



I Mina'Trentai Tres na Liheslaturan Guåhan

33rd Guam Legislature

Senator Nerissa Bretania Underwood, Ph.D.

Chairperson, Committee on Early Learning, Juvenile Justice,
Public Education and First Generation Initiatives

2015 FEB 13 PM 2:29 PM

FEB 12 2015

The Honorable Judith T. Won Pat, Ed.D.

Speaker

I Mina'trentai Tres Na Liheslaturan Guåhan

155 Hesler Place

Hagåtña, Guam 96910

VIA: The Honorable Rory J. Respicio

Chairperson, Committee on Rules

RE: Committee Report on Bill No. 35-33 (COR), As Corrected by the Prime Sponsor and Substituted by the Committee on Early Learning, Juvenile Justice, Public Education and First Generation Initiatives

Dear Speaker Won Pat:

Transmitted herewith is the Committee Report on Bill 35-33 (COR), As Corrected by the Prime Sponsor and Substituted by the Committee on Early Learning, Juvenile Justice, Public Education and First Generation Initiatives, "An Act to add a New Chapter 14 of Division 2, Title 17, Guam Code Annotated, Relative to creating the "First Generation Trust Fund Initiative," in support of public high school graduates obtaining post-secondary education," sponsored by Senator Nerissa Bretania Underwood, Ph.D which was referred to the Committee on Early Education, Juvenile Justice, Public Education and First Generation Initiatives.

Committee votes are as follows:

- 6 TO PASS
- 0 NOT TO PASS
- 3 TO REPORT OUT ONLY
- 0 TO ABSTAIN
- 0 TO PLACE IN INACTIVE FILE

Sincerely,

Senator Nerissa Bretania Underwood, Ph.D.
Chairwoman

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Hagåtña, Guam 96910
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**COMMITTEE REPORT
ON**

**Bill No. 35-33 (COR), As Corrected by the Prime
Sponsor and Substituted by the Committee on
Early Learning, Juvenile Justice, Public
Education and First Generation Initiatives**

**Sponsored by Senator Nerissa Bretania
Underwood, Ph.D.**

**An Act to add a New Chapter 14 of
Division 2, Title 17, Guam Code
Annotated, Relative to creating the “First
Generation Trust Fund Initiative,” in
support of public high school graduates
obtaining post-secondary education**



I Mina Trentai Tres na Liheslaturan Guåhan

33rd Guam Legislature

Senator Nerissa Bretania Underwood, Ph.D.

Chairperson, Committee on Early Learning, Juvenile Justice,
Public Education and First Generation Initiatives

FEB 1-2 2015

MEMORANDUM

To: All Members

Committee on Early Learning, Juvenile Justice, Public Education and First Generation Initiatives

From: Senator Nerissa Bretania Underwood, Ph.D.
Committee Chairwoman

Subject: Committee Report on Bill No. 35-33 (COR), As Corrected by the Prime Sponsor and Substituted by the Committee on Early Learning, Juvenile Justice, Public Education and First Generation Initiatives

Transmitted herewith for your consideration is the Committee Report on Bill No. 35-33 (COR), As Corrected by the Prime Sponsor and Substituted by the Committee on Early Learning, Juvenile Justice, Public Education and First Generation Initiatives, "An Act to add a New Chapter 14 of Division 2, Title 17, Guam Code Annotated, Relative to creating the "First Generation Trust Fund Initiative," in support of public high school graduates obtaining post-secondary education, sponsored by Senator Nerissa Bretania Underwood, Ph.D.

This report includes the following:

1. Committee Voting Sheet
2. Committee Report Narrative
3. Copy of Bill No. 35-33 (COR), As Introduced
4. Copy of Bill No. 35-33 (COR), As Corrected by the Prime Sponsor and Substituted by the Committee
5. Public Hearing Sign-in Sheet
6. Copies of Written Testimonies
7. Copy of Fiscal Note Request Letter
8. Copy of COR referral Bill No. 35-33 (COR)
9. Notices of Public Hearing
10. Copy of the Public Hearing Agenda

Please take the appropriate action on the attached voting sheet. Your attention to this matter is greatly appreciated. Should you have any questions or concerns, please do not hesitate to contact my office.

Sincerely,

Senator Nerissa Bretania Underwood, Ph.D.
Chairwoman

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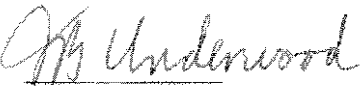





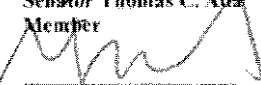
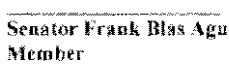

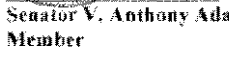

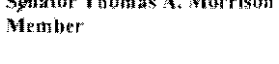

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I MINA' TRENTAI TRES NA LIHESLATURAN GUÅHAN

Committee Voting Sheet

Committee on Early Learning, Juvenile Justice, Public Education, and First Generation Initiatives

Bill No. 35-33 (COR), "An Act to add a New Chapter 14 of Division 2, Title 17, Guam Code Annotated, Relative to creating the "First Generation Trust Fund Initiative", in support of public high school graduates obtaining post-secondary education"
As corrected by the prime sponsor, and substituted by the Committee

Committee Members	To Pass	Not To Pass	Report Out Only	Abstain	Inactive File
 Senator Nerissa Bretania Underwood, Ph.D. Chairwoman	✓				
 Speaker Judith T. Won Pat, Ph.D. Vice Chairwoman	✓ 2-12-15				
 Vice Speaker Benjamin J.F. Cruz Member			✓		
 Senator Rory J. Respicio Member	✓ 2-12-15				
 Senator Elna Muna Barnes Member	✓				
 Senator Thomas C. Ada Member			✓		
 Senator Michael San Nicolas Member					
 Senator Frank Blas Aguon, Jr. Member					
 Senator Dennis G. Rodriguez Member					
 Senator V. Anthony Ada Member	✓ 2/12				
 Senator Brant McCreadie Member	✓				
 Senator Thomas A. Morrison Member					
 Senator Mary Camacho Torres Member					



I Mina Trentai Tres na Liheslaturan Guåhan

33rd Guam Legislature

Senator Nerissa Bretania Underwood, Ph.D.

Chairperson, Committee on Early Learning, Juvenile Justice,
Public Education and First Generation Initiatives

Committee Report

Bill No. 35-33 (COR), An Act to add a New Chapter 13A of Division 2, Title 17, Guam Code Annotated, Relative to creating the "First Generation Trust Fund Initiative," in support of public high school graduates obtaining post-secondary education.

I. OVERVIEW

The Committee on Early Learning, Juvenile Justice, Public Education, and First Generation Initiatives convened a public hearing on Monday, February 9, 2015 at 4:00 pm in *I Liheslatura's* public hearing room.

Public Notice Requirements

Notices were disseminated via hand-delivery and e-mail to all senators and all main media broadcasting outlets and newspaper of general circulation on February 2, 2015 (5-Day Notice), and again on February 6, 2015 and February 7, 2015 (48 Hour Notice).

