

Providing Quality Postsecondary Education: Access and Accountability

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Mr. Phillip Van Horn

President, Wyoming Student Loan Corporation

Testimony

Mr. Chairman, members of the Committee, I am Phil Van Horn, Chairman of the Board and President of Wyoming Student Loan Corporation and President and Chief Executive Officer of Western States Learning Corporation, which administers the student loan portfolio for Wyoming Student Loan Corporation and provides other educational support services. I am pleased and honored to have this opportunity to describe the importance of student aid programs in the development of Wyoming's higher education and workforce development initiatives.

Wyoming Student Loan Corporation is a private, non-profit corporation, founded in 1980 at the request of former Governor Ed Herschler who believed post-secondary education should be more accessible for Wyoming students. As a non-profit corporation, its earnings after expenses are returned to current, former and future students.

In its twenty-five years of service, Wyoming Student Loan Corporation has provided more than nine hundred million dollars (\$900,000,000) of educational loan assistance to more than sixty-five thousand (65,000) students and parents of students and one hundred thirty thousand dollars (\$130,000) in scholarship assistance to Wyoming students attending Wyoming post-secondary institutions. Thanks to one of the best employee teams I've ever had the pleasure of working with, Wyoming Student Loan Corporation's default rate has consistently been among the lowest in the nation. For FY 2002, the most recent year for which the Department of Education has calculated, the corporation's default rate is 4.9 percent, below the national average of 5.2 percent.

In the past six years alone, the corporation has returned almost nine million dollars (\$9,000,000) to students in the form of reduced origination fees, interest rate reductions and loan principal forgiveness for those who graduate and for any soldier in the Armed Forces, including those in the Reserves and National Guard.

However, our mission is not limited to today's college students or those high school juniors and seniors who already know they are college bound. Equally important, if not more so, is the imperative to instill in the minds of elementary students and their parents the absolute necessity for post-high school education and training so that as many young people as possible have both the vision and the belief that college is, indeed, accessible and affordable. Both our corporations have placed more than \$3.4 million in outreach and early awareness activities in the past five years including our College For a Day™ initiative. Just last week, as we've done the past several years, WSLC sponsored and hosted Wyoming sixth graders, many from low-income families, as they attended Casper

College and the University of Wyoming, experiencing life on a college campus. For too many young students in rural states such as Wyoming, the word “college” simply has no imagery attached to it. By getting these younger students to a campus, they can have hands-on experiences in a science lab or an art class; have lunch in the cafeteria; browse the library; and hear from college students about the importance of good grades and setting goals in life.

Mr. Chairman, you and I certainly know, and I’m confident other members of the Committee are aware, that Wyoming is the least populated state in the country. Providing access to higher education in rural states presents unique challenges in terms of distance and technological infrastructure. The State’s only baccalaureate and advanced degree institution is the University of Wyoming in Laramie. The University and the seven community colleges around the State are proactive in developing outreach campuses and distance learning curricula in order to meet as many needs of our residents as practical. The number of distance education courses in the State has grown dramatically in the last several years, from just a handful in 1995 to more than three hundred today. Adult learners have greater opportunities for embarking on a new career path or upgrading their current skills.

Yet, even with these advancements, access to higher education in Wyoming and other rural states remains difficult. The cost of distance education is more expensive for the schools simply because there are fewer students to enroll in such courses. Not all courses lend themselves easily to web-based instruction and there is still no substitute for classroom and laboratory instruction. Greater distances to travel to attend classes mean greater expenses for students of all ages. Median family incomes in rural communities trend lower than more populated towns and cities. Need-based financial aid is an absolute necessity for moderate and lower-income dependent students and for working adults looking to upgrade their education and skills.

The fastest growing occupations in Wyoming are in the fields of medicine and allied health, dentistry, engineering, communications, pharmacy, extraction and education. All of these require postsecondary education. Our population is expected to increase by 22% by the year 2015, far exceeding the national average rate of 13%. Yet, during the same period the number of high school graduates in Wyoming is expected to decline by 23%. In addition, Wyoming’s baby-boomers are reaching retirement age and in the next five years significant numbers of our educators, engineers and business owners will be retiring. If certain demographic trends continue, half our state’s population will be retirement age by the year 2020.

The implications of these figures are dramatic: The demand for a highly skilled and educated workforce will be greater than ever before, yet the supply of qualified individuals could be severely inadequate to sustain, let alone grow, our economy. Even greater demands will be placed upon our institutions of higher education to provide education, training and re-training. These implications are the driving force behind our corporations’ concerted outreach efforts to expand access to students with historically low postsecondary participation rates: minorities, rural families and non-traditional adult

students.

Workforce changes require lifelong learning. As the workforce needs create demand for more courses, more instructors and more facilities, the cost of education and training will increase. Pell Grants, campus-based aid programs, the Federal student loan programs, and state and institutional aid programs all have one goal: to increase access to education for all. Student financial aid programs are the key to affording access to higher education and developing the Wyoming workforce necessary for a diversity of industries and professions. Mr. Chairman, I would not have received the education I am fortunate to have received without the assistance of grants, work-study and student loans. That is also true for my wife and our two sons. We know first-hand the difference that Federal student aid dollars can make in access and affordability in higher education.

Mr. Chairman, I applaud your efforts and the efforts of your colleagues to promote access to and affordability of higher education. Simplifying the federal student aid application process will be an important step toward promoting access. I commend the Department of Education for the great strides made in making the electronic version of the Free Application for Federal Student Aid (FAFSA) quite user friendly. I know this from first hand and recent experience. But I've also been in the student aid profession for thirty years.

We know from recent studies that almost half of enrolled students across the country do not complete the FAFSA. Not only are these individuals automatically eliminated for consideration under the Federal student aid programs, they may miss opportunities for local and institutional scholarships. We have to ask: Why do so many students opt out of the process before they even begin? WSLC has provided countless free FAFSA seminars over the years. Parents and students come for help simply to understand the instructions. Time and again parents tell us the FAFSA process is as complex as filing one's Federal income tax return. Surely part of the reason for the complexity in the document is the complexity of the underlying need analysis formula. Mr. Chairman, we support the recommendations made by the Advisory Committee on Student Financial Assistance in their January 21, 2005 report to you.

I thank the Committee for this opportunity to testify and I will be happy to answer any questions you may have at the appropriate time. Thank you Mr. Chairman.