworn.

Our first panelist is Mr. Fabian Pfeffer from the University of Michigan. Our second panelist is Mr. Roger Clegg with the Center for Equal Opportunity.

Our third panelist is Ms. Diana Elliott with the Pew Trusts. Our fourth panelist is Dr. William Flores with the University of Houston-Downtown representing the Hispanic Association of Colleges and Universities. And our fifth panelist is Ms. Deborah Santiago who is with Excelencia in Education.

I'll ask you to raise your right hand and be sworn that you swear or affirm that the information that you're about to provide to us is true and accurate to the best of your knowledge and belief; is that

correct?

GROUP RESPONSE: Yes.

CHAIRMAN CASTRO: Okay. Great.

Mr. Pfeffer.

MR. PFEFFER: Members of the Commission, thank you for inviting me today to participate in this panel.

I have been asked to talk about the factors that explain increasing gaps in higher education and what these gaps may mean in the long run in terms of social mobility.

To do so, I'll report on my own recent and ongoing research. I'm an assistant research professor at the University of Michigan's Institute for Social Research.

And I should note that I serve as a co-investigator for the Panel and Study of Income Dynamics, the PSID, which is one of the nation's cornerstone datasets to address questions like those we're addressing today and which provides most of the data I'll report on. However, I do not speak on behalf of the PSID or the University of Michigan.

Today, I'll report on new evidence on how students' opportunities to attain higher education increasingly depend on their parents' wealth and why.

And I'll discuss why the stagnating expansion of college education will likely be hurtful for social mobility levels in the future.

Educational research often analyzes college students' socioeconomic backgrounds by focusing on their parents' income or their parents' own educational status.

I will argue that a refocus on parents and wealth is important to capture growth in educational gaps in particular when it comes to minority students.

Also, financial aid policy that does not fully take into account family wealth is bound to be ineffective in reducing socioeconomic and racial gaps in college attainment.

So, to begin, let me define "family wealth" or what is called "net worth." It is the total sum of all assets and debts held by a family.

This includes financial assets such as savings or money held in stocks, real assets such as housing wealth or real estate and any financial obligations such as mortgages or consumer debt.

Why is it important to relate students' educational outcomes to their family's wealth rather than just their income or their occupations?

First, wealth is distributed much more

unequally than any other socioeconomic resource especially across racial and ethnic lines.

Second, these wealth gaps have grown rapidly over the last few decades particularly since the recession.

By some measure, wealth inequality has nearly doubled in just the last ten years. And since wealth losses during the recession were especially pronounced among minority households, already large ethnic and racial wealth gaps continued to increase.

By 2013, the typical white, non-Hispanic household had a net worth of about $117,000. The typical African-American family held nearly $1,700. And the typical Hispanic family, $2,000 net worth.

In other words, the median net worth of whites was nearly 60 to 70 times that of minority households.

These large gaps in family wealth are closely tied to children's educational outcomes. Of children who grew up in the bottom 20 percent of the wealth distribution, only 15 percent gain access to college. And only about half of them, eight percent, leave college with a Bachelor's degree.

In comparison, children from the top 20 percent of the wealth distribution, nearly half of them

access college, and virtually all of them also graduate from college.

So, again, college graduation rates at the bottom versus the top wealth quintile are eight percent versus 48 percent, a 40 percentage point gap.

I should note that this relationship between family wealth and educational success remains strong even when taking into account other socioeconomic and demographic characteristics of these families such as their family structure or their income.

In fact, family wealth appears to be about twice as important as family income in predicting the likelihood of graduating from college.

Scholarly and public debate often focuses on rising income gaps in educational outcomes. The findings I just reported suggest that we should be equally, if not even more, worried about growing wealth gaps in education.

In my own ongoing work, I find that wealth disparities in higher education have recently intensified as children from the top net worth quintile are becoming increasingly more likely to attain a Bachelor's degree compared to their less wealthy classmates.

In the course of just one decade, these

children have enjoyed a surge in their college graduation probability by as much as 17 percentage points.

Since all of you in this room are interested in educational policy, I'm sure you can appreciate that a 17 percentage point increase in college graduation rates is a tremendous change.

The growth of family wealth at the top appears to have been quite effective in fostering college access and success for these children.

The jury is out to establish why exactly parental wealth contributes to the educational success. There is some evidence in favor of what some may consider the intuitive explanation. Parental wealth makes college financially accessible.

In addition, those who do gain access to higher education despite low family wealth may be more relying on student loans to finance their education. And these students, especially minority students, are more likely to leave college with or without a degree with higher levels of student debt.

In my own work, I argue that family wealth also appears to function as a private safety net. For instance, students may consider parental wealth as a form of insurance against college failure making them

more likely to decide in favor of college in the first place.

The link between family wealth and education ultimately also contributes to the reproduction of wealth across generations.

As in the past, this intergenerational persistence of wealth therefore contributes significantly to today's racial inequality in many spheres of social and economic well-being.

However, we also know that education serves as an important contributor to help break the intergenerational cycle of advantage or disadvantage, which brings me to the final part of my presentation.

A recent study from a co-author and me assessed the role of education in fostering social mobility across the last hundred years in the U.S.

Perhaps unsurprisingly we find that the expansion of college education over this period has increased social mobility. However, what is most interesting is how this positive affect of educational expansion came to be.

We show that the growth of the post-secondary sector has lacked the overall degree of social inequality and educational attainment largely unchanged.

Broader access to college does not necessarily entail equal access to college. Yet, educational expansion still had an important positive impact on mobility.

For those who do attain a Bachelor's degree, opportunities for further occupational success are largely disconnected from their social origins. In this sense, a college degree has been and still is a great equalizer.

Unfortunately, the success at increasing social mobility by educational expansion is one of the past.

The United States has surrendered its former leadership role in educational access and educational expansion has slowly come to a halt.

The main mobility-enhancing effect of increased educational access is therefore at stake. And combine that with the just-presented evidence in growing inequality in education especially tied to parents' wealth and the future of the American dream looks bleak indeed.

I thank you for your attention. I'm happy to take your questions.

CHAIRMAN CASTRO: Mr. Clegg.

MR. CLEGG: Thank you very much, Mr.

Chairman.

CHAIRMAN CASTRO: Turn your mic on, please.

MR. CLEGG: I'm sorry.

CHAIRMAN CASTRO: There you go.

MR. CLEGG: Thank you very much, Mr. Chairman, for the opportunity to testify today. My name is Roger Clegg, and I am president and general counsel of the Center for Equal Opportunity, a nonprofit research and educational organization.

We do a great deal of work in the field of higher education. And, in particular, with regard to the use of racial preferences there. Much of our work is posted on our website.

Many people may reason; A, you really need a college education these days to succeed and at as prestigious a school as possible; B, a disproportionate number of minorities are not admitted to the top schools or don't go to college at all, and; C, therefore, we need laws and programs that target minorities for help getting into college. Especially the top schools.

Now, today I'm not going to dispute that having a college diploma can be a good thing. And a college diploma from a more prestigious school can be an even better thing. And so, if people of any color are missing opportunities here, then that can be of

concern.

Nonetheless, there are some significant caveats here and in my testimony today I will raise them.

My principal message is that it is a mistake to look at this area mainly through a racial lens in 2015. The problems are not really about race and the solutions will not be either.

If people are not going to the colleges they ought to, this is a problem regardless of the skin color of the people involved.

Before I get to my list of caveats, let me make one preliminary point. I'm not an expert demographer, but I would urge the Commission to be careful in describing precisely to what extent there actually are racial and ethnic disparities in education.

For example, the Pew Research Center has recently noted that in 2012 Hispanic college enrollment rate among 18 to 24-year-old high school graduates surpassed that of whites. 49 percent, 47 percent.

Here are my specific caveats. First, you don't have to have a college education to succeed in life, let alone a diploma from a top college.

In any event, not everyone should go to college, let alone a top college. I don't think that many would disagree with this in principle, though there

are strong differences in opinion about the extent to which these points are true. And I think that you're going to be hearing other witnesses on that point.

My second caveat is that minorities are not fungible. It is foolish to think that the problems here are the same for African-Americans as for Asian-Americans or for Arab-Americans as they are for American Indians.

And Latinos present different issues, too, and of course there are many different kinds of Latinos. Puerto Ricans, Cuban-Americans, those with other Caribbean or Central or South American ancestry, Mexican-Americans.

And indeed there are also many different kinds of African-Americans and Asian-Americans and Arab-Americans and American Indians.

To make only the most obvious points, it is much more likely that Asian-Americans are discriminated against in ivy-league admissions than African-Americans or Latinos are.

Conversely, whatever you think of giving racial preferences to underrepresented minorities, typically blacks, Latinos and Native Americans, no one can deny that it is aggressively practiced by many selective schools.

One last point here. Just as minorities are not fungible, neither are non-minorities, i.e., non-Hispanic whites.

There are many white groups and subgroups and many differences in wealth, culture, you name it, among them and within them.

My third caveat is that if some students are not going to college who should be, or are not going to more selective schools who should be, then programs, especially government-run or government-funded programs that help identify them, and then help them to go to college, should do so without regard to race or ethnicity.

Poor people come in all colors. Diamonds in the rough come in all colors. This nondiscrimination principle is true not only as a matter of fairness, but also as a matter of law, including constitutional law.

Fourth, the reason for the disproportions among different racial and ethnic groups and subgroups here in 2015 is likely not present discrimination or even principally rooted in past discrimination.

Certainly there are many causes apart from racial discrimination. Consider, for example, the fact that Asian-Americans and Latinos have each been discriminated against in our history, but the

educational outcomes in 2015 for the two groups are quite different.

And, as noted earlier, there are many subgroups within each group, which, in turn, also have different educational outcomes.

Fifth, my fifth caveat is that the principal reasons for the disproportions are instead cultural, and that's not really a matter of civil rights.

In particular, some groups have higher out-of-wedlock birthrates than others and it happens that these same groups also frequently put lesser premium on educational success than other groups.

Just briefly, more than seven out of ten African-Americans now are born out of wedlock versus B well, six out of ten American Indians are born out of wedlock.

More than five out of ten Latinos are born out of wedlock versus fewer than three out of ten non-Hispanic whites. And fewer than two out of ten Asian Pacific Islander-Americans.

Those are enormous disparities among the different racial and ethnic groups. And whether or not your parents are married when you were born makes an enormous difference in likely social outcomes, including educational outcomes.

It would actually be surprising if there were no racial disparities in education given these marked disparities in out-of-wedlock birthrates and the high correlation between all kinds of social outcomes, including educational outcomes, in growing up in a home without a father.

I should note that there is also the problem confronting many African-American children that academic success is derided by their peers as "acting white." A book by Stuart Buck with that title documents this unfortunate phenomena.

I am strongly in favor of addressing these cultural problems, but, again, it should be done in a racially B it should not be done in a racially discriminatory way. It should be done in a racially nondiscriminatory way.

Out-of-wedlock birthrates, for example, have been climbing for non-Hispanic whites, too, with all the predictable and sad consequences.

There are plenty of non-Hispanic whites who fail to recognize the value of education for their children.

CHAIRMAN CASTRO: Your time is running out B it's actually run out. So B

MR. CLEGG: Oh. Well, it never turned

yellow.

CHAIRMAN CASTRO: Yes. Just wrap up there.

MR. CLEGG: Thank you. There are plenty of non-Hispanic whites who fail to recognize the value of education for their children and could learn from other Americans, many of them racial or ethnic minorities, about that value.

I had pointed in my testimony today to aggregate data about different racial and ethnic groups, but only to show that the reasons for educational disparities are not about skin color or national origin, per se, but instead about cultural habits.

And those cultural habits can be shared or rejected by individuals regardless of race or ethnicity. Thank you very much.

CHAIRMAN CASTRO: Ms. Elliott.

MS. ELLIOTT: Commissioners, thank you for inviting me to testify today. My name is Diana Elliott, and I manage the research on financial security and mobility of the Pew Charitable Trusts.

Our goal is to provide a rigorous, nonpartisan fact base about American families' immediate financial security and their long-term economic mobility.

In my testimony today, I will present Pew's research on the persistent black/white mobility gap in the United States and the power of a college degree to minimize this gap.

I will then present findings from Pew's recent survey of American family finances which show how financially burdensome student loans are for many black and Hispanic families.

Overall, a college degree is one of the strongest drivers of upward mobility for families of color, but the cost to pursue this degree may counter-intuitively affect their financial security.

As a country, we believe it is possible for someone to start poor, work hard and become rich. In other words, to move up the ladder. But among all Americans raised in the bottom fifth of the income or wealth ladders as children, four in ten remain stuck there in adulthood, too.

It is such stickiness at the bottom of the economic ladder that gives Americans pause. It belies the notion of equality of opportunity.

If we look at these same data by race, we see this is especially the case for black children. Half who are raised at the bottom of the income or wealth ladder remain at the bottom as adults compared with just

one-third of similar whites.

Considering that over half of all black adults were raised in the bottom fifth of the income and wealth ladders as children, compared with just a little over one in ten white adults, the data reveal unequal opportunity.

In the United States, upward mobility from the bottom is difficult, but for black Americans it is especially challenging.

Over the years, Pew has uncovered that a college degree is one of the most important drivers of upward mobility.

Among Americans raised in the bottom of the income ladder regardless of race, those who obtained a college degree were over five times more likely to move up a rung compared with those who also started at the bottom and did not get a degree.

This finding is further demonstrated in rates of upward mobility for black adults who attained a college degree regardless of their family's background.

In a Pew study, nearly all black college-educated couples with children had higher income than their parents at the same age and six in ten moved up at least one rung on the income ladder.