(a) Committee Members and Senators Present

Senator Nerissa Bretania Underwood, Ph.D., Chair
Speaker Judith Won Pat, Vice Chair
Senator Rory Respicio
Senator Michael San Nicolas
Senator Frank B. Aguon, Jr.
Senator Mary C. Torres
Senator V. Anthony Ada

(b) Appearing before the Committee

Mr. Peter Alexis Ada, Chairman, Guam Education Board
Dr. Robert Underwood, President, University of Guam
Mr. Noel Enriquez, Chairman, Foundation for Public Education
Mr. Robert Malay, Deputy Superintendent, Department of Education (on behalf of Mr. Jon Fernandez, Superintendent, Department of Education)
Ms. Jayne Flores (on behalf of Dr. Mary Okada, President, Guam Community College)

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(c) Written Testimonies Submitted

Mr. Peter Alexis Ada, Chairman, Guam Education Board
Dr. Robert Underwood, President, University of Guam
Mr. Noel Enriquez, Chairman, Foundation for Public Education
Mr. Robert Malay, Deputy Superintendent, Department of Education (on behalf of Mr. Jon Fernandez, Superintendent, Department of Education)
Ms. Jayne Flores (on behalf of Dr. Mary Okada, President, Guam Community College)
Mr. Yoichi Rengiil, Director, TRIO Programs, University of Guam
Mr. Kenneth Chargualaf, Member, Guam Education Board
Ms. Rosalin Meeks

II. COMMITTEE PROCEEDINGS

Chairwoman Nerissa Bretania Underwood: The next item on the agenda is Bill 35-33 (COR) An act to add a new Chapter 13A of Division 2, Title 17, Guam Code Annotated, relative to creating the "First Generation Trust Fund initiative," in support of public high school graduates obtaining post-secondary education.

Just a brief statement about this Initiative. What we have found was that the recent report that had been released by the Georgetown University had actually indicated that by the year 2020 65% of the jobs that are going to be available to our graduates or individuals will require some form of college education whether its 2 years or 4 years.

What we also found was that nationwide 65% of the high school graduates enroll directly right after graduation into post-secondary education whether it's in a community college or a 4 year university or college. But here on Guam among our public school students are graduates less than 40% enroll at GCC or UOG. That combined with the dropout rates that we have been observing over the past decade and actually for decades had indicated that our students in the public schools we would have to address the aspirational deficit that is reflective of the statistics that I had just noted.

This Bill 35-33 establishes a trust fund so that each eligible 9th grader beginning with school year 2015-2016 upon their graduation from high school will receive \$500.00 and will be set-aside for them. How is that going to be funded? \$250,000 will come from the University of Guam; \$150,000 will come from GCC; \$75,000 will come from GDOE and we are hoping that \$75,000 will be raised by the Education Foundation Board.

We also noted that while we think that this a real good idea we are not sure if this is going to work down the line so we have set a "sunset provision" so that by the end of the 8th year this Initiative is going to end. If it is successful then there has to be another authorization after the 8th year.

Those are the key components of this bill. The nice thing about this if it does pass is that the parents and the students can deposit into the individual accounts, and private businesses that the students may have worked with could also deposit into the individual account.

When we introduced this bill there were certain questions that were automatically raised by stakeholders and those had been primarily from our Education Foundation and had made it known to us that they are supportive of the bill but there are questions that we need to address relative to their status as a non-profit organization and also the type of support that they will get if they are to manage the funds. I believe those are the major issues that had been raised.

I would like to call up Peter Alexis Ada, Robert Underwood, Noel Enriquez, Robert Malay and Jayne Flores. Mr. Ada?

Mr. Peter Alexis Ada: Buenas. Once again, it's me Peter Alexis Ada, Chairman of the Board of Education. Good afternoon to Madame Speaker, Madame Chair, Senator San Nicolas, Senator Aguon, Senator Respicio, Senator Torres and Senator Tony Ada.

[Read testimony verbatim]

Support bill in concept

- The bill will be an incentive to high school students that there is hope for them after high school.
- Many students are going to school in single parent households and feel the need to help the family.
- Questions: (1) would this funding be from the Department's current budget or added to submitted request; (2) what happens to student if they drop out of post-secondary education – would this be an investment lost or continue to next semester; (3) criteria set with intent of legislation (4) only for US citizens and permanent residents.
- Bill does not include non-public, DODEA and Charter School. What about home schooling?

Thank you and I look forward to supporting this bill with all the questions answered.

Chairwoman Nerissa Bretania Underwood: Thank you Mr. Ada, Dr. Underwood?

Dr. Robert A. Underwood: Thank you Madame Chair and members of the committee.

[Read testimony verbatim]

Support Bill 35-33

- Innovative approach to increase postsecondary enrollment in Guam.
- 65% of American high school graduates go to college; Guam postsecondary attendance from our public school is 25% below national rates.
- We have to prepare everyone for the realities of the future and not the conditions of the past.
- Bill 35 offers financial incentives by name and to individual students to encourage, facilitate and spur great postsecondary enrollment.
- Funds identified to the Fund are investments.

Bill 35-33 offers financial incentives by name and to individual students in order to encourage, facilitate and spur greater postsecondary education enrollment. It doesn't guarantee that it will succeed it just guarantees that there will be an opportunity to attend.

I would like to point out that the University of Guam is making the greatest contribution to this. I don't think the Chair had anything to do with that but it will help make...

Chairwoman Nerissa Bretania Underwood: Thank you Dr. Underwood and you could increase that as well. We now have Noel Enriquez, Chairman for the Foundation for Public Education.

Mr. Noel Enriquez: Good afternoon Chairwoman and Speaker and Senators. As the Chairwoman mentioned my name is Noel Enriquez, I am the Chairman of the Foundation for Public Education, Inc. In order to make sure that I have all the issues that need to be addressed I will read an email that I sent to Senator Underwood.

[Read testimony verbatim]

Supports intent of Bill 35-33

- Does the bill conflict with the self-governance of the Foundation as a non-profit corporation?
- Does the bill intend to repeal the section of the statute that created the Foundation and revert decision-making authority for the Foundation to the Legislature?
- Expressed concern that the bill is consistent with the Foundation's core mission.
- Inquired on whether there is a conflict that the bill suggests the Foundation perform a government function (promulgate rules and regs)?

Chairwoman Nerissa Bretania Underwood: Mr. Chairman could you provide us with the articles of incorporation in the bylaws for our record?

Mr. Noel Enriquez: Yes, I will.

Chairwoman Nerissa Bretania Underwood: Thank you. Mr. Malay?

Mr. Rob Malay: Thank you Madame Chair, Speaker Won Pat, Members of the 33rd Guam Legislature.

[Read testimony verbatim on behalf of Superintendent Jon Fernandez (who is currently off island)]

Support public high school students to pursue postsecondary education

- The bill aligns the first goal of the Guam Department of Education State Strategic Plan.
- Recommend that students receive full benefit of contributions on their behalf.
- Committed to working with UOG and GCC and the Foundation.
- Need to ensure the bill does not compromise its tax-exempt non-profit status.
- Request that the contribution to the Fund from the Guam Department of Education be made in addition to what the department will need to operate the public school system.

My name is Robert Malay and I am a parent of public school children, and if I calculated correctly at least 2 of them would benefit from this Initiative, so thank you for allowing me to provide this testimony.

Chairwoman Nerissa Bretania Underwood: Thank you Deputy Superintendent Rob Malay. We now have Jayne Flores from the Guam Community College.

Ms. Jayne Flores: [Read testimony verbatim on behalf of President Mary Okada (who is currently off island)]

Support intent of Bill 35-33

- Collaborative innovation between Guam Community College, the University of Guam and the Guam Department of Education.
- Improve the number of young people who have access to a postsecondary education.
- Support Guam Community College's mission as "a leader in career and technical workforce development, providing the highest quality, student-centered education and job training in Micronesia."

Chairwoman Nerissa Bretania Underwood: Thank you very much Ms. Flores. Thank you to all of you. I just want to address a couple of the questions that you have raised, Mr. Ada relative to the bill. We recognize that you, along with the superintendent would like the \$75,000 to be added to the DOE request. We recognize that. You had asked what would happen if the student drops out. First of all let me go back to the bill. The students would have to be continuously enrolled in the Department of Education because we want to encourage them to stay in school. For a few of our students, it may take 5 years, but as long as they are continuously enrolled then the funds will be waiting for them there.

