

January 15, 2008

The Honorable John Lynch
Governor of New Hampshire
State House, Room 208
Concord, NH 03301

The Honorable Sylvia Larsen
President of the Senate
State House, Room 302
Concord, NH 03301

The Honorable Terie Norelli
Speaker of the House
State House, Room 308
Concord, NH 03301

Dear Governor Lynch, Senate President Larsen and Speaker Norelli:

**Re: Interim Report of the Public Higher Education Study Committee
RSA 187-A:28**

Enclosed please find the 2008 interim report of the study commission. This interim report is an update of our work to date. A much more comprehensive report will be submitted this fall following the completion of our charge.

Should you have any questions or comments regarding the report, please do not hesitate to contact me.

Sincerely,

Representative Emma Rous,
Chairman

Enclosures

cc: Tammy Wright, Clerk of the Senate
Honorable Karen O. Wadsworth, Clerk of the House
Michael York, State Librarian
Members of the Committee

**Interim Report of the
PUBLIC HIGHER EDUCATION STUDY COMMITTEE
(RSA 187-A:28)
January 2008**

The Public Higher Education Study Committee met four times in 2007. At its initial organizational meeting (September 11), the committee brainstormed a list of higher education concerns and chose two priorities for further meetings:

1. To oversee the **Community College System's transition to self governance** until the Legislative Oversight Committee begins on November 1, 2008, the PHESC will continue to monitor progress report due '09 regarding transfer of credits, overlapping missions and private donations.

2. To **examine access and affordability in our public higher education system** which includes the status of Pell grants, validity of applications, FAFSA, 1040, aid for nontraditional students and early identification of qualified students.

On October 16, the committee met with Chancellor Stephen Reno and Vice-Chancellor Ed McKay from the University System, and Chancellor Richard Gustafson from the Community College System to discuss access and affordability in the university and community college systems. Commissioner Reno described college awareness programs, accountability and productivity, and better communication with the business community and secondary schools, and Vice Chancellor McKay presented comparative data on the cost of attendance at the six New England land grant institutions, and recent tuition awards given at UNH with sample award packages at UNH, Keene, and Plymouth. The Committee discussed the use of loan forgiveness for incentives, balancing merit and need, how to support part-time and nontraditional students, and early commitment financial aid programs such as those in Indiana and Oklahoma.

The Community College System reviewed positive aspects of access and affordability in their program including transferability, Project Running Start, and the lowest per-credit cost in NH, as well as problems such as low participation rates and higher than average in-state community college tuition costs. They also reviewed steps they are taking to contain costs and increase revenue.

On November 13, Chancellor Gustafson updated the Committee on the Community College System's transition to self-governance. He shared a monthly progress report going to all college employees describing efforts to streamline policies and technology and avoid redundancy, strengthen financial aid, promote academic programs, manage capital projects, and consider name changes at each campus. For at least the next two years, the system will continue to work closely with the state in the areas of finance, legal services, and personnel, and with the State Employees Association.

On December 11, the Committee returned to the discussion of access and affordability with presentations from Tom Horgan, president of NHCUC (College and University Council), Katherine Dodge, executive director of the Postsecondary Education Commission, and Patricia Brancombe and Tara Payne from the NHHEAF Network (NH Higher Education Assistance Foundation). Ms. Dodge reviewed financial aid and scholarship programs currently offered by the state, including the NH Incentive Program, a Work Force Incentive Program, Granite State

Scholars, scholarships from the Fidelity UNIQUE plan, and a few other federal and regional programs. NHHAEF discussed the need and importance of their loans and their Center for College Planning. In each case, it was acknowledged that state level aid in NH is low. Mr. Horgan offered a few suggestions: using local property taxes on private colleges, increasing the money in the NH Incentive Program, using state bonding authority to issue loans, or offering reductions in corporate taxes to business that hire and help pay down loans for NH grads. On March 11, 2008, NHHAEF reported to House and Senate leadership that they are unable to offer \$70m. for alternative loan money due to conditions in the equity market.

The Committee agreed to meet again in the Spring to pursue ideas about improving access and affordability for NH students.

The committee is in the process of examining cooperative ventures with the host communities and the relationship between the colleges and the host communities. The committee is also reviewing specific issues relative to each campus which are incorporated into the campus visitation schedule.

The committee will present a final report on January 1, 2009 reflecting all of the findings and recommendations pertaining to their charge which is attached.