All black college-educated single mothers studied had higher income than their parents at the same age, and 83 percent moved up at least one rung on the ladder.

These findings reflect the considerable power that a college degree has for moving today's generation of black adults up the economic ladder, but the path to such an education has obstacles especially for those raised at the bottom.

Low-income families regardless of race have extremely low savings, meaning they cannot make the same extracurricular investments that more affluent families make on behalf of their children.

Neighborhood poverty contributes to stalled and even downward mobility for some, especially affecting black children who more often live in high-poverty neighborhoods.

Children from low-income families regardless of race are less likely to both enroll in two or four-year colleges and complete a degree when compared with peers from higher-income families even when equally prepared for college.

Taken altogether, these findings suggest that black children especially those that start at the bottom of the income and wealth ladders, face

considerable challenges with respect to economic mobility. And a college degree improves these outcomes in extraordinary ways, but the challenges do not end with the receipt of a college degree.

Families of color feel more burdened by their student loans. New data from Pew's recent survey of American family finances reveal that young black student debtholders have more loans and fewer educational returns for this debt than their white peers.

Looking at the youngest generations of adults, or Generation X born 1965 to 1980, and Millennials born 1981 to 1997, we see that 44 percent of these younger black households reported owing money toward student loans compared with just 35 percent of similar white households. Both groups typically owing $20,000 towards such debt.

Just one quarter of younger Hispanic households had student loan debt typically owing $15,000.

Despite the higher than average rate of student loans held by younger black Americans, it is not clear that this debt fully funded their human capital investments.

38 percent of black Gen-Xers and Millenials

with student debt in their names owe for a degree they did not complete, compared with just 26 percent of their white peers.

Furthermore, they are less likely to owe money toward more lucrative graduate degrees. Over half of black and Hispanic Gen-X and Millennial student loan borrowers do not yet have a Bachelor's degree compared with four in ten white borrowers.

Most revealing, though, is the regret that black and Hispanic student loan borrowers feel. Half of black and Hispanic Gen-X and Millennials said they would have found a different way to pay for school in order to owe less money compared with just one-third of white respondents who felt the same way.

What's more, only a quarter of Hispanic and a fifth of black borrowers said they would do everything the same with regard to their student loans compared with 44 percent of white borrowers.

So, young black adults are over represented among student loan borrowers, yet underrepresented among groups realizing benefits from such debt.

Furthermore, the regret that they and Hispanic borrowers feel about the debt they owe suggests that student loans have been burdensome in their financial lives.

As described in this testimony, a college degree holds considerable potential for promoting upward mobility from the bottom and helping to close the black/white mobility gap. Yet, loan costs bear heavily on young black adults in particular and are not always helping fund the degrees they need to get ahead.

Creating a more equal college opportunity structure would align with America's core beliefs in what is special about our country that the talented and hard-working among us should be able to realize their full potential regardless of their family background or race. Thank you.

CHAIRMAN CASTRO: Thank you, Ms. Elliott.

Dr. Flores.

DR. FLORES: Thank you. Let me put the microphone on. I'm speaking not only for the Hispanic Association of Colleges and Universities, I'm on their executive board and their governing board as well, but also as president of a university that is a Spanish-serving institution.

We have B University Houston-Downtown has 14,500 students of which 42 percent are Hispanic and 28 percent are African-American. So, we look very much like the state we serve.

HACU is one of the B as a professional higher

education organization is one of the fastest growing, because Hispanics are increasingly going to college.

Where they are concentrated is in the community colleges. So, the majority of our members are still community colleges and four-year comprehensives such as the University of Houston-Downtown.

To give you an idea, our member institutions form 12 percent of the non-profit colleges and universities in the United States.

We enroll 20 percent of all college students in the United States, but 60 percent of all Latino students. There are 2.69 million Hispanic students in the United States.

Now, in Texas, 35 percent of all undergraduates in Texas are Hispanic. And most of them are in community colleges and four-year comprehensives.

Texas has, for example, 75 Hispanic-serving institutions. Another 47 are on the verge of becoming HSIs. As they reach 25 percent of their undergraduate student population, they will become a Hispanic-serving institution.

The University of Houston's system, of which UHD is a part, is the only system in the country where all of its component universities are Hispanic-serving.

One of the things is that reduction in state support, changes in Pell Grant, reduction in the number of hours that you can earn or be eligible for financial aid, all of those have had impact on Hispanic students. Particularly low-income and first-generation students.

The changes are often done with good reason. You want to encourage people to stay in college, but encourage them to take full loads. However, not all colleges or universities are composed of students that go full time.

University of Houston-Downtown, for example, we are a hundred percent commuter campus. No dormitories. 80 percent of our students are part time. So, they're not going to graduate in six years. They're going to graduate at the pace it takes them to graduate.

The way you need to fund and reward universities is not for six-year graduation rates, except for those that are predominantly residential institutions and particularly those that bring students from upper middle class and higher class backgrounds, but you have to reward them for graduating.

So, think of it as a marathon. You don't stop the clock in an hour or two hours. The average person can run it in two hours and 20 minutes. If it takes all day to get across the marathon, you're waiting

there and you're applauding them when they cross.

In America, our issue is the number of people who have degrees. So, we need policies that reward getting degrees and understand that they're going to enter at different times. So, we need policies and financial aid practices that support them in doing that.

First-generation students are the most vulnerable particularly if they come from low-income backgrounds.

We heard in earlier testimony of students who had to work going to college often helping raise a parent or younger kids, helping to take care of somebody or having to work extra hours.

I have students who take loans not for themselves, but to help their family so they don't have to work and then they can go to college. So, you have different situations with different kinds of students.

Today in the Houston Chronicle, there was an article about the STARs test, which is done throughout the state of Texas.

And in it, ironically and sadly, Houston Independent School District, which previously wasn't doing that great a job anyway, as a matter of fact, all African-Americans who take college prep courses and then say they were going to go to college, only 11 percent

meet college readiness standards in HISD. Only ten percent of Hispanics.

Well, today the test results show that the gap between minorities is increasing and the failure rates on those tests is actually increasing.

Those students if they're going to go to college, need more support. Need additional services. Need transitional programs.

Those are programs that tend to be ancillary. So, you have to apply for them like TRIO Grants or other kinds of support programs rather than state aid or federal aid understanding that universities that serve these students must have additional resources to provide them the skillsets, the support and the success that will help them graduate and do it in a timely fashion.

At UHD we've been very successful. Our students graduate - one of the things I'm going to - let me give you an example.

It was a state report that was done three years ago looking at all 34 public institutions. Our students graduated with the third highest starting salary in Texas. Higher than UT, higher than Texas Tech, higher than A&M.

In business, they were number one. In

psychology, number one. When you look at it from the standpoint of what our support from the state was and our tuition, we were the third lowest in tuition in the state, and the bottom in support in appropriation per student.

We could do a lot better job. Universities like us could graduate more with greater support and with policies that help us to do that. Thank you very much.

CHAIRMAN CASTRO: Thank you, Dr. Flores.

Ms. Santiago.

MS. SANTIAGO: Thank you so much for inviting me to be here and speak with you about my perspectives and Excelencia in Education's perspective about Latinos and socio-economic mobility.

We believe all students should have a shot at the American dream. And for us, that means that hard work and few barriers create that opportunity.

Unfortunately, and my colleagues have already shared it, we know not enough are getting there overall, and certainly Latinos.

And I think that's the focus of the work that I do at Excelencia in Education and why we're committed to having these kinds of conversations.

Why Latinos? I think this has been shared.

We're young, we're fast growing, we've got low educational attainment levels, high labor force participation and we're in low-paying occupations.

All that creates an opportunity when you look at those data and the data in my testimony, of opportunity to address socio-economic mobility and what we need to be doing to serve them well.

I'd also say, you know, for us Latinos really represent these post-traditional students. In our minds, you know, so much of public policy, and I'm guilty having been a policy analyst, is so focused on traditional students and educational pathways, but that's not the majority of our students today.

And looking at Latinos rather than a footnote or an aside, the start in looking at this population, I think, can allow us to look at issues in higher ed that seem intractable in different ways by using that lens of this young and fast-growing population. For us, that framing helps to compel action that really matters.

In Excelencia in Education, we find there is a great deal of ignorance about our students of today. And thinking of a post-traditional profile is helpful because when you look at the educational pathways to a four-year, we see students who need remediation, drop

out, return, not just Latinos, but certainly Latinos. Paying attention to the four areas you asked us to talk about; access, affordability, persistence and completion, do matter.

So, what I'd like to do is just give you a very quick snapshot of what we see is working in these areas to try and engage a little bit more in that part of the conversation.

And I do want to get to the socio-economic part. My background is in economics. So, I can't get away from that part of it.

So, I'm going to go through B not go through quite as many of the demographic things in order to be able to get to the socio-economic mobility.

In terms of access, we've seen real progress, but we also know that still only about a third of Latinos who go to college are prepared to go to college. And that means that we still have a lot of work to do.

So, we should celebrate our successes and know that there's more that we need to do in order to address the economic needs of our country overall.

The kinds of things that we see working, very intentional outreach, parental engagement, it's a family decision, you know. Over 40 percent of Latinos

who go to college are the first in their family to go and they tend to be low income.

So, these are factors that can work for others, but, again, looking at Latinos gives us a way to think and get into it. Programs like Trio that do intrusive advising, we've seen an impact in those overall.

The second issue, affordability, we've done lots of research talking to Latino students and others. And their college choices are often defined by things outside of conventional wisdom. It's based on cost, access and location.

And in conventional wisdom, we often think that it's based on financial aid, academic programs and prestige.

So, finding ways to reconcile the assumptions we make as policymakers and decision-makers with what students are actually deciding has an impact as we look to educational pathways and how we can be helpful to them.

Some of the things that we see work, we see work study works for Latinos. They're actually more likely to participate even though the average aid awards are a little bit smaller, because we tend to be a little bit loan averse.

Payment plans where you break up how much they pay so it's not all at once so they can pay as they go because they're working while they're going to college. And grants obviously do matter. These are things that we know work.

Persistence in completion, we know that the number of Latinos who are accessing college today is not equal to those that are completing. It's pretty simple math when you take a look at it overall.

And, actually, while we've got 14 percent of Latino adults have a Bachelor's degree or higher, 19 percent have some college, no degree.

So, we've got if there are no other data than that, those are clear references to persistence in completion we should be paying attention to.

And I agree with Dr. Flores. Graduation rates don't get us there, because these students are persisting. We have National Student Clearinghouse Data that shows they're continuing on. They're just not counted in our metrics anymore.

And their likelihood of completion isn't as high as we would like if they went traditional manner, but respecting the choices they're making and try to balance work, life, family is important as we look to the profile of what needs to go on.

What works in persistence and completion, we certainly see cohort models work very well. Students rely on each other for good information and support and access to institutional services.

I would say support services overall academic and student in nature have an impact. And intrusive advising we've seen really makes a difference.

These are things that cost. But if we want to see the return and success, we have to be willing to invest.

And it is kind of perverse that as we talk in public policy at the very time this population is ready to go and in larger numbers, we are retreating on the kind of investments and support we're making in these areas. It's a real challenge for us overall.

Socio-economic mobility B woo, time goes fast. So, we've done a couple of series called Finding your Workforce. And we looked at health and STEM. For us, we know those are the fast-growing populations in our country -- I mean occupations in our country.

So, we looked at just 2013 and health. We just released this two months B a month and a half ago. The majority of Latinos getting degrees in health are at the certificate and associate level. 75 percent who get degrees are at the certificate and Associate level.

They're not making it to the four year.

Well, when we looked at socio-economic mobility if you're in the labor market in support and Latinos represent 16 percent in the support area, they make 20 to 32,000.

If you're a practitioner, and only eight percent of Latinos in health are, you can make 80 to 185,000. That's a real difference.

You want socio-economic mobility, let's get them from certificate to Associate to Baccalaureate. Let's meet them where they're at and make sure they get to what we need them to be.

In STEM, we do see more Latinos getting at the Baccalaureate level, but we know that's baseline for STEM fields, right. Certificate isn't going to get you there.

Two percent of institutions award a third of all credentials to Latinos in STEM. And, again, where Latinos are more likely to be in the support fields, 23 percent versus five percent at the professional level. And the difference is between 40 to 75,000 to $120,000 plus.

So, socio-economic mobility requires that we pay attention to the pathway and make sure these B they are investing and my colleague here said we do value

education B we do value higher education B I don't know why it's not working, but I'll just speak louder.

But we have an aspiration and not an actualization. We have the ability to address the actualization, because the aspiration is there. Thank you.

CHAIRMAN CASTRO: Thank you, Ms. Santiago.

Commissioner Achtenberg, do you want to lead off?

COMMISSIONER ACHTENBERG: Dr. Flores, could you talk a little bit about what it means to be a Hispanic-serving institution, where that criteria is set out and what kind of funding is associated with being an Hispanic-serving institution?

DR. FLORES: Well, unlike historically black colleges and universities that have special funding for B and rightly so because of the historic importance of those institutions, HSIs are set up by the federal government as a category.

If you have 25 percent of your students that are Hispanic, undergraduate students, and half of them are Pell Grant or meet low-income standards specified by the Department of Education, then you will qualify to apply for federal funds.

The different -- different agencies have

established set-asides B

CHAIRMAN CASTRO: You need to B

DR. FLORES: There we go. It's back on.

So, the agencies have established set-asides in commerce, in agriculture, in others that only Hispanic-serving institutions could apply for.

So, that is an advantage at least for research and support, but it also helps you to build your infrastructure and the scientific for your faculty, often a research background, a publication record so that they can apply for NSF grants, HSI -- other departmental grants that don't have HSI grants.