Mr. Peter Alexis Ada: Senator, to be more specific... the question is, if the student was successful in obtaining those funds for post-secondary, and for some odd and strange reason something happens that they have to withdraw for whatever. What happens? Does this legislation give them that opportunity to either pay back what they did not complete the last semester or the last year and they would like to continue on or carry on from where they last left off?

Chairwoman Nerissa Bretania Underwood: That is a very good question and that is really part of the administrative provisions that would need to be developed. Yes, absolutely. I also wanted to clarify that the students would have to go to the University of Guam or Guam Community College and it would only be for those students who are US citizens or permanent residents. Those are the same requirements that had already been used by the post secondary institutions for other scholarships, so we are using the same thing. In terms of the Charter School, being that it is actually publicly funded then they would also qualify, but we might need to actually specify that in the law and I am glad that you brought that up because those are public institutions.

Mr. Peter Alexis Ada: That was one of the questions. And the other question was, what about children from homeschooling?

Chairwoman Nerissa Bretania Underwood: They wouldn't qualify.

Mr. Peter Alexis Ada: Just as long as it is clarified.

Chairwoman Nerissa Bretania Underwood: I think that's basically it, but these are really for students who are enrolled in the Guam Department of Education and the Charter Schools. Thank you. Is there anyone else who has questions?

Speaker Judith Won Pat: I have a question for both GCC and UOG and thank you very much for your positive testimonies. The monies are going to be deposited in a child's name who is currently enrolled as ninth graders and depending on that year in which the monies have been deposited, will GCC and UOG lock the tuition rate at that year in which the monies have been deposited?

President Robert Underwood: No. Here is the reality. The reality is that there are programs that various states have started where you can freeze tuitions, but what is offered is the opportunity to buy tuition at a current rate. If someone wants to buy 12 credits worth, then they get 12 credits worth at current rates. We treat tuition as a revenue source the same way that we go to appropriations annually here at the legislature and ultimately with the governor's approval. It's a revenue source, and so the thinking behind freezing tuition rates with advanced purchase is that the university takes the money that is given to it and invests it and hopes that they have a hedge on that, and they actually end up making money. They save the money for the student at that rate, and then the university is actually better off, unless you want to increase the amount dramatically through public funding.

Tuition is really one of the revenue sources. I hate to put it that way, but of course the legislature and you personally Madame Speaker has helped us keep that hedge on tuition now for a record of 6 years. We're the only public university in the whole country that has kept tuition flat for 6 years in a row. And that is because of your collaboration and cooperation. But to say, sitting here today that I am going to do that for the next 4 years, well I don't know what's going to happen in 4 years. I may not be there; the board is not going to be there. It just locks us in to something that is really not tenable.

Speaker Judith Won Pat: You answered my second question was that investing the monies that are being deposited. So, if you are investing, you are going to get a certain rate of return and by that same token, unless we amend the bill, we try to lock it somehow. Realistically when you asked the question Mr. Ada, about students drops out for whatever reason, comes back and will the monies be available. Unfortunately the amount we are talking about will probably only be able to pay, hopefully by that time in 4 years for one course unless we try to keep it at a rate that would be affordable for these students. And I understand where you are coming from with tuition as a revenue source on your public institution and that is why we have really been working with the university to keep the tuition from being raised for the past 6 years. We are just trying to figure out how we can still make it affordable for our children to go to school.

President Robert Underwood: Well, I think it is affordable and I think when we get into a hearing on the actual tuition, I can explain further how tuition becomes very affordable but in the case where there is advance tuition purchase in other state institutions, you buy the credits in advance and then you invest it. In this particular legislation, the investment account is held in the individual's name not the university and as a consequence the individual benefits. I mean it's really an effort to spur the conversation on college attendance and in one respect you could say it is nominal, and another respect you could say it is serious. Hopefully we either get either enough appropriations or sufficient increase in revenue in tuition in order to keep the tuition flat for another 4 years. But we are sitting here and I just want to respectfully make this point: we're sitting here 4 years in advance. Every budget is an annual exercise in which you look at your

appropriations and your revenue. If you set aside money for tuition and you say that you can purchase 10 credits hours or 20 credit hours at this rate and it will be held flat and that money was given to the institution in advance then they can turn around and make sure that it is a hedge. They may come out ahead or it may come out a loser, but at least people understand that it is within their management. I just think that it is not really viable to say that we would hold tuition flat 4 years in advance for this particular bill.

Speaker Judith Won Pat: I am glad that we are having this conversation, because this is definitely something that I would like to continue. You weren't the president of the university at the time when I introduced legislation to allow for where families can actually purchase a lock in tuition rate at the university.

President Robert Underwood: But we haven't had any takers. That is the point.

Speaker Judith Won Pat: Well now you will have 3000 takers. Thank you.

President Robert Underwood: Well, thank you.

Ms. Jayne Flores: Speaker Won Pat, I would like to echo Dr. Underwood's comments and also say that I think the intent of the bill is that this is an incentive for a student to say, look you have \$500 as a freshman in high school and then maybe like Dr. Underwood said the conversation in the family would be, hey you get money, we are going to put in this education fund and maybe you have by the time you are senior in high school you have more than \$500. And the thing about it is that there are other avenues for that student. So if they take that \$500 and they get a Pell grant, the Pell grant covers the rest of their tuition and they still have that \$500 so they will have more than what they have other than the Pell grant. So I agree with Dr. Underwood that it is unrealistic for us to be able to hold tuition but just the fact that this bill is starting the conversation and giving the student an incentive to start a college fund on my behalf, I think is the intent of the bill and it's going to go far.

Speaker Judith Won Pat: Now, take it one step beyond the \$500 deposit where you are saying that if individuals or businesses in the name of a student would like to deposit more monies, would that be similar to investing at the university and holding beyond the \$500 tuition rate?

President Robert Underwood: We can have this conversation, but I would have to respectfully say, no. Because the money we are talking about here is held by the individual. The money that you are talking about in advance purchase is held by the institution. Then, we can freely invest it. And that's a different process altogether.

Speaker Judith Won Pat: I will let it go, for now.

Chairwoman Nerissa Bretania Underwood: President Underwood and Ms. Flores, you do understand where we are coming from? It's really just to give our students as much benefit as possible. It's like an added value. We're giving you the \$500. Speaker Won Pat is trying to advocate for our students.

President Robert Underwood: Add more value.

Chairwoman Nerissa Bretania Underwood: I agree with Speaker Won Pat.

President Robert Underwood: I would like to say that what Ms. Flores has pointed out is that this changes the equation a little bit because some 60-70% of our students – I think a little bit more at GCC – are on Pell grants. This actually increases that. That's an added value, as well in addition to all the other conversations that are going to go on.

Speaker Judith Won Pat: Just one more – you have the TRIO program and those are like first generation, as well. And GCC has the same thing, as well. So, that means that the children could go beyond the one course, one semester if they are enrolled in your TRIO program. Is that correct?

President Robert Underwood: They could.

Chairwoman Nerissa Bretania Underwood: Thank you Speaker Won Pat. Thank you President Underwood and Ms. Flores.

Senator Mary Torres: I just wanted to bring up – you mentioned that about 60-70% of students are already receiving Pell grants?

Ms. Jayne Flores: Over 60% at GCC and I think 60-70% at UOG also. Yes.

Senator Mary Torres: Okay. One of the intent of this bill is to jump start student enrollment. What could you tell us is the rate of graduation for students enrolled both at GCC and UOG? What is the graduation percentage rate of those that initially enroll verses those that graduate?

