

Statement of Senator Fred Thompson
Chairman, Committee on Governmental Affairs
February 10, 2000

The Committee will be in order. We are convening the second day of hearings on the cost of higher education. Yesterday, we heard from witnesses who testified that the finances of colleges and universities are not as transparent as they should be. We also discussed the myriad issues that institutions of higher learning have to navigate when coming up with enough funding to educate the nation's children. Today we continue our look at the issues surrounding the high cost of college tuition and the effect of aid programs on the availability of higher education.

One might think that it ought to be easy to come up with what goes in to the prices of a product. But if we've learned anything, it's that it's not that simple. There are so many drivers of cost and price, and so little attention is given to how those complexities interact, that we can't really get a hold of what makes college tuition rise so rapidly. To add to the confusion, there was some disagreement among the panelists yesterday as to whether rising tuition was even a problem.

As policy makers, it is difficult to craft the right solutions to a problem no one understands. That is the value of these hearings. And I am encouraged by the work of the National Commission on the Cost of Higher Education and the National Association of College and University Business Officers, organizations that are helping us unravel some of the mystery of college and university financing.

Much like the federal government, it seems that colleges and universities rank themselves by the level of their inputs: how big are their endowments? How many books are in their libraries? How hard is it to get in? In the federal government, we are trying to get agencies to focus not so much on what goes into a program, but rather on what results come from those programs. It seems colleges and universities could benefit from the same philosophy. Only then could we determine whether students were getting value for the price they pay in tuition.

One of the major drivers of the cost of college tuition is financial aid. We are devoting much of this second day of hearings to the status and effectiveness of grants and loans. We will hear from witnesses who have a perspective on the changing financial aid policies of the federal government, and look forward to learning more about just what effect grants and loans have on the availability of higher education.

Another important part of today's discussion will be about fraud. Students in the position of trying to finance a college education are easy prey, and we will hear about some of the outfits that take advantage of these students. More importantly, we'll learn what parents and students should do when confronted with fraudulent enterprises.

All of the issues surrounding the pricing of college tuition are worthy of this committee's attention. We haven't solved the problem, but perhaps we have shed some light and asked the right questions so we are further along the road to understanding more about this issue.