COMMISSIONER ACHTENBERG: Thank you.

You also mentioned that you're the president of University of Houston-Downtown. And as we were talking before the panel convened, you've had a lot of success in raising the persistence and graduation rates of Hispanic and African-American students on your campus.

What works and what could use further targeted investment if such investment were to be forthcoming to actually move the completion needle?

Because completion, as Ms. Elliott said, it's the Baccalaureate degree that garners the social and economic mobility same as underscored by Ms.

Santiago and further provided by Dr. Pfeffer.

DR. FLORES: Right.

COMMISSIONER ACHTENBERG: So, I'm interested in completion.

DR. FLORES: Well, one of the things that we have been doing in the last five years since I have been president, is we took a lot of the practices that we were doing basically funded by federal grants or by state support, we analyzed the data, we saw practices that were working and we decided let's take them to scale.

And, also, if those practices worked in one or two barrier courses, could they work in other barrier courses, supplemental instruction, early alert where we have B if a faculty member sees their student is not showing up to class, notifying an advisor, directing the student if they're having problems.

For one, students were not taking exams until the middle of the semester. So, they were midterms. So, we moved up the testing to the third and fourth week. Then we could find out how the student was proceeding.

If they weren't doing well, get them into a math lab, into tutorials, into supplemental instruction. Those are costly interventions.

We have programs in the summer where students are put through like a boot camp to get them college ready and then retested.

We went from two-thirds of our entering freshman, actually 80 percent requiring at least one developmental education course five years ago. Today, 24 percent of our entering freshman require one developmental course.

And that was mainly because we started testing early, we did intervention, we did a diagnostic, then tutoring and getting them prepared so that they could retest and enter in the fall college-ready. So, there's many programs like that.

I think the most successful has also been tearing apart some of our barrier courses working with faculty.

I gave you the example of biology. We had an 80 percent D, F and W rate as well as incomplete in intro biology.

We got some faculty to stop the lectures, do it all practice-based. We went to 80 percent A, B and C rate in -- same final.

Of more impressive is the students B we had in our second cohort, five of those students are B had a paper with their faculty member accepted for

publication as freshmen.

We had them work on identifying viruses. Out of 48 students, 44 of them identified viruses' phases that had not been put on the National Register. So, we're able to name those, put them on the National Register.

As a freshman, can you imagine a discovery that you're making? It changes your life and it changes your avocation.

So, students who are taking that biology course because it was compulsory suddenly said, I want to become a scientist.

CHAIRMAN CASTRO: Okay. I'm going to ask a couple questions, then Commissioner Kirsanow will have the floor.

Mr. Clegg, I always appreciate hearing from you, because I find what you say very interesting sometimes and I enjoy the back and forth when we talk, but, you know, you mentioned that diamonds in the rough come in all colors and, you know, I agree with that.

The only problem is that when we're talking about these issues, for some reason the darker diamonds tend to be in the worst mines and the less-kept mines and the poor mines and the miners don't tend to provide the best equipment to shine those diamonds up and cut

them up like the lighter diamonds.

And so, when you say not everyone needs to go to college, not everyone needs a diploma, not everyone should go to a good college, I'm concerned about that, because it's almost a paternalistic argument that I've heard from others whether it's Affirmative Action, well, you know, maybe they shouldn't be going to the best schools, because they're not going to really do well there and it's going to be tough on them. Maybe they should go to the less prestigious schools. Maybe they should not apply to the Harvards and the Yales.

Now, you went to Rice University and Yale. Would you say that maybe you shouldn't have gone to college or maybe your life isn't better because you got a college degree and that you went to a university like Yale to get your law degree?

MR. CLEGG: Well, you said a lot in that question and I think it's quite unfair, you know. You characterized what I said B as being very mean-spirited in a way that it's not.

CHAIRMAN CASTRO: I don't mean for it to be mean-spirited.

MR. CLEGG: Well, you know, that's the way you characterized it. It is true that not everyone should go to college. It is true that not everybody

should go to the most prestigious colleges.

I say that not because I look down on or wish ill to people who shouldn't go to college or shouldn't go to the most prestigious colleges, you know. That is just a fact. And if we're making public policy, we have to recognize that fact.

And you also make it sound like that there is something sinister going on when, you know, the black diamonds in the rough or the Hispanic diamonds in the rough are not found, but there are lots of white and Asian-American diamonds in the rough that aren't found either.

And it's not because of anything discriminatory. I don't think that there's anybody out there saying that, well, you know, this is a white diamond in the rough and we care about this person and we're going to make sure that they go to Rice or they go to Yale, and this person here is African-American and we don't care about them. There are non-discriminatory reasons why that happens.

Now, as I said in my testimony, if there are people who should be going to Rice or to Yale who are not, then by all means I am in favor of coming up with programs that ensure that they go, that they get the opportunity to go to Rice or to go to Yale.

But my point is that those programs should not focus on the skin color or what country that person's ancestors came from. That's what I'm saying.

And I'm not saying that I don't appreciate the advantages that I've had in life. I'm very grateful that I was able to go to Rice University, which was not all that expensive, by the way, at the time that I went there. And that I was able to go to Yale, which was more expensive, but not as expensive as it is now.

But, you know, the principal reason, I think, that I had those advantages was not because of my skin color. It's the same B I probably have the same thing to thank that most people have to thank, and that is my parents.

And the principal point that I'm making here is that people of any color whose parents are married, are going to do better.

And these huge disparities that we see among different racial and ethnic groups mirror the disparities that we see in out-of-wedlock birthrates.

I mean, as I said, more than seven out of ten African-Americans, more than six out of ten American Indians, more than five out of ten Latinos, versus fewer than three out of ten non-Hispanic whites, versus fewer than two out of ten Asian-Americans.

Now, you line that up and you ask, does that fit pretty well with how well the different groups are doing in American life?

Whether we measure in terms of educational outcomes, which is what we're doing here today, or in terms of wealth, which was what Professor Pfeffer was talking about, or in terms of crime, you know, you name the indicator and it is, I think, correlated with the kind of home life that that person had.

CHAIRMAN CASTRO: You indicate that now in 2015, racism, racist teachers, racist school systems certainly can't be the case, not now.

But, you know, we were at the Justice Department earlier today and they've got over a hundred active desegregation cases in 2015.

All you need to do is look around this country to see the interaction between police officers and communities of color to see that there are issues of race that impact the daily lives of individuals in this country. Yeah, it would be great if race weren't a factor, but it is.

And you point out in your reference to single-family households, which is interesting data, I'd like to see how well some of those white students, white individuals who come from single-family homes,

how well they do in comparison to minorities who come from two-parent households.

Because there's some interesting data, I think you, Ms. Elliott, talked about with regard to the individuals in the lower economic rungs that regardless of that movement you said whites raised at the bottom were two times more likely to experience movement up the income ladder than blacks regardless of whether or not they had a college degree.

So, what you're saying is even if a black individual has a college degree, a white individual may not and still leap farther than them.

Could you go into a little bit of that, I mean, because to me it seems, therefore, that there is an issue of race there somewhere note even buried deeply, but clearly there are racial inequalities here.

MS. ELLIOTT: Sure. So, that was from a brief that we did on upward mobility from the bottom. And we get asked a lot, you know, what's special about those who are able to leave the bottom. Right?

We know that there's a lot of stickiness at the bottom, but people do move up. So, what's special and unique about them?

So, we did an analysis to try to understand that. And we did a logistic regression where we were

trying to understand B sort of a fancy way of analyzing these data trying to control for various factors that might be associated with movement up.

So, some of the factors that we looked at were actually presence of two earners in a household is highly likely to move you up a rung on the ladder.

College degree, though, was the biggest one. Five times more likely because of a college degree to move up that ladder, but above and beyond race simply in and of itself was important here.

So, this is, again, controlling for all of these factors. Each of these three stood out for promoting mobility up from the bottom.

CHAIRMAN CASTRO: Commissioner Kirsanow.

COMMISSIONER KIRSANOW: Thank you very much, Mr. Chair. And thanks to all the panelists. This has been very instructive.

You know, we seem to be throughout the hearing today focusing on demand side in terms of college costs versus supply side.

We're saying, well, how much? We have to give more money to individuals to go to college and we really haven't addressed why is college so expensive?

And so, I mean, when I went to college back in the Mesozoic era, my total tuition, rent, food cost

was $5,000.

When my daughter went to the same college mainly to rehabilitate the family name, it was $40,000. And it's now more than $60,000 far outstripping the cost of living increases during the same period of time.

So, I'm impressed by what Dr. Flores had to say, because it really gets to the level of the matter.

I think you had said that your school, University of Houston-Downtown, actually beat UT, Texas A&M and others in terms of things such as lowest tuition rates, yet you still graduated people with the highest starting income.

What's UT, Texas A&M and all these other colleges doing wrong?

DR. FLORES: I'm not sure if you'd state that they're doing wrong. I think B

COMMISSIONER KIRSANOW: Well, you're doing something right.

(Laughter.)

DR. FLORES: Well, let me tell you what we are not doing. We are not trying to be a Tier 1 institution ranked by U.S. News and World Report.

And I think a lot of those institutions are there to compete with each other to see who can have the biggest stadium, who can have the biggest sports

arena or the biggest B the most luxurious rec center, the most luxurious dormitories.

We don't have dorms. We have a very small gym. We focus on basics. We focus on learning. We focus on undergraduate research, getting students early on working with faculty, getting them internships, getting them capstone experiences where they actually get jobs.

As sophomores and juniors, our total, by the way, for tuition, we have a guaranteed four-year tuition rate at $27,000. So, that's hard B we're also in the most expensive square foot area, which is downtown Houston, of any university in the state of Texas. So, yeah, we're doing a lot of things right.

COMMISSIONER KIRSANOW: I congratulate you. I have another question for Mr. Clegg.

DR. FLORES: Oh, by the way, the other thing is we ran some data on our students who graduated in six years the last three cycles. We did this last year, not this year yet, but we found that 29 percent of our students graduated with zero out-of-pocket expenses.

50 percent graduated with less than $10,000 indebtedness. So, we really work to keep the costs down and the opportunities up.

COMMISSIONER KIRSANOW: Well, it seems

like you're doing something right and you should be emulated.

Got a question for Mr. Clegg. At your organization or while you were at the Justice Department Civil Rights Division, were you aware of any financial aid programs, any scholarships, merit-based programs, grants or anything else that discriminated on the basis of race, sex, age, national origin or any protected class?

MR. CLEGG: Sure.

COMMISSIONER KIRSANOW: Okay. Could you please tell me which ones those were?

MR. CLEGG: Well, one of the things that I did when B well, I should say two things. As far as the Justice Department, my time at the Justice Department, I don't recall working on anything involving scholarships at that time.

Now, there were admissions policies that I think actually we investigated admissions policies in the University of California system, I think, particularly at Berkeley that we had good reason to think were discriminating against Asian-Americans.

I don't recall anything else, though, in terms of educational, you know, higher education policies that were B well, we also brought a lawsuit

against VMI for sex discrimination in admissions, a lawsuit which I did not think was a good idea.

Since coming to the Center for Equal Opportunity, we have looked at lots of colleges and universities. And through the magic of the internet, you know, you're now able to go to university websites and, you know, you click on the financial aid part, you click on the scholarships.

And we found a lot of scholarship programs that were not just racially preferential, but were racially exclusive.

That is, there were scholarships that you could not even apply for unless you were this or that color and that you were disqualified from applying for if you were a particular color.

And we wrote to those schools. This was both before and after Grutter, but I think most of the letters went out after the Grutter decision.

And we pointed out that the Supreme Court said that if you're going to use race and ethnicity in a higher education context, you still have to get individualized consideration.

And we said, if you have a scholarship that you can't even apply for based on race, you're not giving individualized consideration. So, you need to change

the requirements for the scholarship or else we will file a complaint with you with the Education Department.

And the Education Department at that time took those kinds of complaints seriously. And so, you know, we succeeded, I think, in getting B and I think it is still the case that most schools now don't offer scholarships on a racially exclusive basis. Don't offer, you know, fellowships and things like that.

They are still out there, unfortunately, but I think that most of them don't do it.

I should say that, you know, we did not play any favorites, you know. Occasionally we would find a program that was racially exclusive for whites. Sometimes just for whites.

I remember in one instance sometimes it was for a white ethnic group like Italian-Americans or something like that and we made the same point. We said, you can't do this.

So, yeah, those programs are out there. I think that, you know, fortunately most schools B and, you know, the first school that we wrote to, I think, was Princeton. And then we wrote to MIT. And we've written to Harvard and Yale.

And all these schools agreed that it didn't make sense to have these programs available on a racially

exclusive basis. And I think that B I think and I hope that that's the predominant practice now.

Now, they may still take race into account. I'm not saying that they're not B that they don't give preferences and that they don't weigh race the same way that they may weigh race in admissions, but at least they're not racially exclusive anymore.

COMMISSIONER KIRSANOW: And in terms of admissions, are there preferences that you've observed, and how widespread are they?

MR. CLEGG: Well, yes, I think that, you know, most schools don't deny, or most B I don't want to say most. That's not true.

Most selective schools, I think, admit that they do weigh race and ethnicity unless they are in a state that has banned such discrimination. And as you know, there are a number of states that, you know, have banned that kind of discrimination.

However, we have, you know, used Freedom of Information Requests to get admissions data from lots of universities and we've done a regression analysis to see whether it appears that race and ethnicity are being weighed in admissions and how heavily.

And we have found that not only is it the case that racial and ethnic discrimination is going on,

which, as I said, most of these -- a lot of these schools admit, but that they are weighing race and ethnicity much more heavily than they like to admit.