President Robert Underwood: Our graduation rate at UOG is about 30% after 6 years. It becomes as a surprise to some people that most 4-year institutions talk about a graduation rate after years. The national average is about 40%. Ours is about 30%.

Ms. Jayne Flores: Ours is just a little bit lower, similar though. And it is due to, as Dr. Underwood said GCC is a community college. Our student clientele is different; most of them work full time, have families, and have to take one course a semester or two courses a semester. Persistence rates are difficult.

Senator Mary Torres: So, you would see this sort of an initiative as a cause that would benefit both institutions?

Ms. Jayne Flores: Anything that would give students an incentive to enroll in college. Because a lot of times the conversation we are finding with our College Access Challenge Grant Program is that there is no conversation at home, especially. But with first generation students, there is just no thought that you are going to go to college. And when you say, yes you are going to go to college this is an incentive and they take that first course and they get the fear out of going to college, fear of filling out the FAFSA, the fear of all of this is mitigated and that's half the battle.

Senator Mary Torres: And the community college facilitates - because obviously if 60% are receiving some sort of financial aid with your guidance, then that's a good indication of your commitment to seeing them graduate.

Ms. Jayne Flores: We are trying.

President Robert Underwood: I appreciate Ms. Flores' comments on this because the objective here is that many times we think that young people don't have this conversation until - like right now, May is graduation and some people are starting to think, what am I going to do after graduation? I hadn't started thinking about it. But, the \$500 investment is about trying to force that conversation a little bit earlier. It also is not just a conversation between the individual's students and their families. It forces a conversation between people who work in the high school and people who work at GCC; people who work in the high school and people who work at UOG. Because now we become, in a sense recruiters. And now we are having that conversation a lot more often and there is a friendly competition with our sister institution. But, that's okay. That's part of the whole process so that young people will start thinking, what is appropriate for me and my personal goals, which I have to say a lot of them don't have right now.

Ms. Jayne Flores: It could also spur a conversation about money management, which many households also need.

Chairwoman Nerissa Bretania Underwood: Thank you. Senator Respicio?

Senator Rory Respicio: Thank you Madame Chair. Certainly the bill is quite simple and it's forward thinking. I wanted to generate some conversation with the Public Education Foundation where Mr. Enriquez raised a lot of valid questions and maybe the only solution and I understand probably the author's intent to want to be inclusive but I think the questions you raised are very valid. And I don't see any way around it other than maybe carving the Foundation out from this particular initiative. Certainly, you said that you have some level of autonomy that is created by statute. And your fundamental question is, how does this affect the Foundation's status as a non-profit corporation? So, I agree with your position. I want to recognize your very respectful and polite approach. Maybe we can generate more conversations. If there is no getting around the questions that you raised and the concerns that you have, other than to carve the Public Education Foundation out of this initiative would you be okay with that?

Mr. Noel Enriquez: The main thing is that we want to make sure that this bill is successful so, whatever will work. We will respect that.

Chairwoman Nerissa Bretania Underwood: Thank you Senator Respicio. Senator San Nicolas?

Senator Michael San Nicolas: Thank you, Madame Chair. I just have two questions for the higher education institutions. I know that when you fill out your FAFSA, students have to declare income and assets and all those kinds of things. Because these monies are proposed to be held in the student's name would it have any possible adverse affect on their being able to be eligible for any kind of federal financial aid or grants or student loans? Because I know there are

some existing college savings programs like 529s that already have written into their regulations that assets are to be regarded in a certain fashion so as to not to adversely affect their eligibility for federal financial aid. Would this potentially have any kind of impact?

President Robert Underwood: I can't say for sure, but I think not. Because the amount is minimal and there is no tax advantage. What happens with the 529 is that there is a tax advantage and then it's rolled over into trying to calculate what your tax liabilities are and the status of your finances. This does not have any tax advantage unlike 529. So, I don't think so but it is certainly something we need to clear up.

Senator Michael San Nicolas: My question is more so because it is being held under the student's name and so for example, the bill does allow for businesses or parents or third party entities to additionally contribute to the fund. So, let's say that a grandparent puts in \$15,000 for the benefit of their grandchild. How does those assets get calculated towards the child's eligibility before financial aid? I just want to make sure that we clear that hurdle so that we don't inadvertently make students ineligible for any kind of aid they may otherwise be eligible.

Ms. Jayne Flores: Good point. I just finished filling out my daughter's FAFSA the other day. There is a component in the FAFSA for that - \$500 I don't think would hurt it, but \$15,000 might. If the student is getting \$15,000 from their grandparents, then they are going to go to college.

Senator Michael San Nicolas: True. Understood. But, we talk about financial planning and some households might want to look at it differently.

Ms. Jayne Flores: The majority of our students like we both mentioned are on Pell grants and the \$500 are not going to push them over the Pell limit, I don't think.

Senator Michael San Nicolas: So anything at the level that is being funded on the government side should be okay, but when we start getting into the third party funding streams we may have some issues.

Ms. Jayne Flores: If they have somebody that's going to give them \$15,000 for their education, more power to them.

Senator Michael San Nicolas: Absolutely. My other question was we talked a little bit about tuition but when I read the bill – the sponsor of course can guide me on this – my understanding is if we look at page 4, Section 131104, Purpose, it's to “cover registration and enrollment fees”. I don't think I caught tuition anywhere particularly in the bill. When I went to UOG, tuition and fees were two very distinct expense categories. So, I understand not locking in the tuition rate because that needs to fluctuate, but maybe if we are getting an advance on fees, would it be possible for us to have the fee structure capped because that is a very different cost animal to the institution.

President Robert Underwood: I understand the question. It's the same principle on the fees because we don't know what kind of different courses - like for example we are starting the

School of Engineering and will have lab fees that are going to be different structure. So, we don't know what those might be. But, I think there is nothing wrong with saying to cover cost related to tuition, enrollment and fees.

Senator Michael San Nicolas: What stands out very much for me is – let's say we put X amount for fees, the institution can just raise its fees to match the availability of funds that are sitting in the account.

Ms. Jayne Flores: I don't think that would be our

Senator Michael San Nicolas: No, I understand. But if we are going to be setting aside the money with the intention of being able to cover that initial cost I agree with the sponsor of the bill that we would want to have some kind of understanding of what that future cost is going to be. One of things I learned as a financial advisor is cost always seem to rise to match your income; the availability of funds. If the federal government would to increase Pell grants

President Robert Underwood: Now, that you have suggested that

Ms. Jayne Flores: We weren't thinking that.

President Robert Underwood: We weren't thinking of that at all.

Ms. Jayne Flores: But on the other hand, Senator if we do have to raise any tuition or fees in the near future, which hopefully we don't but if we do the legislature can always raise the amount that is contributed.

Senator Michael San Nicolas: Understood. If the discussion on keeping the limitation on tuition I think all parties can agree to that, but maybe we can talk more specifically about at least registration perhaps – maybe capping the registration fee as opposed to all lab fees, for example. I think we can try to come to terms on something like that and maybe we can talk more ...

President Robert Underwood: I think we need to clarify because the fees that are course specific are different than the registration fees, i.e. health fees. That's a different structure. It is pretty much easy to navigate.

Senator Michael San Nicolas: Thank you Madame Chair.

Chairwoman Nerissa Bretania Underwood: Thank you Senator San Nicolas. Madame Speaker?

Speaker Judith Won Pat: The question will be for the Foundation at DOE to try to see how we can help them out. GCC and UOG, what is your perception or how are you going to be able to handle this when both of you have a foundation, as well. Other than the legislation ... I know your foundations are also independent. To help DOE, how would you be handling these monies because you are going to provide \$250,000, GCC can provide \$150,000 and these guys are supposed to be \$75,000 to be matched by DOE. Can you share how you plan to ...