Respectfully submitted,

Representative Emma Rous
Chair

Committee Members:

Representative Marjorie Smith
Representative Scott Merrick
Representative Pamela Price
Respresentative Kenneth L. Weyler

Senator Iris Estabrook
Senator Lou D'Allesandro
Senator Peter Bragdon



Public Higher Education Study Committee

Section 187-A:28-a

Tuesday, September 11, 2007

10:30 a.m.

Room 207, Legislative Office Building

Organizational Meeting Notes

Present: Representatives Emma Rous (chair), Marjorie Smith, Ken Weyler, Pam Price
Senator Lou D'Allesandro

The committee reviewed the statutory charge and listed these areas of concern regarding public higher education in New Hampshire:

1. Financial aid: access and affordability

- Pell grants
- Validity of applications
- FAFSA, 1040
- Aid for nontraditional students
- Early identification of qualified students

2. Community Technical Colleges

- Follow-up on self-governance
- November 1, 2008, Legislative Oversight Committee begins; report due '09
- Transfer of credits
- Overlapping missions
- Private donations

3. University System

- School administration - courses to prepare high quality school administrators
- Plymouth Doctorate - options for PSU
- Federal Regulations - accountability expectations for colleges and universities
- Graduation Rates - 5 years to get a BA
- Who teaches what? - Balance of teaching and research
- Report on methane gas pipeline from Turnkey, Rochester, to UNH, Durham

To maximize efficiency, the committee chose two priorities:

1. To oversee the Community College System's transition to self governance until the Legislative Oversight Committee begins
2. To examine access and affordability issues in the public higher ed system

Follow up meetings:

Tuesday, Oct. 16, 1:00, LOB 207—reports from the University System and the Community College System on access and affordability issues

Tuesday, Nov. 13, 1:00, LOB 207—a progress report by the Community College System on the transition to self-governance

Public Higher Education Study Committee

Section 187-A:28-a

Tuesday, October 16, 2007

1:00 p.m.

Room 207, Legislative Office Building

Meeting Notes

Present: Representatives Emma Rous (chair), Marjorie Smith, Ken Weyler, Pam Price
Senators Lou D'Allesandro, Iris Estabrook

The Committee heard presentations from the University System of NH and the Community College System on issues of access and affordability at our state educational systems.

Chancellor Stephen Reno presented a number of national reports highlighting the national problems of access and affordability in higher education and some of the steps taken by the University System to address these concerns.

Vice Chancellor Ed McKay presented comparative data on the cost of attendance at the six New England land grant institutions, recent tuition awards given at UNH with sample award packages at UNH, Keene, and Plymouth.

The Community College System reviewed positive aspects of access and affordability in their program including transferability, Project Running Start, and the lowest per-credit cost in NH, as well as problems such as low participation rates and higher than average in-state community college tuition costs. They also reviewed steps they are taking to contain costs and increase revenue.

Follow up meetings:

Tuesday, Nov. 13, 1:00, LOB 207—a progress report by the Community College System on the transition to self-governance

December 11, 10 a.m., LOB 207—discussion of access and affordability in NH public higher education

Public Higher Education Study Committee

Section 187-A:28-a

Tuesday, November 13, 2007

1:00 p.m.

Room 207, Legislative Office Building

Meeting Notes

Present: Representatives Emma Rous (chair), Marjorie Smith, Ken Weyler, Pam Price
Senators Lou D'Allesandro, Iris Estabrook

The Committee heard presentations from the Community College System. (report attached) The monthly letters to staff were discussed and the system will also include the PHESC in their distribution.

Follow up meetings:

December 11, 10 a.m., LOB 207—discussion of access and affordability in NH public higher education

Public Higher Education Study Committee

Section 187-A:28-a

Tuesday, December 11, 2007

10:30 a.m.

Room 207, Legislative Office Building

Minutes

Members present: Reps. Rous, Smith, Weyler; Sens. Estabrook, D'Allesandro

Also present: Chancellor Reno; Vice Chancellor McKay; Exec. Dir. Kathryn Dodge and Judy Knapp, Post Secondary Commission; NHCUC President Tom Horgan, Patricia Brancombe and Tara Payne, NHHEAF

Presentations and discussion of access and affordability issues

1. Katherine Dodge, Postsecondary Education Commission

Presented several items which are administered or listed by the commission:

- NH Incentive Program which distributes \$3m in need based aid (incl. \$287k federal money); less than ½ of Pell recipients get money; 4,000 recipients received an average award of \$756--\$1,000 to students attending in-state; \$500 for those going out-of-state. With \$6m, every Pell student could get some help; in 2008, we would need \$7m.
- Work Force Incentive Program (Sen. O'Hearn)—a forgivable loan in return for service in critical shortage areas (nursing, LPN, special education, teaching foreign language, science); employers match. 72 students in '02 received \$106k, an average grant of \$1,483. The program needed \$100k more.
- Granite State Scholars: 7 programs, state funded \$200,000, matched by Plymouth, Keene, and UNH; the Veterinarian program gives \$132k; \$100k/year pays for 5 seats at Dartmouth Medical school; a Leverage Incentive program with \$275k requires a match from the institution (public or private), based on need and merit
- The New England Board of Higher Education (NEBHE) compact provides in-state tuition for programs not offered in a student's home state.
- Fidelity College Investment Plan, a 529 program, UNIQUE: the program has established endowments in public and private institutions for need-based aid; with \$8.4m invested in a growing trust fund, \$1,500 can be given to every NH resident student with zero expected family contribution (i.e. lowest income). Program could expand eligibility to expected family contribution of \$1,000 or less. 95% of the assets in this plan are held by non-NH families.

Other programs:

- Gear Up, a federal program, gives grants to students on FRL
- College Ready New England, sponsored by NEBHE
- Nellie Mae, headed by Nick Donahue, has a New England initiative for early Planning
- Border state colleges in Maine and Mass give in-state tuition to NH students
- Military tuition waivers
- Maine gives \$13.3m in need-based aid and Vermont, \$17.1m compared to NH's \$3m.

Comments from Committee: Sen D'Allesandro—need better communication between NE public post-secondaries; Rep. Weyler— part-time work for state could be exchanged for tuition grants; Rep. Smith—could money be raised on campus, for example campus businesses, including catering?

2. Tom Horgan, President, NH College and University Counsel

NHCUC is the only public and private statewide consortium. The Higher Ed report card gives NH an “A” for graduation rates. Graduates earn \$1m more over a lifetime. NH institutions give 26% more in aid than other state institutions. 50% of NH HS grads leave NH for college. We are the 4th largest importer of students, most coming from Mass. and Conn. We have 18,000 students in 4-year private colleges. Ten private colleges closed in the last 20 years. Ideas regarding aid money:

- NH is the only state that taxes private colleges. Could we use this as a source of money for local, town scholarships?
- It is 6 years since SSIG (Incentive Grants?) had an increase in state money. Can we increase the \$3m by the cpi?
- NH could reduce the corporate tax if corporation hires NH grads and helps pay off loans.
- State could use bonding authority to issue greater loans. (More info?)

Coordinated admissions and credit transfer programs between the university, Granite State College, and the community college system helps with both access and affordability. University gives “advanced standing” status to students who meet gpa admission requirements.

NH Scholars (Scott Power, Dir.) works with 8th graders through high school to reach the 75% of students not already on the “college track” to encourage them to take rigorous college prep courses and help them with the application and FAFSA process. NH Scholars works with local businesses which offer some local scholarships. Nine districts are in the program.

3. NHHAEF, Patricia Brancombe and Tara Payne

NHHAEF is a nonprofit provider of college loans and guarantees over \$100m in federal Stafford loans. Its Center for College Planning reaches 30,000 students. It charges no fees for Stafford loans and forgives 1% for on-time, automatic repayments. 82% of students say loans made their education possible. 26% report they did not complete college because of cost. 80% work. Many say they would stay in-state if the state offered loan forgiveness. The hierarchy of student use of financial aid is: loans, work, PELL, institutional aid, state aid. There has been a 59% increase in the amount of money going to students for alternative loans*. The loans go to the same number of students, but they are borrowing more. NHHAEF and Nellie Mae recently studied student debt and found the average student loan debt for NHHAEF borrowers upon graduation to be \$23k plus \$3,000 in credit card debt, with students holding up to 6 credit cards. NHHAEF has one of the lowest default rates in the country; the default rate for alternative loans is 9%.

* NHHAEF met with House and Senate leadership on March 11, 2008 to report that the national equity crisis means that NHHAEF cannot borrow and no longer has money available for alternative loans. 5,000 NH students (in a year) will lose access to a total of \$70m, an average loan of \$7,000/year. Alternative loans are unsecured loans offered to low-income students, usually unable to get loans otherwise. Other loans will be more expensive and harder to find.

The Committee agreed to meet again in the Spring to explore these issues further.