CHAIRMAN CASTRO: Commissioner, I'm going to give it over to Commissioner Achtenberg.

COMMISSIONER KIRSANOW: Just if you could answer the how, how heavily

MR. CLEGG: Oh. Well, you know, these schools are B these studies are on our website and the conclusions are expressed in terms of odds ratios.

So, as I recall, the worst law school we found, I think, was in Arizona. And the odds ratios were like over 1400 to one. Something like that.

As I recall at the University of Michigan, and this was after they had lost before the Supreme Court, you know, for students who had particular SAT scores and high school grades, the difference in your chances to admission if you are white or Asian-American versus Latino or African-American could be, you know, the difference between having a one out of ten chance of getting in versus a nine out of ten chance getting in.

CHAIRMAN CASTRO: Commissioner Achtenberg followed by Commissioners Narasaki and the vice chair.

COMMISSIONER ACHTENBERG: I would only

point out after having been a trustee of the California State University system for 15 years, I'm no longer a trustee. So, I have no official axe to grind in this regard.

And having become familiar with the systems B the comprehensive universities, which Dr. Flores represents and which is represented by the universities like the California State University, the Louisiana system, we'll hear from Brit Kirwan from the University of Maryland, also a comprehensive state system, where the bulk of the many millions of students who are enrolled in Baccalaureate degree programs are educated.

I'm not talking about the highly selectives. I'm not talking about the ivy leagues. I'm not talking about any institutions that have to deal in Affirmative Action or any form of racial preference - these are the universities where the bulk of the workforce is being educated in every state in the Union, including the District of Columbia.

In California, 60 percent of the nurses, 70 percent of the teachers, 80 percent of the social workers and workers in criminology, 70 percent of the business people who hold a Baccalaureate degree are all educated in the California State University.

And we're going to hear from the chancellor,

Tim White, tomorrow about the various kinds of progress that that system has been making in terms of improving education across the board at an affordable price and enhancing achievement among all groups also disaggregated for race. So, it's enhancing achievement among Latinos and African-Americans as well.

So, there's an important picture to be painted there and I think that's really the question we're trying to grapple with, or at least the one that motivated me to ask my colleagues to use this concept paper to undergird these hearings and hopefully to provide the basis for a report that this Commission would issue about the impact, disparate or not, of current education funding policies on the achievement of the Baccalaureate degree disaggregated by group.

I would like to turn to Dr. Pfeffer and ask with wealth inequality doubling over the last ten years, does that mean it's even harder for someone in the low-income group to achieve the Baccalaureate degree and/or does it mean that if one achieves the Baccalaureate degree, is one at least equally as likely to enter the middle class with that degree as the ticket?

Are those, I mean I'm a tad confused about what means more.

MR. PFEFFER: Well, I would say yes. I

would say yes to both in some sense. So, the inequalities in access to college education has grown with the growth in wealth inequality.

In fact, what I've cited as this doubling of wealth inequality in the last ten years isn't even taking into account in what I've talked about before in how the students from very wealthy backgrounds have pulled apart from everyone else.

We need to observe how wealth inequality has grown in the parent generation and then track down the children, you know, ten, 15, 20 years down.

So, what I told you about this 40 percentage point, you know, gap, that related to a period in which wealth inequality was growing, but slowly.

In some sense, you could project out and say, you know, we already know what happened to inequality in the last few years and we can project out by what happened to the children who grow up today.

If you just apply that, you know, analysis that I've done to the future, these wealth gaps would not be 40 percentage point, but be 70 percentage points.

So, the growth in wealth inequality seems to be tied to the growth and wealth gaps indeed.

On the other hand, for those who do attain a Bachelor's degree, it is still the case that their

socioeconomic origins cease to have direct impacts on their socioeconomic destinations.

Inequality going into who gets a college degree. But once you get there, you know, you sort of disconnect from your backgrounds.

I would also, if I may, like to answer in response to some of the debate that we started here, explain why really I wanted to focus on wealth at this commission.

So, without, you know, a personal reference, but Mr. Clegg did note that he was grateful to his parents for being able to attend Yale.

Now, I hope I'm not dating you, but I would assume that your parents when they were faced, for example, with the decision to purchase a home, that that decision happened in a time when African-Americans were actively excluded from the opportunity to purchase a home in a specific neighborhood.

What I'm saying is it is not that long ago that we actively prohibited asset accumulation by minorities. I think it's worth pointing this out in this forum.

So, when I say that, you know, the typical African-American has five cents or four cents on the dollar for the white family, you know, the white family

having 60 to 70 times more wealth, we should not forget where that comes from.

So, we can debate, and I'd be very happy to engage in that debate, what the level of active discrimination is in today's society. There is actually very good social scientific research on that, but we should not forget where today's wealth gaps or at least a large part of them stem from, from active exclusion from asset accumulation not that long ago.

And we're talking about the parents or often the grandparents of today's students. And, remember, we have Grandparents Visit Day on many college campuses. Why? Because they finance education.

COMMISSIONER ACHTENBERG: Thank you.

CHAIRMAN CASTRO: We have next Commissioner Narasaki followed by our vice chair.

COMMISSIONER NARASAKI: Thank you, Mr. Chair. I have a few questions for Mr. Flores, and then some questions for Mr. Clegg.

So, you mentioned, Mr. Flores, that you think the measurement for success should not be four or six years completion.

DR. FLORES: It should be one measure, but not the only measure.

COMMISSIONER NARASAKI: Yeah. So, I'm

wondering what the alternative or additional measure is since we hear a lot about, you know, the challenge of low-income students, or particularly minority students, in terms of their ability to actually graduate in six years.

And then the second question I have for you is, if you could clarify - I'm a little concerned because this hearing is partly focused on the issue of should our recommendation be that Congress needs to increase its investment, federal dollars going to things like Pell Grants and TRIO and those programs, or to schools directly so that they could provide greater support programs, or should they not, or should they do something different?

And I'm a little concerned that the great success you've had might be misconstrued B and I don't know, I'm just trying to clarify - as saying, you know, no, schools just need to do what you're doing and the federal government can get out of the business.

So, I just wanted clarification on that.

DR. FLORES: Well, first, on that question, we do get a lot of federal dollars. We get a lot of state dollars. We apply for grants for foundations. We could not do it solely by ourselves.

We reallocate resources every year.

Whenever there is a position that becomes vacant, I look at, and the provost looks at, where could that position be better used? And we invest in the areas that -- are important for our metrics.

Now, one of the things that's important for me -- so, first of all, yes, we need more money for Pell Grants. I think all universities do.

I think as was talked about earlier today, that there should be the utilization of federal dollars as a way of encouraging universities to have more students from low-income backgrounds and success rates with those students.

I'm sure you're going to hear from the Education Trust tomorrow and they allotted that up on how universities, particularly Tier 1 institutions, have not done a good job in bringing in students and graduating students from low income. So, we need encouragements for both private and public universities.

So, we can change policy, we can reallocate federal dollars. I think we need to increase the Pell Grants for students, because the reality of it is costs have continued to increase.

Getting back to the question that Commissioner Kirsanow asked, one of the biggest drivers

in higher education is increased cost of tuition.

30 years ago states were picking up 82 percent of the cost of higher education. In our campus right now, state support is down to 26 percent.

So, you can't just keep cutting. You've got to offset that somehow. And so, the only thing you can do is raise tuition and fees.

So, it's you're condemning universities for raising tuition and fees where really I think the onus has to be placed on the state governments who are reducing support to higher education. So, that gets back to the policy question.

You had an earlier question that you asked?

COMMISSIONER NARASAKI: The issue of this -- If you're not B in addition to using four and six-year graduation markers, what else would you use?

DR. FLORES: I would look at one of the things we do successfully is we get a lot of transfer students.

What we've tried to do is lower the cost overall for students by increasing the number of students who come to us already with college credits.

So, we've formed partnerships with high schools for dual credit so that they're earning college credit while still in high school. And we actually have

in several community colleges in Texas, who have early college programs jointly with high schools.

So, students can actually graduate with an Associates Arts degree and a high school diploma. And usually they will earn that before they get their high school diploma. That has dramatically reduced by two years the cost of tuition.

Now, then there's a cost to that that needs to be offset somehow. So, we need federal and state supports to programs like that.

Also, we have reverse transfer agreements with community colleges. What we've built in with the University of Houston-Downtown is agreements so that when B we have data that shows that students who transfer, but don't have an Associate of Arts degree, they have a high likelihood of not succeeding.

But if we get them, help them to get their Associate of Arts degree while they're still at UHD, their likelihood of graduating not only with a degree in hand, but with a four-year degree increases. So, we sign reverse transfer agreements with our community college partners.

What that has done is it meant that for the first time students were now getting a degree. They were going back and participating in a graduation

ceremony at the community college that they had been in, but didn't graduate from.

That increased the likelihood that they were going to graduate from us. So, I think you have to work with the institution. Let them set the metrics.

The real metric that's important to this country and that President Obama has talked about is increasing the number of certificates and degree holders and the percentage getting back to being number one.

And so, everything has to be from that merit. It's not from the standpoint of how long it takes you to graduate, but increasing the number of people who do, the number of people who become teachers and lawyers, et cetera, et cetera. So, you build in metrics to encourage that.

COMMISSIONER NARASAKI: Thank you.

So, Mr. Clegg, we've debated this issue many times. And as you know, my viewpoint on Affirmative Action is based on my own personal story, which is way back in the Paleolithic era.

Along with Commissioner Kirsanow, I benefitted from Affirmative Action when there are far less Asian-Americans on campus.

And today, as hopefully we'll hear more later by someone who is testifying later, there are some

Asian-American ethnic groups with colleges who are doing it right who are benefitting from efforts on their behalf.

I appreciated Mr. Pfeffer's story about wealth, because that's actually what happened in my family.

My parents were B when they went to buy a house after my dad went to college after serving in the military, there were only certain parts of Seattle he was allowed to buy, because there were racial covenants against Orientals buying homes. So, he bought - we bought in the south part.

And after he died when we went to sell the house, the house had not appreciated as much - nearly as much as most of the rest of Seattle, because of the area that we were limited to buy in.

And I think that is a reality, because wealth becomes the basis on which you use to fund education, right? Because you can mortgage your house or you have more security about being able to invest in your kid's education if you own your house and you know that you're growing wealth. So, I think that was a very important contribution.

MR. CLEGG: And of course now people who tell that kind of story are being discriminated against

B

COMMISSIONER NARASAKI: Well,

MR. CLEGG: -- because of their ethnic background.

COMMISSIONER NARASAKI: -- where I take issue from that is B

MR. CLEGG: And I'm not

COMMISSIONER NARASAKI: Because you referred to Berkeley, right? And Berkeley lost, right? I think if it's the same case, Berkeley lost.

And what I get concerned about is I feel that often there's a confusion between intentional quotas against groups based on different minority groups, which I think was happening at Berkeley, versus Affirmative Action, which is helping other minorities

MR. CLEGG: Well, if you are discriminating against

CHAIRMAN CASTRO: Let her finish her question.

MR. CLEGG: If you are discriminating in favor of some groups, then you are discriminating against other groups.

COMMISSIONER NARASAKI: Roger, can you - is it okay if I can finish, please?

MR. CLEGG: Well, go ahead. What's your

question?

COMMISSIONER NARASAKI: So, the issue is this, is that you are raising your concern about the fact that the Commission is looking at these issues of financial aid through the lens of race.

And I think that by and large most of the programs, and I don't intend to put myself out there as an expert on all the many programs that are out there, don't, in fact, tend to turn on race, right? They turn on income.

And the reason, though, that we are talking about race is because the reality is, is your own demographic discussion is, right, some minority groups are disproportionately in the low-income category, right?

And in addition to that, might have other realities, for example, being immigrant families coming from countries like Mexico where there might have been less educational opportunities. So, the parents are less likely to be college educated as opposed to coming from India where there is more educational opportunity.

And so, even if they are immigrants, the parents are; A, more likely to speak English and; B, have an education.

So, I'm saying that, you know, you noted

quite correctly that there are different realities for each community.

And so, what we're trying to do is understand how these programs impact the different communities because of that reality.

MR. CLEGG: See, I also think it's important, though, that we not use race and ethnicity as a proxy for these other variables. And, you know, my answer to Professor B

COMMISSIONER NARASAKI: I don't think we are B

MR. CLEGG: B is that, if, in fact B

COMMISSIONER NARASAKI: Roger. Roger.

MR. CLEGG: -- wealth is B if there are poor people out there who can benefit from scholarship programs or whatever, I'm all in favor of having those scholarship programs be available to them, but why treat a poor white person differently from a poor black person?

Or worse, why are we assuming that a poor white person is less deserving of a --

COMMISSIONER NARASAKI: Roger, this is --

MR. CLEGG: -- scholarship than a middle class or upper --

COMMISSIONER NARASAKI: Roger, but this is just --

MR. CLEGG: -- class black person.

COMMISSIONER NARASAKI: -- what I'm trying to say is I don't think that Pell Grants or these loan programs actually do that.

So, that's why I'm a little confused that the issue is being raised, because from my understanding that is not what those programs do.

So, I'm just trying to clarify --

MR. CLEGG: Well, I --

COMMISSIONER NARASAKI: My clarification from you is, do you think that these programs have a racial bias in which case, you know, I think it's important to discuss it, or not?

MR. CLEGG: No, I think that some programs out there, some scholarship programs out there, as I was discussing with Commissioner Kirsanow, do discriminate on the basis of race and ethnicity. Others do not.