President Robert Underwood: I understand the questions raised by Mr. Enriquez and I think there may be a way to alter the legislation to accommodate many of his concerns. I am trying to deal with the issue of how a non-profit deals with a government appropriation. This is the issue. So, the question is does the legislature appropriate money to other non-profits? You appropriated money to other non-profits all the time, don't you?

Senator Rory Respicio: The appropriation is not direct to the non-profit, it's for service and then they do an RFP.

President Robert Underwood: So, maybe there is something along those lines.

Senator Rory Respicio: But there have been instances where the legislature has appropriated directly to non-profits early on but we try to shy away from that kind of practice.

President Robert Underwood: That would be the kind of issue that your staff can look at. It would be easy for me to volunteer the UOG Foundation to say, Okay if they don't want it, we'll handle it. But I don't even know if that's doable given the issues that Mr. Enriquez has raised.

Speaker Judith Won Pat: But you are not depositing the monies into your foundation? How do you intend to keep it cumulative?

President Robert Underwood: I think if the DOE Foundation takes it, I think we give them the money and then they manage it.

Speaker Judith Won Pat: Because you are just going to be re-programming some of the monies that you have.

President Robert Underwood: Basically.

Speaker Judith Won Pat: So, DOE could very well do that, but they have enough money to begin with, so I can't see them trying to re-program \$75,000 to try to match it.

President Robert Underwood: Maybe you set up an entirely new entity for this particular purpose. Because there are other government entities that have done this where they have given some kind of cash award to individual citizens. That is not uncommon.

Speaker Judith Won Pat: Thank you.

Chairwoman Nerissa Bretania Underwood: Mr. Enriquez, I really appreciate the support that you and the Foundation Board had noted and we have been actually working with our legal counsel so we will do the best that we can to address all of those concerns and we will provide a written response. But, our hope is that it would be the DOE Foundation that can actually handle this.

Mr. Noel Enriquez: I just want to reiterate again that whatever makes this a successful bill I think we are all prepared to do whatever we can to make sure it does become successful. Again, ensuring that we remain a non-profit organization is the key to our success also.

Chairwoman Nerissa Bretania Underwood: Si Yu'os Ma'ase for your testimonies this afternoon. There being no additional individuals to present testimony, the public hearing for Bill 35-33 is now concluded. The Committee will continue to accept testimony until 5:00pm, Friday February 13, 2015. Testimonies may be submitted to our office at 155 Hesler Place, Suite 104, Hagåtña or via email at cipo@guamlegislature.org or fax at 969-0975.

This public hearing is now adjourned. The time is 5:35 pm.

III. FINDINGS & RECOMMENDATIONS

The Committee on Early Education, Juvenile Justice, Public Education and First Generation Initiatives has substituted Bill No. 35-33 (COR) with minor grammatical changes, and the following significant modifications:

- §14101 – Chapter 13A deleted and replaced with Chapter 14; the role of the Foundation for Public Education is deleted from the bill;
- § 14102 – the Guam Department of Education (DOE) administers the First Generation Trust Fund Initiative;
- §14103 – DOE may enter into contracts regarding the administration and investment of the Initiative's funds;
- § 14104 – Monies from the Fund applied to cover fees for registration, enrollment and tuition;
- § 14106 – DOE's funding investment changed to \$100,000; GCC's funding investment changed to \$200,000; funds for DOE, GCC and UOG are to be released within the first quarter of FY 2016 and to continue for each subsequent fiscal year;
- § 14107 – Clarification that evaluation conducted is independent;
- § 14108 – Remaining funds at sunset date distributed back to DOE, GCC and UOG based on proportion of contribution made by each;
- §14112 – Provision added to address issue of potential liability of the government if the Fund investments do not perform as expected, are mismanaged, or simply cannot cover the benefit being promised.




The Committee on Early Education, Juvenile Justice, Public Education and First Generation Initiatives hereby reports Bill No. 35-33 (COR), as substituted with the recommendation

TO PASS.

I MINA'TRENTAI TRES NA LIHESLATURAN GUÁHAN
2015 (FIRST) REGULAR SESSION

Bill No. 85-33 (COR.)

Introduced by:

N.B. Underwood, Ph.D. 
J.T. Won Pat, Ed.D. 
R.J. Respicio 

AN ACT TO *ADD* A NEW CHAPTER 13A OF DIVISION 2,
TITLE 17, GUAM CODE ANNOTATED, RELATIVE TO
CREATING THE "FIRST GENERATION TRUST FUND
INITIATIVE," IN SUPPORT OF PUBLIC HIGH SCHOOL
GRADUATES OBTAINING POST-SECONDARY
EDUCATION.

2015 JUN 02 AM 11:08

1 BE IT ENACTED BY THE PEOPLE OF GUAM:

2 Section 1. **First Generation Trust Fund Initiative.** A new Chapter 13A of
3 Division 2, Title 17, Guam Code Annotated is *added* to read:

4 "Chapter 13A: First Generation Trust Fund Initiative

5 §13A101. **Legislative Findings and Intent.** *I Liheslaturan Guáhan*
6 finds that there is an aspirational deficit of public high school graduates who
7 attend post-secondary school. Based on the Department of Education (DOE)
8 State of the Island Address for School Year 2013-2014, the enrollment number
9 for the public education ninth (9th) grade students is just over 3,300. The

1 is approximately 1800, with cohort graduation rate of about 70%. Of the total
2 number of graduates, less than 40% attend the University of Guam or the Guam
3 Community College. In contrast the National Center of Educational Statistics
4 reports that 66% of the students who graduated from high school in 2012 attend
5 post-secondary institutions for two-year or four-year programs of study. The
6 difference reflects the aspirational deficit of our students.

7 *I Liheslatura* finds that according to the Georgetown University Center of
8 Education and the Workforce Report, by the year 2020, 65% of all jobs will
9 require college attendance of which 35% will need a Bachelor's degree. Only
10 35% will not require an education beyond high school. Those statistics,
11 combined with the aspirational deficit, reveal that the people of Guam need a
12 new strategy to simultaneously increase post-secondary education rates and
13 prepare our young people for a new economy.

14 *I Liheslatura* finds that the trajectory of the younger generation is
15 impacted by social and financial betterment, and that a purposeful investment in
16 their individual future such as the establishment of a scholarship fund, known as
17 the "First Generation Trust Fund Initiative," available to students in the public
18 school system at the beginning of their ninth (9th) grade term is a feasible
19 component of directing our students towards the promising futures they each
20 deserve.

21 *I Liheslatura* recognizes that there are existing and varied scholarship and
22 training programs in higher education, supported by local and federal funds
23 (e.g., Guam Community College (GCC) College Access Challenge Grant
24 Program; GCC Project Aïm, TRiO; University of Guam TRiO Upward Bound
25 Program) that aim to provide information, services and support for those
26 students demonstrating financial need, disability, and/or those who are first-

1 generation eligible. While such programs are significant to supporting
2 incoming students and sustaining student enrollment, not all provide the
3 specific initial cost investment needed to start college education in Guam.

4 *I Liheslatura* hereby forms the First Generation Trust Fund Initiative,
5 which establishes an individual account for each eligible student to provide a
6 personal incentive to plan and envision her or his future. The Initiative *shall*
7 begin with a \$500 account designed to jump start student enrollment at our local
8 public post-secondary institutions, the Guam Community College and the
9 University of Guam.

10 *I Liheslatura* finds that Chapter 13, Title 17 Guam Code Annotated
11 established the “Foundation for Public Education Act of 2009,” (Foundation) a
12 non-profit foundation that works with the DOE to raise funds and accept
13 donations for the general welfare of public school students. In 2014, the first
14 charter board for the Foundation was established, and has since began efforts to
15 fundraise for public school campus development and equipment needed for the
16 various schools.

