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March 3, 2015

To: Members of the Education Committee  
From: Aubrey Mancuso, Policy Coordinator – Economic Stability and Health  
Re: **Support for LB 380**

Voices for Children is in support of LB 380. Nationally there is a growing recognition of the importance of addressing the issue of accessibility to higher education and LB 380 would be an important first step toward addressing this issue in Nebraska. A confluence of factors has led to a growing problem of access and affordability in higher education:

- **The cost of higher education is increasing at a rate much faster than family incomes.** The average tuition and fees at a public four-year institution in Nebraska has increased by 16% in the last 5 years.<sup>1</sup> Over that same time period, median income in the state increased by only 2.2%.
- **State budgets have remained tight, limiting public funding for higher education.** Over the same 5 year time period, per student state spending on higher education decreased by 17%.<sup>2</sup>

This creates a challenge on two fronts:

- **Our economy needs educated workers.** Some current projections indicate that by 2020, 71% of all jobs in Nebraska will require some form of postsecondary education.<sup>3</sup> If current trends continue, only 47% of the population will have some form of higher education by that time<sup>4</sup>, leaving a significant gap between workforce needs and the pool of available workers.
- **Young adults are increasingly burdened by student debt.** Approximately 62% of students in Nebraska graduate with some student debt and the average individual debt burden for a four year degree is over \$26,000.<sup>5</sup>

<sup>1</sup> College Board Advocacy and Policy Center. "Figure 7: In-State Tuition and Fees by State and Sector, 2012-13 and 5-year Percent Change." In *Trends in College Pricing 2013*. The College Board, October 23, 2013. <http://trends.collegeboard.org/college-pricing/figures-tables/in-state-tuition-fees-state-2013-14-and-5-year-percentage-changes> (accessed October 23, 2013).

<sup>2</sup> Oliff, Phil, Vincent Palacios, Ingrid Johnson, and Michael Leachman. "Recent Deep State Higher Education Cuts May Harm Students and the Economy for Years to Come." Center for Budget and Policy Priorities, March 19, 2013. <http://www.cbpp.org/files/3-19-13sfp.pdf> (accessed August 29, 2013), 4.

<sup>3</sup> Camevale, Anthony P., Nicole Smith, and Jeff Strohl. "Recovery: Job Growth and Education Requirements Through 2020 State Report." Georgetown University, Center on Education and the Workforce, June 2013. <http://www9.georgetown.edu/grad/gppi/hpi/cew/pdfs/Recovery2020.SR.Web.pdf> (accessed September 30, 2013), 3.

<sup>4</sup> Lumina Foundation. *A Stronger Nation through Higher Education* (2013).

<sup>5</sup> "Student Debt and the Class of 2013." Institute for College Access and Success, November 2014.

There has been an ongoing cost-shift in higher education not only from state to consumer but also from the family to individual student. This is problematic not only for the individual, but for the larger economy. Significant amounts of student debt can hinder the purchasing power of young workers who are often significant consumers of durable goods. Debt can also hinder the ability of young workers and families to make purchases that lead to longer term financial stability, like a home. According to a recent survey by the National Association of Realtors, 49 percent of respondents described student debt as a “huge” obstacle to affording a home.<sup>6</sup>

States and cities have started to take a leadership role in addressing the issues of access and affordability in higher education. One lesson that is becoming increasingly clear is that interventions meant to encourage higher education done at the high school level are coming far too late. In order to effectively encourage higher educational attainment, interventions should start with young children.

LB 380 would give Nebraska the opportunity to examine the issue of affordability in higher education and come up with state-specific interventions designed to address affordability in higher education. We urge the committee to advance this bill.

Thank you.

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<sup>6</sup> Keynote Remarks of Rohit Chopra, Assistant Director & Student Loan Ombudsman, Federal Reserve Bank of St. Louis. St. Louis, Missouri, November 18, 2013.