COMMISSIONER NARASAKI: But I'm talking B

MR. CLEGG: And the reason that B

COMMISSIONER NARASAKI: Wait. Wait. Wait. Can I just clarify? Because I'm talking about federal programs. We're talking about federal programs. We're not --

MR. CLEGG: When you say "we," I mean --

COMMISSIONER NARASAKI: The Commission. That's what the hearing is about is the federal programs.

MR. CLEGG: Where does it say that?

COMMISSIONER HERIOT: If it doesn't have to do with race and gender, then we're not allowed to be looking at it. That's our jurisdiction. So, I don't get what you're saying, Commissioner.

MR. PFEFFER: May I respond?

CHAIRMAN CASTRO: Let's let Mr. Pfeffer respond and maybe that will B

MR. PFEFFER: And probably to bring it back to the policy angle then is I was also, I have to admit, a bit surprised to hear that there is discrimination in the allocation.

The one area where I would see this is since we talk about home equity now, in 1992 there was an amendment to the Higher Education Authorization Act that excluded home equity from the calculation of financial aid. This is something we can talk about, right?

So, if we are concerned about the reauthorization of the Higher Education Act, the question is if there are these longstanding disparities in wealth that are often, especially for the middle class, tied to home ownership and home equity, why don't we pay attention to home equity in the calculation of

financial aid?

Currently, we don't. Since 1992, we don't.

MR. CLEGG: And see, I would add to that that if you have B you have several individuals out there and, you know, we could have a very long and boring discussion about to what extent, you know, each individual can trace his or her poverty to discrimination. And my point is, what difference does it make?

If somebody is poor and needs financial aid, why do we care if this person is able to marshal some social scientists who can show that, well, you know, we can trace this person's poverty to slavery, this person is poor only because his grandfather was a drug addict, this person here is poor only because he's a recent immigrant from Mexico.

Why do we need B

CHAIRMAN CASTRO: So, we're going to move on because we're running out of time. And we still have two commissioners who want to ask questions.

And I'm sure they'll probably ask you some questions, too. So, you'll get a chance to keep talking.

Vice Chair and then followed by Commissioner Yaki. And that may wrap it up, actually.

VICE CHAIR TIMMONS-GOODSON: Thank you very much, Mr. Chair.

Dr. Pfeffer, I've listened with a lot of interest as you talked about family wealth and family income, you know.

I often hear of other African-Americans who have been fortunate enough to achieve a college and/or professional degree talking about themselves and it all admitting that we're just one generation away from poverty.

And so, your statement, and I quote, to the effect that it's doubtful whether fostering mobility through broadening access to post-secondary degrees will be maintained in the future, I hope you're wrong on that, but I wanted to know how it is that you came to that conclusion if you would, please, talk to us a little bit more about that.

MR. PFEFFER: Uh-huh, I'd be happy to. Thank you for the question. So, this is B and I skipped over some of this in the interest of time, an interesting finding from a recently published study that I did that asks why exactly was the broadening of college education successful at increasing mobility? So, that's the finding that we came up with, which probably isn't all that surprising.

And I think intuitively many believe that, well, you know, if more people go to college, that means it's probably, you know, there is more equal access to college.

That is not the case. In fact, in the U.S. over the last 50 years and in many of our OECD nations, it has been shown that with more people going to college, it does not necessarily mean that the chances to attain a bachelor's degree becomes more equal.

Think of it as a pie. The pie grows, but the slices stay the same, right? The question is, who takes advantage of these additional vacancies in higher education?

So, that's sort of the bad news that the broadening of, you know, the expansion of that sector has not really reduced inequality, but there is an important contribution it has made to mobility.

And that is as I've referred to before, this, you know, this idea of the college degree as the great equalizer.

Once you do hold a college degree that has been shown in the '80s and most recently in that publication, your social background ceases to have direct impacts of where you go next.

So, the more people you get to that level

for more people for a larger share of the population, social background ceases to have further effects on their labor market careers.

And if that is the affect that educational expansion had on mobility, that alone, that mechanism alone contributed to increasing mobility.

Now, unfortunately, for the last 30 years, educational expansion has slowed down and come to a complete halt and we're falling behind other nations. So, that avenue, that effectively has been shut off in terms of increasing mobility in the future.

VICE CHAIR TIMMONS-GOODSON: One other quick question for Dr. Flores. One of our earlier presenters indicated to us that in terms of looking at graduates from historically black colleges and universities, you can see a large representation of them in graduate and professional schools. That while HBCUs graduate a fairly small percentage of black graduates, they are over represented, so to speak, in the numbers of masters and Ph.D.s.

I was wondering when we look at Hispanic B what's the phrase? Hispanic-serving institutions, whether there is any data out there with regard to --

DR. FLORES: Well, that has changed over time because as Hispanics have become more than entering

college, they're also entering other institutions.

So, for example, my son went to Stanford. My daughter went to Berkeley. I went to UCLA and Stanford, you know. I was very fortunate in being able to go to those kinds of institutions, but, still, for the most part it's where the majority of Hispanics get their undergraduate education is in an Hispanic-serving institution.

VICE CHAIR TIMMONS-GOODSON: And that's what I'm asking.

DR. FLORES: Doesn't mean that that's all, but that's the majority.

VICE CHAIR TIMMONS-GOODSON: And that's what I'm asking. Looking at those that are graduating from the Hispanic-serving institutions, how are they in terms of our numbers, in terms of masters and Ph.D. programs?

Do you have any data on that?

DR. FLORES: I do not with me.

VICE CHAIR TIMMONS-GOODSON: Okay.

DR. FLORES: We can get that data. Just to give you an idea, we only have 14,500 students, but we rank 37th in the country in graduating Hispanics with bachelor's degrees. And 41st in the country in graduating African-Americans.

So, a small institution like us is in the top 50 for the whole country in graduating both Hispanics and African-Americans. So, we're doing something right.

For those large institutions, one, they're not bringing them in. And a lot of those B now, that's not to say that a lot of them aren't graduating.

I would love to see more African-Americans, more Hispanics at Stanford. I'd love to see them more at UT. Texas A&M has a very small portion of African-American and Hispanics. I'd like to see them, you know, there, but also succeed.

And certainly we are seeing the numbers in percentages of Hispanics and African-Americans at non-Hispanic institutions, including Texas A&M and UT, going into doctorate programs and getting their Ph.D.s. So, that's important and I support that, but, still, where the base is, is in Hispanic-serving institutions.

CHAIRMAN CASTRO: Commissioner Yaki, you have the last question.

COMMISSIONER YAKI: Thank you very much. This is directed toward Ms. Santiago. And I think, Ms. Elliott, you might want to chip in as well.

One of the things that has struck me about the discussion here today is we are focusing a lot on

the aid component and the wealth component, but there's also the programs that once they're in there, help keep them in there. That's part of the federal financial aid platform as well through TRIO.

I'm especially thinking of Student Support Service as well, which I guess is a competitor grant program, but maybe I'd like to hear more from you about whether that is really enough.

I mean, does it need to be, you know, TRIO on steroids? Does it need to be B what kind of, as you said, intrusive involvement do you need? And as you reference, you know, what can we do better in terms of the federal presence to help keep these students once they're in regardless of whatever their debt burden may be.

The fact is they'll have a much better chance of paying it off if they get through and if they graduate.

So, if you could just elaborate on that, because I think that's something we haven't quite touched upon in this part. I'd like to hear what you have to say about it.

MS. SANTIAGO: Thank you. So, you know, interestingly enough TRIO is part of Title 4, which is in financial aid and was intended to be complementary

to the funds.

And the challenge is because it is competitive and it goes to institutions, you don't have that consistency.

And while there are six programs that are part of TRIO, not every institution has all six. So, you've got slices and components.

Some are more student intensive, and that's one I'll mention, but there are others like OPE that just give basic information and don't do a deep dive and help students.

The variance we see, and this is why I mentioned that intrusive advising, is that especially when it comes to issues of persistence to completion, that access to support services like those offered in Student Support Services do make a difference.

To be effective, they tend to have small cohorts. We know cohorts matter a great deal for students, especially low-income first-generation, which is who TRIO serves, but I think we're serving less than a third of students who are eligible for TRIO given the definition of those that they serve.

And so, that alone means we're not even meeting the needs of those that are there.

COMMISSIONER YAKI: Just a quick question.

MS. SANTIAGO: Please.

COMMISSIONER YAKI: And I'd like to hear what you have to say, Ms. Elliott, as well. A third sounds like a lot, but I think that part of it depends on what the definition of who is eligible B is the definition itself too restrictive as is right now? Should it be expanded a little bit more to encompass more disadvantaged, more minority students who would be in the pipeline, make them more eligible for these kind of services?

MS. SANTIAGO: So, the definition in TRIO is low-income first-generation students. And so, it's intentionally intended to target.

The third includes all six programs. So, if you just look to Student Support Services, we're serving many fewer than that.

Do I think the definition should be expanded? I don't think so. I mean, the fact that we make more students eligible and we have less resources and less programs available means that our targeting efforts to low-income first-generation is further limited or watered down.

So, I'll finish and then my colleague might want to jump in here. I do think for these low-income first-generation students, we find they need the kind

of college knowledge and information that helps them sustain.

When the institutions tend to front load financial aid and if they don't have the support services to sustain their persistence at an institution, they're not going to complete.

And the investment we make publicly in Pell Grants in that front loading we don't take advantage of, because we don't help them complete. And programs like Student Support Services allow that.

MS. ELLIOTT: So, I don't have data specifically on services within colleges and what's happening in terms of completion.

I'm seeing people, though, in our data on the back end. People who have not completed who have lots of student debt and are feeling a lot of regret about that debt.

And when you look at their overall balance sheet health, you look at all of their financial data in their household, it's really impacting their long-term financial outlook.

So, this is a larger thing that actually needs to be considered here in that this taking on debt, not completing then sets them up for a life of being a step behind. And it speaks again to this piece that

Fabian was speaking to earlier, this wealth inequality.

We're seeing that in another set of analyses, parents who are still carrying student debt are then unable to launch their children in a way that sets them up well for life. So, it tends to be this legacy of debt.

CHAIRMAN CASTRO: Thank you, everyone. All the panelists, we appreciate the time and your frank and informative discussion with us.

So, the record is open for 30 days. If you have additional information you want to present to us, you can check back with Ms. Angela French-Bell.

So, thank you, and we'll ask the next panel to begin to work your way up while we change the name cards. Thank you.

(Whereupon, above-entitled matter went off the record at 4:26 p.m. and went back on the record at 4:27 p.m.)

CHAIRMAN CASTRO: All right. Thank you for getting ready so quickly. We're going to now begin the final panel of the day.

For those of you panelists who were not here earlier, there's a system of warning lights here. Green, yellow, red.

Green means start. Your seven minutes

start to run. Yellow, you've got two minutes to wrap up.

And then red, if you could just wrap it up and finish right there, then we'll then open it up for questions from the commissioners.

PANEL IV

SOCIO-ECONOMIC MOBILITY AND FAMILY STRUCTURE II

CHAIRMAN CASTRO: Let me introduce the individuals who are on our panel now and then we'll get started.

So, our first panelist is Ms. Kati Haycock with the Education Trust. Our second panelist is Quyen Dinh with the Southeast Asian Resource Action Center.

Our third panelist is Mr. Stephen Thernstrom of Harvard University and husband of our former vice chair. Please give her our regards.

And our fourth and last panelist for this last panel is Dr. Leticia Bustillos with the National Council of La Raza.

I want to ask each of you to raise your right hand and be sworn that the information that you are about to B that you swear or affirm that the information you're about to provide to us is true and accurate to the best of your knowledge and belief; is that correct?

GROUP RESPONSE: Yes.

CHAIRMAN CASTRO: Thank you. Ms. Haycock, you have the floor.

MS. HAYCOCK: So, as Americans, we tell each other in the world two really important stories about who we are as a country.

The first one of course is that we're the land of opportunity. Whether your parents were born in a village in India or in the hollers of western Kentucky, we are the place above all others where if you work hard, you can become anything you want to be.

The second story we tell each other in the world is one of constant intergenerational advancement that each generation of American parents through hard work and savings can assure its children a better education and, in fact, a better life.

Those stories, as you know, are very powerful. They are pervasive in how we think about ourselves as a country, but the fact of the matter is they are no longer true.

As other witnesses have told you today, there are very fast-growing gaps in both wages and wealth in this country and growing problems with social mobility as well.

Now, in fact, instead of being the country on earth where if you work hard it is easiest to escape

poverty if you born poor, we are now tied with UK for being the place on earth where if you're born into poverty, it is hardest to escape living your life in poverty.

As I recall, I think we fought a revolution to avoid that fate, but we seem to have gone there nevertheless.

When you think about all that at the macro level, you know that a quality education is not the only thing that needs to change in order to turn those patterns around.

There's a lot of things that important enlightened public policy could do, but at the individual level a quality education literally is the only way out.

As generations on generations of African-American parents who have taught their children a good education is literally the only thing that nobody can ever take away from you.

And as Diana said earlier, today if you're born poor, just under half of you will stay in poverty without a bachelor's degree. And another 20 percent will stay pretty close to poor, but with that bachelor's degree the stickiness drops to about one in six.

And for African-American males, the

differences are even more stark. For those without a high school diploma, literally 68 percent will be imprisoned by age 34. With a high school diploma, that number drops to 21 percent. With a college degree, to six percent.

So, what we do in education in our schools and colleges really matters. Really matters.

So, how are we doing? When you look at the numbers on the access side, we've provided the alum data with this, but I won't go into those numbers now, what you see is a lot of progress over the last 30 years and access is going up for all groups of young people, but there are very big differences in access to what and the types of institutions to which students get access and differences too in success once there.