17 *I Liheslatura* finds that the First Generation Trust Fund Initiative is
18 supported by a combined effort of the DOE, the DOE Foundation, UOG and
19 GCC.

20 *I Liheslatura* further intends to establish the commitment that the success
21 of our children is developed early on within our public education system, and
22 that the First Generation Trust Fund Initiative provides the platform to ensure
23 that students work towards financial self-reliance in the long-run.

24 **§13A102. First Generation Trust Fund Initiative Established.**
25 There is hereby established the “First Generation Trust Fund Initiative

1 (Initiative), which shall be administered by the Foundation for Public Education
2 Inc.

3 **§13A103. Creation of the First Generation Trust Fund.** The First
4 Generation Trust Fund (Fund) is hereby created and *shall* be separate and apart
5 from all other funds of the government of Guam and *shall* consist of amounts
6 received into which financial investment *shall* be deposited. The Foundation
7 *shall* have custody of the Fund, inclusive of the Foundation's ability to develop
8 and manage the Fund's portfolio of funds. The Fund *shall not* be commingled
9 with the General Fund or any other funds of the government of Guam and *shall*
10 be maintained in a separate bank account in accordance with this Act.

11 **§13A104. Purpose.** The Initiative, particularly its Fund, shall act as an
12 investment account for eligible graduates of the DOE high schools, to be
13 initiated during the first-year term of ninth (9th) grade students entering public
14 schools. The Fund shall be administered to adequately cover registration and
15 enrollment fees for post-secondary education at our local public institutions, the
16 University of Guam (UOG) and the Guam Community College (GCC).

17 **§13A105. Requirements for Eligibility.** Students eligible to receive
18 college registration and enrollment fees from the First Generation Trust Fund
19 include those who hold US citizen or permanent resident status. Students *shall*
20 be continuously enrolled in a DOE public high school from the beginning of the
21 ninth (9th) grade to the time they graduate from high school. Any amount not
22 used for registration and enrollment fees for college *shall* be returned to the
23 Fund. Further, if the student's fund is not used within one year of graduation
24 from high school, that student's account will be closed and the monies reserved
25 for the forthcoming group of eligible ninth (9th) grade students.

1 **§13A106. Funding.** The Foundation, with the local public education
2 institutions, namely, the UOG and GCC have each committed to the Initiative
3 and agree to invest through the following sources:

- 4 1) The Foundation *shall*, pursuant to §13103, Chapter 13, Title
5 17, GCA, support the Initiative's objectives by providing a
6 minimum of Seventy-five thousand dollars (\$75,000)
7 annually beginning FY 2016;
- 8 2) Seventy-five thousand dollars (\$75,000) *shall* be
9 appropriated from the sums appropriated to the DOE
10 beginning in FY 2016 and *shall* continue to be appropriated
11 in each subsequent fiscal year for the sole purpose of
12 supporting the Initiative's objectives;
- 13 3) Two Hundred Fifty Thousand Dollars (\$250,000) *shall* be
14 appropriated from the sums appropriated to the UOG
15 beginning in FY 2016 and *shall* continue to be appropriated
16 in each subsequent fiscal year for the sole purpose of
17 supporting the Initiative's objectives;
- 18 4) One Hundred Fifty Thousand Dollars (\$150,000) *shall* be
19 appropriated from the sums appropriated to the GCC
20 beginning FY 2016 and *shall* continue to be appropriated in
21 each subsequent fiscal year for the sole purpose of
22 supporting the Initiative's objectives.

23 Financial contributions *may* also be made to the Fund by participating
24 businesses and organizations on behalf of students that perform community
25 service. Additionally, individual family members *may* also deposit into the
26 student's fund.

1 Administrative costs relative to the management of the Fund shall be
2 limited to five percent (5%) of the total portfolio.

3 **§13A107. Memorandum of Understanding.** The DOE Foundation
4 *may* enter into a Memorandum of Understanding with each the DOE, GCC or
5 UOG for grant writing support and development.

6 **§13A108. Evaluation.** The Initiative *shall* be evaluated after the
7 seventh (7th) year of enactment of this Act to determine if the program has met
8 its goals, one of which is to increase the number of DOE graduates enrolled at
9 the UOG and GCC.

10 **§13A109. Sunset Provision.** The Initiative *shall* come to an end by
11 the eighth (8th) year of its existence unless new legislation is passed authorizing
12 its continuation.

13 **§13A110. Transfer Authority Prohibited.** Notwithstanding any
14 other provision of law, the funds appropriated in this Act in each fiscal year
15 *shall not* lapse and *shall* continue to be available until fully expended and *shall*
16 *not* be subject to to any transfer authority of *I Maga 'lâhen Guahan* or any inter-
17 fund borrowing for use for any other purpose.

18 **§13A111. Reporting and Rules and Regulations.** The Foundation
19 *shall* submit an annual written report of the activities of the Initiative and the
20 Fund to *I Maga 'lâhen Guahan* and to the Speaker of *I Liheslaturan Guahan*.

21 The Foundation *shall* promulgate rules and regulations within one
22 hundred twenty (120) days upon enactment of this Act pursuant to Chapter 9,
23 Title 5, Guam Code Annotated, the Administrative Adjudication Law.

24 **§13A112. Annual Audit.** The Office of Public Accountability (OPA)
25 shall perform an annual audit of the Fund and the compliance of the
26 Foundation with the expenditures of such funds in accordance with the

1 administration and exclusive purposes of this Act. The OPA shall prepare and
2 provide a written report of compliance no later than seventy-five (75) days after
3 the end of the fiscal year to *I Maga'lahaen Guahan* and to the Speaker of *I*
4 *Liheslaturan Guahan*.”

5 **Section 2. Severability.** If any provision of this Act or its application to any
6 person or circumstance is held invalid, the invalidity *shall not* affect other provisions
7 or applications of this Act which can be given effect without the invalid provision or
8 application and to this end the provisions of this Act are severable.

I MINA'TRENTAI TRES NA LIHESLATURAN GUÅHAN
2015 (FIRST) Regular Session

Bill No. 35-33 (COR)

As Corrected by the Prime Sponsor
and Substituted by the Committee on
Early Learning, Juvenile Justice, Public Education
and First Generation Initiatives

Introduced by:

N. B. Underwood, Ph.D.
Judith T. Won Pat, Ed.D.
R. J. Respicio

**AN ACT TO *ADD* A NEW CHAPTER 14 OF DIVISION
2, TITLE 17, GUAM CODE ANNOTATED,
RELATIVE TO CREATING THE “FIRST
GENERATION TRUST FUND INITIATIVE,” IN
SUPPORT OF PUBLIC HIGH SCHOOL GRADUATES
OBTAINING POST-SECONDARY EDUCATION.**

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. First Generation Trust Fund Initiative. A new Chapter 14 of
Division 2, Title 17, Guam Code Annotated, is *added* to read:

“CHAPTER 14

FIRST GENERATION TRUST FUND INITIATIVE

§ 14101. Legislative Findings and Intent. *I Liheslaturan
Guåhan* finds that there is an aspirational deficit of public high school
graduates who attend post-secondary school. Based on the Annual State of
Public Education Report for School Year 2013-2014, the enrollment number
for the public education ninth (9th) grade students is just over three thousand
three hundred (3,300) students. The anticipated number of students to

1 graduate from the Guam public high schools is approximately one thousand
2 eight hundred (1,800) students, with a cohort graduation rate of about
3 seventy percent (70%). Of the total number of graduates, less than forty
4 percent (40%) attend the University of Guam (UOG) or the Guam
5 Community College (GCC). In contrast, the National Center of Educational
6 Statistics reports that sixty-six percent (66%) of the students who graduated
7 from high school in 2012 attend post-secondary institutions for two-year or
8 four-year programs of study. The difference reflects the aspirational deficit
9 of our students.

10 *I Liheslatura* finds that according to the Georgetown University
11 Center of Education and the Workforce Report, by the year 2020, sixty-five
12 percent (65%) of all jobs will require college attendance, of which thirty-five
13 percent (35%) will need a Bachelor's degree. Only thirty-five percent (35%)
14 will not require an education beyond high school. Those statistics, combined
15 with the aspirational deficit, reveal that the people of Guam need a new
16 strategy to simultaneously increase post-secondary education rates and
17 prepare our young people for a new economy.

18 *I Liheslatura* finds that the trajectory of the younger generation is
19 impacted by social and financial betterment, and that a purposeful
20 investment in their individual future such as the establishment of a
21 scholarship fund, known as the "First Generation Trust Fund Initiative,"
22 (Initiative), available to students in the public school system at the beginning
23 of their ninth (9th) grade term, is a feasible component of directing our
24 students towards the promising futures they each deserve.

25 *I Liheslatura* recognizes that there are existing and varied scholarship
26 and training programs in higher education, supported by local and federal
27 funds (e.g., the Guam Community College College Access Challenge Grant

1 Program; the Guam Community College Project Aim, TRIO; the University
2 of Guam TRIO Upward Bound Program), that aim to provide information,
3 services and support for those students demonstrating financial need,
4 disability, and/or those who are first-generation eligible. While such
5 programs are significant to supporting incoming students and sustaining
6 student enrollment, not all provide the specific initial cost investment needed
7 to start college education in Guam.

8 *I Liheslatura* hereby forms the First Generation Trust Fund Initiative,
9 which establishes an individual account for each eligible student to provide a
10 personal incentive to plan and envision her or his future. The Initiative *shall*
11 begin with a Five Hundred Dollars (\$500) account designed to jump start
12 student enrollment at our local public post-secondary institutions, the Guam
13 Community College and the University of Guam.

14 *I Liheslatura* finds that the First Generation Trust Fund Initiative is
15 supported by a combined effort of the Guam DOE, UOG and GCC.

16 *I Liheslatura* further intends to establish the commitment that the
17 success of our children is developed early on within our public education
18 system, and that the First Generation Trust Fund Initiative provides the
19 platform to ensure that students work towards financial self-reliance in the
20 long-run.

21 **§ 14102. First Generation Trust Fund Initiative Established.**

22 There is hereby established the “First Generation Trust Fund Initiative,”
23 which *shall* be administered by the Guam Department of Education (DOE).

24 **§ 14103. Creation of the First Generation Trust Fund.**

25 The First Generation Trust Fund (Fund) is hereby created and *shall* be separate and
26 apart from all other funds of the government of Guam, and *shall* consist of
27 amounts received into which financial investment *shall* be deposited. The

1 DOE *shall* have custody of the Fund, and may enter into contracts to obtain
2 for investment advice and management, and other professional services
3 regarding the administration and investment of the Initiative's funds. The
4 Fund *shall not* be commingled with the General Fund, or any other funds of
5 the government of Guam, and *shall* be maintained in a separate bank account
6 in accordance with this Act.

7 **§ 14104. Purpose.** The Initiative, particularly its Fund, *shall* act
8 as an investment account for eligible graduates of the DOE high schools, to
9 be initiated during the first-year term of ninth (9th) grade students entering
10 public schools. The Fund *shall* be applied to cover fees for registration,
11 enrollment and tuition at the University of Guam or the Guam Community
12 College.

13 **§ 14105. Requirements for Eligibility.** Students eligible to
14 receive fees for college registration, enrollment and tuition from the First
15 Generation Trust Fund include those who hold U.S. citizen or permanent
16 resident status. Students *shall* be continuously enrolled in a DOE public high
17 school from the beginning of the ninth (9th) grade to the time they graduate
18 from high school. Any amount *not* used for registration, enrollment and
19 tuition fees for college *shall* be returned to the Fund. Further, if the student's
20 fund is *not* used within one (1) year of graduation from high school, that
21 student's account will be closed and the monies reserved for the forthcoming
22 group of eligible ninth (9th) grade students.

23 **§ 14106. Funding.** The DOE with the local public education
24 institutions, namely, UOG and GCC, have each committed to the Initiative
25 and agree to invest through the following sources:

26 (a) One Hundred Thousand (\$100,000) *shall* be appropriated from the
27 sums appropriated to the DOE and released within the first quarter of FY

1 2016, and *shall* continue to be appropriated and released within the first
2 quarter of each subsequent fiscal year for the *sole* purpose of supporting the
3 Initiative’s objectives;

4 (b) Two Hundred Fifty Thousand Dollars (\$250,000) *shall* be
5 appropriated from the sums appropriated to the UOG and released within the
6 first quarter of FY 2016, and *shall* continue to be appropriated and released
7 within the first quarter of each subsequent fiscal year for the *sole* purpose of
8 supporting the Initiative’s objectives; and

9 (c) Two Hundred Thousand Dollars (\$200,000) *shall* be appropriated
10 from the sums appropriated to the GCC and released within the first quarter
11 of FY 2016, and *shall* continue to be appropriated and released within the
12 first quarter of each subsequent fiscal year for the *sole* purpose of supporting
13 the Initiative’s objectives.

14 Financial contributions may also be made to the Fund by participating
15 businesses and organizations, on behalf of students that perform community
16 service. Additionally, individual family members may also deposit into the
17 student’s fund.

18 Administrative costs relative to the management of the Fund *shall* be
19 limited to five percent (5%) of the total portfolio.

20 **§ 14107. Evaluation.** An independent evaluation *shall* be
21 conducted after the seventh (7th) year of the enactment of this Act to
22 determine if the program has met its goals, one of which is to increase the
23 number of DOE graduates enrolled at the UOG and GCC.

24 **§ 14108. Sunset Provision.** The Initiative *shall* come to an end by
25 the eighth (8th) year of its enactment *unless* new legislation is duly enacted
26 authorizing its continuation. Any remaining funds at the sunset date *shall* be

1 distributed accordingly to DOE, GCC and UOG based on the proportion of
2 contribution made by each institution.

3 **§ 14109. Transfer Authority Prohibited.** Notwithstanding any
4 other provision of law, the funds appropriated in this Act in each fiscal year
5 *shall not* lapse and *shall* continue to be available until fully expended, and
6 *shall not* be subject to any transfer authority of *I Maga'lahañ Guåhan* or any
7 inter-fund borrowing, or used for any other purpose.

8 **§ 14110. Reporting and Rules and Regulations.** The Guam
9 DOE *shall* submit an annual written report of the activities of the Initiative
10 and the Fund to *I Maga'lahañ Guåhan* and to the Speaker of *I Liheslaturan*
11 *Guåhan*.

12 The DOE *shall* promulgate rules and regulations within one hundred
13 twenty (120) days upon the enactment of this Act, pursuant to Chapter 9,
14 Title 5, Guam Code Annotated, the Administrative Adjudication Law.

15 **§ 14111. Annual Audit.** The Office of Public Accountability
16 (OPA) *shall* perform an annual audit of the Fund and the compliance of the
17 DOE with the expenditures of such funds, in accordance with the
18 administration and exclusive purposes of this Act. The OPA *shall* prepare
19 and provide a written report of compliance *no later than* seventy-five (75)
20 days after the end of the fiscal year to *I Maga'lahañ Guåhan* and to the
21 Speaker of *I Liheslaturan Guåhan*.