Indeed among the many low-income students and students of color who begin in a two-year college with an aspiration to get a bachelor's degree, the question is how many actually end up getting that degree? Fewer than 14 percent.

But you add all those patterns up and what you see is very different rates of degree acquisition for different groups of Americans.

The bachelor's rates in this country for African-Americans are roughly one half of them, more

than one half those for whites. For Latinos, only one-third. And when you look at the difference by family income, even more glaring differences still.

So, the question of course is what's going on here? What's behind this? There are a lot of folks in higher education who would like you all to believe that those patterns are mostly the result of two things~~,~~ lousy high schools, and stingy federal and state policymakers. And the fact of the matter is that people who believe that aren't entirely wrong.

As all of you know, low-income students and students of color in this country continue to be educated in schools where we spend less on their education, where we expect less of them, and assign them our least well-educated and least experienced and, frankly, least-effective teachers. So, yes, poor preparation is part of the reason for those numbers.

It is equally true that poor government decision-making is part of the problem.

You all know that the cost of going on to college has gone up faster than anything else in our economy. And the Pell Grant, which is the main vehicle for low-income students to afford college, has simply not kept up.

What's important for you to know, though,

is this is not because the federal government isn't spending a lot more money on student aid. They are. What has changed is who those dollars are being spent on.

Huge numbers of federal dollars, more than 21 billion, are being spent through the tax programs now which benefit not so much the low-income students who are targeted by Pell, but middle and even upper income students who actually don't need help or certainly don't need it nearly so much.

So, yes, in fact, government aid is part of the problem. But what's really important for you to know is that the choices colleges make also turn out to be hugely important in who goes and who doesn't. Colleges themselves turn out to be very important actors in this drama of shrinking opportunity in this country.

For one thing, colleges and universities have their own financial aid money. It's called institutional aid money. $21 billion last year.

They decide who to spend those dollars on, but the shift in those dollars away from low-income students has actually been more dramatic than the shift in federal or state dollars.

For example, back in the '90s public universities in this country spent more dollars of their

student aid dollars on the lowest income students than they did on their richest.

Today, they spend more of those dollars on their richest students than on their poorest.

In private universities, the shift has been even more dramatic with students in the top income quintile getting a lot more financial aid money from private institutions than students in the bottom. And the impact of that on students from low-income families has been devastating.

The typical student from a low-income family after all grant aid is received from the federal government, from the state government and from the institution, still has to come up with an amount roughly equivalent to 75 percent of that student's family entire annual income.

So, the choices colleges make are really important in who comes and who doesn't, but it also true that the choices colleges make are hugely important in who graduates and who doesn't, you know.

You can look at overall graduation rates and I've showed you those numbers, but underneath those there are very, very different rates.

Some colleges consistently get 90 percent of their students through with a degree in six years.

Some get ten percent.

And while some of that is about differences in preparation, differences in poverty, it turns out that when you dig underneath the data, what you see is some institutions consistently get more of their students through with a degree than others that serve exactly the same students. And the differences in their underrepresented students are even bigger.

We have some very large institutions in this country that have, for example, no graduation rate gaps between their black and white students. Florida State University, Georgia State University are two examples of that.

Some institutions that serve exactly the same students have 20-point gaps, 30-point gaps, 40-point gaps.

CHAIRMAN CASTRO: I'm going to ask you to B

MS. HAYCOCK: Right. So, some of this is about what institutions choose and that's important to understand as well. Thank you.

CHAIRMAN CASTRO: Ms. Dinh.

MS. DINH: Thank you so much for inviting SEARAC to testify today to talk about the challenges of Southeast Asian-American students to higher

education access, as well as affordability.

Founded in 1979, SEARAC is a national organization that advances the interest of Cambodian, Laotian and Vietnamese-Americans, communities that came to the U.S. after the U.S. involvement in Southeast Asia in the '70s.

As a child of refugee parents, I was the first in my family to graduate from college. So, the data that I'm going to share with you is personal.

It reflects the lived experiences of seeing myself graduate while my brothers and my cousins did not.

Across the country our communities experience tremendous education inequities. And the reason for these troubles are deep. And it comes down to understanding one key factor.

The experience of our refugee parents, the broken communities that we were resettled in directly influenced their child's life outcomes so that being born here in the U.S. was not a silver bullet towards educational and economic mobility.

And from SEARAC's extensive experience and research, the challenges that Southeast Asian-Americans faced are often rendered invisible when we are lumped under the larger Asian-American umbrella

that consists of more than 48 separate ethnic communities.

To date, Southeast Asian-Americans are the largest refugee communities to ever be resettled in the U.S. numbering at close to 2.5 million. And disaggregated data shows us that our communities face low rates of both high school completion and college completion.

The 2010 census showed us that over 30 percent of all Southeast Asian-American communities lacked a high school degree compared to only 15 percent of the American public and 14 percent of the overall Asian-American community.

And additionally, over 50 to 66 percent of our community members never attended college compared to just 40 percent of the U.S. overall population and Asian-Americans overall.

And our communities arrived 40 years ago as refugees and the experience, the unique challenges that we faced are about the skills that our parents brought, navigating both K-12 and higher education systems with very limited English capacity, knowledge about the systems, as well as economic barriers.

So, to begin, for Southeast Asian-American students, what your parents brought with them mattered.

Research about immigrant and refugee students indicate that a parent's educational level of attainment in their home countries is highly predictive of how well their students will do here in the U.S.

And for Southeast Asian-American communities, the majority of refugees came from agrarian backgrounds with very low levels of fluency even within their home countries.

As refugees and immigrants to this country, our communities face tremendous linguistic barriers where over 38 to 52 percent of our communities speak English less than very well adversely impacting the amount of resources that English language learner students need in school to actually become proficient, adversely affecting college performance rates that require very rigorous English proficiency skills and often resulting in students dropping out of college.

So, one research study found that four out of five students who attend community colleges from Asian-American backgrounds have to take remediation English courses.

And similar to other communities of color, Southeast Asian-American experience extreme poverty. Whereas the U.S. poverty rate is about 15 percent for U.S. families, the rate is higher for all Southeast

Asian-American communities from 16 percent of the Cambodian community to up to 27 percent of the Hmong community.

And in addition to being more likely to drop out of high school, these economic barriers create tremendous financial barriers for students who are financing their education for the first time.

In reviewing data about Pell grant recipients, we find that the average amount given to Asian-American students are higher than all other communities of color, including blacks, Hispanics and American Indian students, suggesting that Asian-American students who are accessing these Pell grants come from the communities with highest financial need.

And contrary to media sensationalism around Asian-Americans being locked out of ivy league colleges, the majority of Asian-Americans and Southeast Asian-American students actually attend two-year colleges. Over 55 percent.

And for Southeast Asian-Americans, up to 48 percent report attending college, but never obtaining a degree. These students are also more likely to enter college with more risk factors, including not having a high school diploma and working full time while going

to school.

And finally, because students are the first in their families to be attending college, there are very limited resources and information to families on how to actually apply, how to actually access these different systems.

And while programs like TRIO actually are tremendously useful, very rarely do these programs do specific outreach to Asian-American students or Southeast Asian-American students specifically.

And when you look at the rates of socioeconomic mobility, we know that what we're seeing is generational poverty. We know that Southeast Asian-American students B I'm sorry B Southeast Asian-American communities have the highest unemployment rates when you look at the Asian-American community in general at over ten percent.

And finally, the two highest concentrated industries which Southeast Asian-Americans work in are low-paid labor jobs including manufacturing being the number one, and the service industry being number two.

So, this year marks the 40th-year anniversary of our communities being here in the U.S. And the alarming data that we see around educational disparities, around economic disparities, suggest to

us that this is a systemic problem that requires policy solutions, that requires rigorous discourse.

So, on behalf of SEARAC, I thank the Commission for including Southeast Asian-Americans in this dialogue about equity, about access, about affordability to make sure that we, as a country, meet students where they're at meeting their direct needs and maximizing their full potential.

CHAIRMAN CASTRO: Thank you. Mr. Thernstrom.

MR. THERNSTROM: Thank you very much for B

CHAIRMAN CASTRO: You can turn your mic on.

MR. THERNSTROM: Yeah. Thank you very much for having me here. I'm sorry I couldn't attend the earlier meeting and that I might better understand what the issues really are here.

The formulation given is that it is hope to somehow B to examine the possible reasons why minorities may have difficulty accessing four-year flagship universities, and I would question whether this is the goal.

It would be desirable if there were no disparities of any kind in the rates of students attending highly selective institutions, but highly selective institutions, by definition, are attempting

to pick the best students they can and have faculties that are well-equipped to deal with students at that level.

It does not mean, therefore, that taking students with much weaker academic preparation and the racial gaps today, I hope to have time to look at a couple of them, but, first, the racial gaps today are so great that it's very hard to imagine a vast increase in the number of students who could enter Georgia Tech, let us say, or MIT and have the mathematical background to get through their freshman year.

There are enormous differences and these colleges have curriculum and focus their instruction at the level of their average or above average students.

And I see here a strange kind of prestigism at work in the formulation as if -- in the state of Michigan, which I come from, there were students in my graduating class at Battle Creek High School who went on to Western Michigan University. Others more academically prepared went to Michigan State. And those who were the top students went to Ann Arbor.

Now, if the students going to Western Michigan had all been transplanted to Ann Arbor, I can assure you that the rate of dropping out of college would have been astronomically high.

And I furthermore would suggest that the more prestigious an institution of higher learning is, the less concerned its faculty is with teaching students, except graduate students.

That is, I've taught at Harvard more than 40 years, I've taught at UCLA for four years, I taught at Brandeis a couple of years and I can assure you that when faculty appointments at such schools are made, there is very little discussion of their teaching qualifications, except in a rare case when people will say, yeah, you know, she is really brilliant, but I really can't understand a word of what she's saying and she carries on too long and so on, but, believe me, it's the publications, the research and writing that determines who is on the faculty in Ann Arbor, who in Michigan State, who in Kalamazoo.

So, I think it is fallacious to think that it's an important objective to getting students into these quality B higher quality institutions. The main thing is to somehow help more students develop the skills so they can flourish at the University of Michigan rather than Western Michigan at Kalamazoo.

Now, the gaps in academic preparation, my wife and I ten plus years ago wrote a book on this, "No Excuses: Closing the Racial Gap in Learning."

And our examination of the data there, the most shocking bottom line is that the average black student at 17 performs at or below the level of the average white student at 13.

There is a four-year skills gap. And I haven't been following this. I've been doing other things since then, but I did get back into the data site, used their explorer tool and calculated the new figures.

And despite No Child Left Behind, countless new programs of every kind, that fundamental gap remains unchanged.

So, you have very large proportion of black. To a lesser extent Latino. I was impressed with the signs of progress for Latinos, but for blacks the percentage leaving school around 17 whose skills in reading is close to or below basic, let's call it, and that is, believe me, very basic indeed, is close to half. And for below basic in math, the gap is even larger. I have it somewhere in here. I think it's 62 percent below basic.

Now, there are students there who have the potential to do brilliant work in time if something intervenes. But if with compulsory public education, a pretty richly funded K through 12 educational system, if these gaps which have been the focus of endless

writing in recent years remain basically unchanged, I don't see that tinkering around with somehow the admissions requirements at Georgia Tech or something will help at all.

Winning admission to the school of your dreams is not like winning the lottery. And if the school of your dreams is too damned tired given your earlier development, it will be, in fact, very bad for you. Your dreams will be crushed and you would be better off in an institution, you know, where you're like many other students and you're likely to have teachers who know more about how to teach kids like you than the faculty of Yale University.

CHAIRMAN CASTRO: Thank you, Mr. Thernstrom.

Dr. Bustillos.

DR. BUSTILLOS: Thank you. Good afternoon.

CHAIRMAN CASTRO: You can turn your mic on. Thanks.

DR. BUSTILLOS: Thank you. Good afternoon, Chairman Castro, Commissioners. Thank you very much for this opportunity to speak on this terrific panel and offer the perspectives of Latino students in regard to access and success in higher education.

I am going to focus my remarks on three critical areas that we've largely heard from our students, which has also been bolstered by research, as to what influences their choice of college attendance.

The cost of college and the assumption of debt is one of the primary factors that they've identified.

We've also heard a great deal about their college readiness to be successful college students.

And finally, talking about the very strong family connections that guide and influence their decision-making about post-secondary attendance.

I have been in the field of education for two decades. For nearly two decades I have been a teacher, I have been a professor and researcher of education, and now I serve as an advocate with the National Council of La Raza, which is the largest national Hispanic civil rights and advocacy organization in the country.

We have the benefit and the privilege of working with nearly 300 affiliated community organizations across the country with whom we are able to have direct access to students to hear directly from them what most concerns them about education and their

access and their opportunities to post-secondary.

Our core policy area, one of which is education where we definitely aim to enhance the opportunities of the nearly 25 percent of Latino school-age children that are currently in our public education system, with that 25 percent we are particularly concerned about what happens after the K-12 experience and what access and opportunities they have to post-secondary opportunities.

In our community, education has been viewed as a way to achieve social and economic mobility. Research that we've done definitely shows that higher education provides greater returns than any other type of investment, including stocks and bonds as college graduates earn significantly more than non-college graduates do.

We also know that in the United States any individual from a low-income background can achieve any income level even within the span of one generation.

These facts are not lost on our community. 89 percent of young Latinos agree that a college degree is vital to getting ahead in life.

There is much that we are proud about. We know that Latinos are enrolling in college in record numbers. The statistics show that the share of Hispanic

students accessing college has grown tremendously.

Between 1972 and 2012 we've seen an increase of more than 24 percentage points in the share of Hispanics accessing higher education.

However, we are concerned that while we are accessing higher education, we are not completing. The degree attainment of Latinos significantly trails that of other groups.

And given the fact that the majority of jobs by 2020 will require some form of post-secondary credential raises significant concerns for us that we need more Latinos accessing post-secondary opportunity and completing with a degree.

In talking to our students, we've heard several complex factors influencing college attainment.

The first and probably the most significant concern for our students is, in fact, the rising cost of college and the assumption of debt that they need to take on to go to college.

Many of our students talked about though college is their dream, they are unwilling for their families to take on that responsibility, that huge financial responsibility of college debt.

They are uncertain of what the future holds

for them. And so, to take on that risk is almost too much for their families to take on.

In fact, we have the example of one student who was, in fact, admitted to a prestigious four-year college whose financial aid package nearly covers the entire cost of attendance.

However, her expected family contribution of $3500 seems insurmountable given that her family income level is at the $20,000 level.

So, her concern about actually attending is not that she's not getting the financial aid package that makes it possible, it's how much can her family realistically afford to send her there.

College readiness is another factor. And when we talk about college readiness, we are not talking about the readiness in terms of academic preparation.

We are talking about those other factors including the access to information, the resources that they have at their disposal, the strategies of what it means to be a successful college student. And finally, the mentoring that is available for students to make those really good choices about where to attend and how to succeed in college.

Many Latinos like myself are first-generation college students who do not have that

familial legacy of a college attendance. So, we are guessing a lot of this information about what it means to attend college and succeed.

Without having the actual mentorship and the advice to make those choices and to understand the college-going process, it makes it significantly much more difficult for us to get to that point of degree completion.

Finally, we talk about the family. The family is a strong influence in the Latino community. Many of the students that we spoke to talked about that strong family connection and their unwillingness to select institutions that would take them either too far away from their family or unnecessarily burden their families with debt.

Many of those, for them, part is the familial connection wanting to remain close to succeed. Others are unable to take on to go away to college and be unable to contribute to the household, to be able to support the family either in the caring of family members, or into supporting and contributing to the economic reality that they face.

One of our students that we talked to was actually accepted to Yale. He is from California, but he himself said that he understands the privilege of

being accepted to such a prestigious institution, but, again, the strong family connection makes him hesitate about whether he will actually attend.

Finally, as I said, Latino students aspire to a college degree. That is a dream that they wish to attain.

However, the choices, the influences that impacted their decision-making are really too great. The cost of attendance, their own college readiness to understand the college-going process and navigating college. And then finally the strong family connections have both the positive and negative outcomes.

However, we want to stress, again, they want to attain a degree. They see the degree as an opportunity to a better life. And they aspire to that better life not just for themselves, but for their families.

And we at NCLR are looking to work with our community, work with our elected officials so that we can then develop those policies that make their dreams a reality. Thank you.

CHAIRMAN CASTRO: Thank you, Dr. Bustillos.

Do you want to begin the questioning now,

Commissioner?

COMMISSIONER ACHTENBERG: I would be happy to.

CHAIRMAN CASTRO: All right.

COMMISSIONER ACHTENBERG: Ms. Bustillos, are you familiar with the various forms of federal investment in post-secondary like the TRIO and Gear Up programs that focus on college readiness and then college persistence?

And if you are, could you talk about whether or not it's been the experience of your constituents that they contribute to student's ability both to receive admission, as well as to persist and graduate?

DR. BUSTILLOS: Absolutely. So, our community, as I mentioned, many students in our community are first-generation college students so that the college knowledge at the very start of the college process, as well as going through the college experience, is not very well-known. They do not have, as I mentioned, the family legacy of college attendance.

So, these federal investments and support programs are absolutely essential to provide our students with that necessary information, as well as the advice and the mentorship that is often lacking because their social networks do not have that college

background.

So, we would say that any effort to bolster their knowledge, their success to develop the strategies to become successful college students, is absolutely essential for our community. And our students definitely let us know that that is absolutely necessary.

COMMISSIONER ACHTENBERG: Do you have any familiarity with the PK program and the success of that program? It's a program in California where the community colleges and the California State University work with parents.

It's focused primarily, not exclusively on Latino students, but primarily on Latino students working in community centers and other places with the parents of aspiring college-going students.

DR. BUSTILLOS: Unfortunately, I do not have direct knowledge of that program. However, I can say that in working with other programs and hearing from students who are part of other college mentoring programs that do involve the parents, it is clear that informing the parents about the college-going process, why college is so important, the differences between community colleges versus the four-year institutions, again, helps not just the individual make those choices

that are best for him or herself and the family, but makes the family buy in to the notion that college is essential for moving ahead in life and to securing that degree attainment that is essential for future opportunities.

COMMISSIONER ACHTENBERG: So, would it be surprising to you then that when these various PK chapters, students from these chapters of PK enter the university, they enter more prepared, they persist at greater numbers, they graduate on time and with less debt, in part, because it's explained to the parents at the outset all the avenues for tuition assistance that are available.

I'm talking now in California, for example, if you're Pell Grant eligible and you're in a qualified four-year institution, you're Cal Grant-eligible, which is the state's grant, and then there's a grant on top of that called the state university grant.

You put those things together with college work study and there's essentially zero cost of attendance, for example.

We have found in California that that's a winning formula. And that has increased percentage not just of college-going, but of degree attainment not astronomically, but by many percentage points.

Are you familiar with programs like that that have been successful in aiding students in going to college in greater numbers, Latino students in going to college in greater numbers and achieving the baccalaureate degree?

DR. BUSTILLOS: So, the first part of the question was, no, I am not surprised. I think it's, again, as I indicated, those are absolutely essentially programs to inform the entire family about how these investments will, in fact, support the individual, as well as for their goal to help their family in the long term succeed.

I can speak to one program which I was very closely involved with. I'm also from California. I am from the Southeast Los Angeles area and I was a teacher in a district, Montebello Unified School District.

And over the last three years we initiated a program called the College Bound Today program.

In that program, alumni from the local high schools are identified to serve as mentors. Alumni who went on to colleges, who went on to the four-year institutions so that they can come back into the schools and advise college-bound students about the process.

Our work was to start with tenth graders. So, that way we were their mentors from beginning in

tenth grade all the way to the point of completing their applications, helping them with their statements.

And along the way, informing them about our individual experience about what it meant to go to college, what it meant for some of us to go away to college so far away where there is a tremendous hesitation about going such long distances.

A critical component of that program was, in fact, the parent participation. We met on Saturdays at least once a month for about three hours with both the students, as well as the parents.

The parents received separate workshops where they were able to not only ask questions about why should I send my child to Massachusetts, you know, how much better is Harvard than it is for my local community college? And have those really in-depth conversations about the financial aid process, the differences between the types of institutions are available.

If you were very set on having your child stay, you know, much closer to home, identify the differences between UCLA or a Cal State system. The pros and the cons of both.

COMMISSIONER ACHTENBERG: Sure.

DR. BUSTILLOS: So, it does not surprise me

that students and family members who are part of these types of programs have better persistence and retention. It is just unfortunate that we don't have enough of them.

CHAIRMAN CASTRO: Madam Vice Chair.

VICE CHAIR TIMMONS-GOODSON: Thank you very much, Mr. Chairman. My first question is for Mr. Thernstrom.

Being the eternal optimist that I am, I was really happy to hear you say that there are some students B let me see B brilliant kids with potential to do it in time. And I believe you were referring to overcoming the performance gap between black and white students.

What would you suggest or what do you see that could be done to help get those brilliant kids with potential to where we'd all like to see them?

MR. THERNSTROM: Well, one thing, and I haven't seen much writing on it B there may be tons of writing I don't know about, but it does seem to be one of the great features of our B

CHAIRMAN CASTRO: Could you speak a little more into your microphone?

MR. THERNSTROM: I'm sorry.

CHAIRMAN CASTRO: That's okay.

MR. THERNSTROM: Many of our state university/college university systems is transfer

opportunities.

I mean, I know a brilliant kid who was an immigrant from France who ended up going to community college somewhere in Florida. And after a year, his teacher said it's crazy for you to be here and got him a scholarship at MIT. And he got two degrees through MIT.

And somebody else who was in some California community college and transferred to Berkeley. And I know that thousands do that each year.

And the best way to know whether you are really capable of doing college work is to start somewhere where you surely are capable and do so well that you have an appetite for more challenging instruction.

So, I think that is something that, you know, I'm sure it varies a lot from state to state and there may be states that don't allow or encourage this and that would be something I would like to see changed.

I also was going to refer in my statement to a point you referred to about the role of the historically black colleges and universities, which strikingly at a time when they were producing like 20 percent of the bachelor's degrees for blacks in the country, produced 40 percent of blacks with degrees in

STEM fields, math, science, technology.

And that such students, I think, who probably came with, you know, skills that would not have allowed them into Georgia Tech or whatever, they were in a place that knew how to teach them and challenged them enough and kept their interest up.

Whereas it's one of the clearest patterns with preferential admissions at elite institutions is that blacks enter Duke and Dartmouth and all the rest of them intending just as much as whites do to major in science, but very quickly they shift their preferences because science, the grades are very clear and there's no arguing about them. And they didn't do as well in science as kids who went to prep schools and so on. So, they just gave up on science.

In a less-demanding, you know, program of science instruction they would have flourished and maybe then they would have gone on to MIT or something, but that's a good example of instruction tailored to where the students are and advancing them at a reasonable pace.

VICE CHAIR TIMMONS-GOODSON: Thank you very much. If I could, Mr. Chair B

CHAIRMAN CASTRO: Please.

VICE CHAIR TIMMONS-GOODSON: -- one other question. This is for President Haycock.

You talked about institutional income and you stated that colleges through the choices that they make, play a significant role in deciding who graduates.

That brought to mind a decision that was made in North Carolina back in August of last year by our UNC Board of Governors. And what they did was voted to cap the tuition revenue that could be used by our member institutions toward need-based aid. They capped it at 15 percent.

So, institutions like my alma mater, UNC-Chapel Hill, could not use tuition dollars to aid B to provide financial aid.

And so, the reality is and has been that the student's debt, you know, has to increase.

Now, they explained that by saying other families' tuition or the tuition paid by other families was partially going to fund students, other students' financial aid packages. And that just was not right.

Are you aware of any other states that have taken similar action? I just don't understand it.

MS. HAYCOCK: I think North Carolina holds the award for most self-defeating action in recent memory. It is true that many other university systems take that institutional aid money and spend it on students who at least need it, but the Board's decision

to actually cap the amount of money that could be used for need-based aid will create huge problems down the line for North Carolina's future.

VICE CHAIR TIMMONS-GOODSON: Anybody else making decisions that B

MS. HAYCOCK: Pardon me?

VICE CHAIR TIMMONS-GOODSON: Any other institutions or states that you're aware of making decisions that are that poor?

MS. HAYCOCK: That are that poor?

VICE CHAIR TIMMONS-GOODSON: That poor.

MS. HAYCOCK: Decisions that are that poor as opposed to states that are that poor. North Carolina will get poorer as a result of its decision. Let's put it that way. But, again, no, I am unaware of any other system.

That doesn't mean there isn't one that has made a bad decision like that, but that said, that's a remarkably short-sighted decision.

VICE CHAIR TIMMONS-GOODSON: Thank you.

CHAIRMAN CASTRO: Commissioner Narasaki, do you have a question?

COMMISSIONER NARASAKI: Thank you, Mr. Chair.

CHAIRMAN CASTRO: You're welcome.

COMMISSIONER NARASAKI: I have a couple quick questions.

CHAIRMAN CASTRO: Uh-huh.

COMMISSIONER NARASAKI; One is for Ms. Dinh. So, you mentioned that you felt TRIO was an important program, but unfortunately -- and I'm characterizing what you said. So, feel free to correct it, but my understanding was you were saying that they weren't doing a sufficient job of really reaching out to the Southeast Asian students.

So, can you elaborate about, you know, what would you recommend TRIO needs to do to fix that problem?

MS. DINH: Right. So, the data that we have about TRIO is really limited as a lot of education data is around Asian-American students, because there really isn't any disaggregation within that Asian category. So, within Asian B which are the students who are actually being served by TRIO.

That said, the community experience we have demonstrates that there are always a pocket, a handful of Southeast Asian-American students who get into these programs in California, in Texas, in Georgia, in Minnesota, in Seattle, Washington.

In Seattle, Washington, the story that we've learned is that it really comes down to the

individual institution and whether or not they have enough knowledge to reach out to Asian-American communities.

My major recommendation would actually be to provide clarification that within this category of first-generation low-income students you have a very big population of Southeast Asian-American students who are also eligible.

I don't think B I think that there is big will and intention to serve our students. And I say that because every time we do our presentation at conferences nationwide, we always run into a TRIO advisor who says, I had no idea. How do I work with you to get this word out more?

So, I think it's about educating those TRIO program officers and providing them with information on eligible communities.

And something that Deborah Santiago said was very interesting. She mentioned that she felt that perhaps only a third of the total population of students who are eligible for TRIO were actually receiving it, which, to me, I can attest to that.

I was a low-income first-generation student. I had no idea TRIO existed. No idea. And I can't say why, you know.

There weren't any counselors who came to my high school to do outreach with me. Within our student organization at Berkeley, very few of our Southeast Asian-American students were part of the TRIO program. So, I think it is about education.

COMMISSIONER NARASAKI: Thanks. And then, Ms. Haycock, you mention in your testimony, I think it might have been in your written testimony, that over the years colleges have shifted who they spend their money on.

So, what can be done, you know? So, what should Congress be doing when it looks at these programs again in order to try to prevent that from happening?

And, also, a similar question about there's some B many critics who say that some aspects of the federal financial aid has actually been part of the reason why prices have gone up, tuition prices have gone up, and do you feel that's true?

And if so, what would be the policy prescription to prevent that from happening short of ending the programs?

MS. HAYCOCK: Yeah, let me answer your last question first, if I can. There have been quite a number of researchers who have looked into the question do increases in federal aid tend to prompt increases in

college costs? And I think the general conclusion is no.

As you know, they're not even close to keeping pace with the explosion of costs. There are a lot of other drivers for those costs, including in the public sector the disinvestment of state government.

So, I think that the suggestion that if we invest more aid, colleges will inevitably increase their price, is just not borne out by the data.

In terms of what can the federal government do, I mean, the other organizations at the table will assure you that all three of us are very interested in robust federal policy in both K-12 and higher ed.

It is a little tough to see what Congress can do about the use of institutional aid dollars. Those aren't entirely within the purview of institutions.

What's happening here is generally a quest to move up the ratings ladder. The attempt at a federal rating system is a bit of an attempt to sort of counteract that with another way of rating colleges.

Whether that will ever happen, whether it will have its intended affect we don't know, but that's really the driver here much more so than what federal government does. And I, for one, cannot imagine a federal

policy that will have a major effect on that.

The federal government could, you know, at the top of the higher ed pyramid are a set of institutions that are extremely wealthy and that serve very few low-income students. Far fewer, by the way, than the data would suggest meet their standards. And I want to be clear about that.

So, the federal government could because it gives those institutions huge tax benefits, it could say unless you are serving at least your fair share of low-income students, you begin to lose the tax benefits that you enjoy, which are huge when you look at them per student. Much bigger than the tax benefits or the spending benefit that public institutions get.

VICE CHAIR TIMMONS-GOODSON: Can I ask one more?

CHAIRMAN CASTRO: Go ahead.

VICE CHAIR TIMMONS-GOODSON: So, we also are receiving testimony about accreditation and the connection between accrediting organizations and the eligibility of schools to participate in the federal programs. And I have to admit I find it a little confusing.

I don't know if that's something you follow. And if you do, you know, what should we be paying

attention to there?

MS. HAYCOCK: Well, if it's helpful to know, most of us find the accreditation landscape a little confusing.

So, I think the simple thing that I think I can tell you is there's general agreement within traditional higher ed at least that the existing accreditation system increases expense through burdensome regulations that aren't really very important.

I'm not entirely sure I agree with those claims, but there certainly are, you know, lots of people who agree with that.

I think what many of us would argue is that what those systems don't do, however, is look at the thing that's actually most important in determining whether you ought to be allowed to administer federal aid. And that is, do the students you admit actually graduate, or are you producing more debt than degrees?

And there are no accountability provisions despite the fact we give billions of dollars over to colleges and universities, they are responsible for nothing by way of graduating the students who are served with federal dollars. And when you get dollars without accountability, you are less likely to deliver.

And, you know, well, we can give them more program money and I share the view that we provide inadequate dollars through Support Service and now the TRIO programs, but dollars without accountability for improving results won't matter.

And programs by themselves don't make enough of a difference. It's institution-wide culture and acceptance of responsibility. Help students who come in, get a degree that matters.

CHAIRMAN CASTRO: Commissioner Yaki.

COMMISSIONER YAKI: Thank you very much, Mr. Chair. I'm not quite sure who this would go to. I think it probably goes to all of you.

Obviously, you know, this is a hearing that's limited to the subject at hand. And, you know, part of me understands that education in and of itself is all connected, you know.

When Dr. Thernstrom starts talking about the gap in terms of skills, that goes B that's something that this can't deal with right away. It goes all the way down from preschool all the way up through twelfth grade, but they said that we can start thinking a little bit outside the box here.

Part of what we can do is be an institution as the Commission that thinks outside the box and just

doesn't say, well, we should just tinker around this edge here or just put more funding in here that's going to make it work, but start thinking a little creatively about how to deal with the situation.

And something that just came to my mind during the hearing today is, are we really doing enough to deal with the debt burden post-graduation? Is there some kind of incentive that we can provide that if you complete your degree, your debt starts to go down immediately?

Right now we have a couple of programs where you become a teacher, Teach for America, AmeriCorps, things like that start to take a year off, what have you, but I think that this is a bigger issue.

It's a bigger issue, because not everyone wants to be a teacher. Not everyone wants to B they want to go to different fields. They want to do other things.

Is there a way that we can start talking about debt reduction just for being a good B based on income as you come out of school that enables you to pay what is equitable to your income level as you get out of school. And then it may increase as you earn more money.

But in the early years when you're not faced with this giant coupon that you get, because I remember

getting that coupon from Sallie Mae when I graduated from law school, because they at least deferred past law school. But then as soon as it was over, I was clerking for a judge and, bingo, I'm making, you know, at that time clerking for a judge was not making that much and all of a sudden you get that coupon from Sallie Mae and you're going, wow, that is a big freakin' hit on my income.

(Laughter.)

COMMISSIONER YAKI: You know, but is there a way to start thinking about doing that that if you make it through, if you complete, can you get into some sort of forgiveness program based on your income or scaling of the debt service on your income so that you can deal with that?

Is there a way to tie or leverage TRIO funds to institutions that says, we will give you these if you also contribute X part of your own income toward the kind of support services that help students stay in these programs or in these curriculums.

Are there ways that their incentives within specific curricula, whether it's STEM or what have you, in institutions of higher education that, again, you can leverage Pell, you can leverage SEOG, you can leverage TRIO in a way that makes the Harvards or makes

the Yales. I went to Yale. So, I can say this because God knows I paid a high interest rate when I graduated from law school there.

Leverages them to say, you've got to put a little bit more in, because we have a responsibility to every student who enters your institution not just that they can afford to go there, but that they're going to finish going there and they can afford to live after they get out, you know.

Those are the kinds of things I would ask you in the next 30 days while we have this time, to come back and think of those things because, you know, I'm pointing out to you right now, and I don't expect you to answer unless you have some great ideas you've been harboring under a notebook for the last hour, but I think that's the kind of thinking that we would like to see and hear from you, because we've got to start thinking differently about this, because we're just running around in circles and we're chasing the same dollar over and over again and saying, well, it's my dollar. No, it's your dollar. We've got to start thinking a little bit differently about it.

And so, I would just ask you to do that. And if you have any comments about that right now, please go ahead. I just kind of threw it open, because you all

sit there and go, what the heck did he just ask us?

MS. HAYCOCK: Well, I mean, there were a lot of ideas in what you just said. Some of them already acted on.

So, the Income-Based Repayment program which is an often, in fact, a kind of default option now for new graduates is, in fact, intended to do much of what you've said. In other words, they key what you pay each year to your income, but I would argue that that's not by itself a sufficient strategy.

What we really need is to reduce the amount of debt in the beginning. And we can do that through much simpler strategies through getting more students to take a full 15-hour credit load, which actually many students are encouraged not to do, which is a terrible disservice to them.

You're far more likely to graduate and to succeed in your courses actually if you take a full load. So, there are more institutions doing that now.

There are other institutions that are defaulting students into the courses they need for their major so they don't have to hunt and peck, which is what lots of students do. It's the college knowledge that Leticia talked about.

Instead of assuming students know what

courses to take and the order in which to take them, when colleges actually default them in, they're more likely to get them, take them, complete them and complete on time. So, there are a bunch of other things that can be done to reduce the debt in the first place.

COMMISSIONER YAKI: I mean, I would say that if you graduate from college, half your debt should be eliminated immediately. And that's just like a thought I have, which is you've done it, okay, you're going to B we now know what you're going to do in society from now on to be a productive taxpayer.

MS. HAYCOCK: Yeah.

COMMISSIONER YAKI: I mean, think about B when you think about the statistics on African-American males and you think about the cost of incarceration of each one of those individuals B

MS. HAYCOCK: Yes.

COMMISSIONER YAKI: -- and how much greater that is than a college education is right now, I mean, it's ridiculous when we think about resource allocations in this country.

MS. HAYCOCK: Sure. Yes, there's no question about that, but one of the things you want to be careful of here is in some ways the people who need relief the most are the ones who didn't get a degree.

We need to actually find ways to get them back in college and actually having that debt with an outstanding payment keeps them from coming back to college. So, thinking about them, too, since we need way more of them to get degrees.

COMMISSIONER YAKI: Well, bring them back in. If they finish, wipe it out.

MS. HAYCOCK: I'd be totally happy to do that. I think we all would.

COMMISSIONER YAKI: I know the federal government is going, what the heck is he doing with our money right now?

(Laughter.)

CHAIRMAN CASTRO: Any other responses?

(No response.)

CHAIRMAN CASTRO: Any other questions, Commissioners? Sorry, Commissioner Achtenberg.

COMMISSIONER ACHTENBERG: We heard earlier B this is for Ms. Haycock. We heard B and then I have a question for Ms. Dinh.

We heard earlier from King Alexander on the issue of reauthorization and whether or not requirements B you said that one of the reasons that college tuition has been rising in public institutions is because states have been investing. And that is absolutely the case.

I can tell you that's certainly true in California and true for other large state systems.

He suggests that if there were some kind of maintenance of effort requirement on the part of the states where if they allow their institutions to receive federal funding like the funding they currently receive, they have to agree to a maintenance of effort kind of provision.

In the politics of higher education, how outlandish a proposal is that and do you have any opinion about whether or not that might achieve the desired result which is to see that more money from whatever sources gets invested especially in these large public comprehensives, not the elites, the large public comprehensives which is where most of the students get their degrees and where most of the minority students get their degrees and certainly where people we were talking about, people who come from the lowest quintile and the second lowest quintile. If they go to college, that's where they go.

MS. HAYCOCK: So, we are certainly one of many organizations that have been trying hard to figure out how can the federal government provide states with sufficient incentives to stop that disinvestment.

Certainly a maintenance of effort if one

could get it passed could help, but I don't need to tell you that maintaining effort it's better than not, but it's not solving the problem of escalating cost, escalating benefits cost.

COMMISSIONER ACHTENBERG: Sure.

MS. HAYCOCK: I mean, in some ways the best thing the federal government could do is fix the healthcare situation beyond what's already been done to keep those costs in check because, as you know, employee benefits and so on keep going up.

And that means even if a state holds even, tuition is going to escalate. So, we need more creative strategies to try to figure out what combination of strategies can actually help.

Our argument is that the feds ought to take the dollars that are going out in tax deductions and credits now, which are not an efficient way to get dollars for college going, and all the research agrees with that, and the campus-based aid programs that are not well-targeted, and use those dollars in a giant federal-state partnership to incent states to actually stay physically engaged.

That pot would be big enough. The prospect of getting that through Congress are slim, but it's the only big enough bet that we could think of.

COMMISSIONER ACHTENBERG: You know, I don't know if, I mean, maybe they are slim. But as you said yourself, the key to economic and social mobility in this country is the attainment of the college degree.

And we heard that from the prior panel and the panel before that. We're going to hear that from all three panels tomorrow as well. We're going to hear it from Pew and we're going to hear it from Brookings Institution, we're going to hear it from National Science, we're going to hear it from the people should know.

And we need more certificated workers than we currently have. And ten years from now we're going to need even more. And ten years after that we're going to need even more.

So, we need to up our production here. And if these kinds of approaches could up production and bring with them the kind of equality principals that we were talking about here in terms of equal access, equal persistence, equal degree attainment, which makes our society richer and better, we are one in the same time we're a better society, we are richer internally and we can compete better in the international marketplace.

I have to assume that that kind of argument

would have some salience on every side of the aisle, not, you know, not just one or with a few.

So, I'm hoping that that's the kind of approach we might be able to suggest. At least it's kind of worth the try.

Ms. Dinh, before my chairman tells me I have overstayed my welcome, your testimony was extremely informative.

I have to say I did not understand fully that Southeast Asian immigrants are such a large percentage of the immigrant population.

And the statistics aggregating everyone into the category of Asian obviously masks many of the challenges that these more recent immigrant communities face.

I'm wondering if there are policy prescriptions that your organization advocates both with regard to collection of data, targeting of programs and the like that B targeting in a way that's constitutional.

I'm not suggesting anything unconstitutional, but targeting programs to really get at some of the particular challenges faced by your community.

MS. DINH: Absolutely. So, one of our

largest campaigns is around national data disaggregation in education data for both K through 12 systems, as well as higher education systems.

And the law of the land right now is that we disaggregate by five different ethnic categories. And our policy recommendation is at a minimum to use what we know from the census and broaden those categories to at least the ten largest Asian-American categories, as well as an option to write in your ethnic community.

We've seen this practice implemented in small school districts. In Seattle public schools, actually, which is not quite that small.

We also know that the California State University system, as well as the University of California systems and the K through 12 system actually does collect that type of granulated data, but none of this data is reported out.

So, for us, it's not just about collection methods. It's about reporting out publicly so that we understand where those disparities are coming from.

And from there, be able to really advocate for targeted services and support that so many other communities are also advocating for.

COMMISSIONER ACHTENBERG: I didn't receive your statement in advance. If that information is not

in your statement, it would be very much welcomed by the Commission.

We have 30 days for you all to contribute additionally as you see fit. Those kinds of policy recommendations could be very helpful to the Commission as we try to wrestle with this important issue. Thank you.

CHAIRMAN CASTRO: Any additional questions? If none, we want to thank the panelists. Appreciate your information and your presentations today. Thank you.

This adjourns this briefing until tomorrow morning. Thank you.

(Whereupon, at 5:37 o'clock p.m. the above-entitled briefing was adjourned.)