22 **§ 14112. Initiative Limitations.**

23 (a) Nothing in this Chapter *shall* be construed to waive sovereign
24 immunity of the government of Guam in regards to this Initiative or to:

25 (1) Give a designated beneficiary any rights or legal interest
26 with respect to an account;

27 (2) Guarantee that a designated beneficiary:

1 (A) Will be admitted to an institution of higher
2 education; or

3 (B) Upon admission to an institution of higher education,
4 will be permitted to continue to attend or will receive a degree
5 from the institution;

6 (3) Create residency for an individual merely because the
7 individual is a designated beneficiary; or

8 (4) Guarantee that amounts saved pursuant to the Initiative will
9 be sufficient to pay the full enrollment, registration or tuition expenses
10 of a designated beneficiary.

11 (b) Nothing in this Chapter *shall* create or be construed to create any
12 obligation of the Guam DOE or any agency or instrumentality of the
13 government of Guam to guarantee for the benefit of an account owner or
14 designated beneficiary:

15 (1) the rate of interest or other return on any account;

16 (2) the payment of interest or other return on any account; or

17 (3) the repayment of the principal of any account.

18 (c) The DOE *shall* provide by rule that every agreement, contract,
19 application, deposit slip, or other similar document that may be used in
20 connection with a contribution to an account, clearly indicates that the
21 account is not insured by the government of Guam and that neither the
22 principal deposited nor the investment return is guaranteed by the
23 government of Guam.”

24 **Section 2. Severability.** If any provision of this Act or its application to
25 any person or circumstance is held invalid, the invalidity *shall not* affect other
26 provisions or applications of this Act which can be given effect without the invalid
27 provision or application and to this end the provisions of this Act are severable.



Mina'trentai Tres na Liheslaturan Guahan
33RD GUAM LEGISLATURE

1

Senator Nerissa Bretania Underwood, Ph.D.
Chairperson, Committee on Early Learning, Juvenile Justice, Public
Education, and First Generation Initiative

February 9, 2015
Bill No. 35-33 (COR)

SIGN UP SHEET

NAME	ADDRESS	PHONE	EMAIL	WRITTEN	ORAL	SUPPORT	
						Yes	No
Peter Alexis Aida		482-7774		✓	✓	✓	
Kenneth Chang		777-2100		✓	✓	Yes	
Leandro San Nicolas		482-7774		✓	✓	Yes	
Robert Underwood	UOG	721 7715		✓	✓	Yes	
NOEL ENRIQUE Z	FOUNDATION FOR PUBLIC EDUCATION	777-9629		✓	✓	Yes	
Robert M. Lay	GDOE	687 4352	rhmlay@gdoe.net	✓	✓	Yes	



2

Mina'trentai Tres na Liheslaturan Guahan

33RD GUAM LEGISLATURE

Senator Nerissa Bretania Underwood, Ph.D.
Chairperson, Committee on Early Learning, Juvenile Justice, Public Education, and First Generation Initiative

February 9, 2015
Bill No. 35-33 (COR)

SIGN UP SHEET

NAME	ADDRESS	PHONE	EMAIL	WRITTEN	ORAL	SUPPORT	
						Yes	No
Jayne Flores	GCC	735-5638	jaynp.flores@guamcc.edu	✓	✓	✓	

February 9, 2015

The Honorable Narissa B. Underwood, Ed.D
Senator, 33rd Guam Legislature
Chairperson, Committee on Education
Hagatna, Guam 96910

Buenas and good afternoon Madam Chairwoman, members of the Education Committee, members of this 33rd Legislative body, Ladies and Gentlemen.

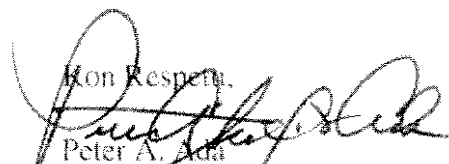
My name Peter Alexxis Ada, Chairman of the 7th Guam Education Board. I come before you this afternoon in support of the concept of Bill No. 35 introduced by the freshman Senator Narissa B. Underwood.

I like the idea simply because it becomes an incentive to our high school students once they finish their high school.

Madam Chairwoman, I have often heard stories that once these students graduate from high school, many of them go out to the workforce and once they see that cash in their hands, all future plans to further their education is put on hold. Secondly, many of them are now coming from a single parent household and they feel they have to help out their parents' and siblings and we certainly can't fault them for this. But this concept might give these students' educational future a chance.

However, I do have a few questions to bring forward to clear my mind.

- (1). Would the funding for this be from the department's current budget or an amount to be added on top of the submitted request?
- (2). What happens if the child attending post secondary education, drops out for whatever reason? Would this be an investment lost or would it give the student an opportunity to continue on at the next semester?
- (3). Would this be open to all or a set criteria would be established within the intent of the legislation?
- (4). Would this be for only U.S. and permanent residents? And listening to the electronic media, it is rather clear that in order to qualify, one must be a graduate from one of the Guam public schools system and this does not include non public, DODEA and charter schools. What about Home Schooling?

Respetu,

Peter A. Ada
Chairman, Board of Education



UNIVERSITY OF GUAM
UNIBETSEDAT GUAHAN

OFFICE OF THE PRESIDENT
UOG Station, Mangilao, Guam 96923
Telephone: (671) 735-2990 • Fax: (671) 734-2296

February 9, 2015

The Honorable Nerissa B. Underwood, Ph.D.
Senator, 33rd Guam Legislature
Chairperson, Committee on Early Learning, Juvenile, Justice, Public Education
and First Generation Initiatives
Suite 104
155 Hesler Place
Hagatna, Guam 96910

Dear Senator Underwood and Members of the Committee,

I am proud to lend my support to Bill 35-33. This is an innovative approach to increasing postsecondary enrollment in Guam. We know from many national and international trends that enrollment in tertiary institutions is no longer just desirable, it is necessary for young people to have the opportunity to become self-sufficient. Whether it is the Georgetown University Center for Education and the Workforce, which is quoted in this legislation, or the Bureau of Labor Statistics or the National Center for Educational Statistics at the USDE it is clear that enrollment in postsecondary educational institutions is on the increase and for today's high schools students across the country. Some 65% of American high school graduates go to college. Unfortunately for Guam, postsecondary attendance from our public high schools is approximately 25% below national rates.

We used to point to statistics that college degrees enable young people to earn at least \$1 million more over the course of their lives than those without degrees. In the world of the 21st century as we look at the society and economy of 2020 and 2030, postsecondary attendance is no longer about entering the job market at higher levels, it is about entering the job market itself. Specialized training, advanced degrees are entry level requirements for an increasing number of positions. The old way of thinking was that secondary education prepared one for either a job or college. Today's world requires us to prepare for a job and college at the same time. The old distinction between a vocational and a college track is no longer meaningful or helpful. We have to prepare everyone for the realities of the future and not the conditions of the past.

Bill 35-33 offers financial incentives by name and to individual students in order to encourage, facilitate and spur greater postsecondary education enrollment. This is the unique nature of the bill. This legislation establishes an account for each eligible child by name and gives everyone the same opportunity to begin the conversation and planning for a postsecondary future. This will lead to conversations about college at least three or four years earlier than many experience now. This will lead to increased conversations between high school and college educators about what needs to happen in order to prepare the young people in their care for the future. This will lead families, especially families

where college attendance seems unattainable, to think about it and make inquiries. This will force postsecondary institutions like UOG and GCC to begin the conversations with their prospective students earlier than in the past

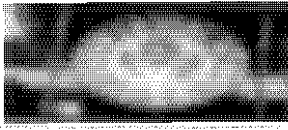
The investment seems minimal in comparison to the benefits not just to the students, but the economy and society of the future. A unique feature of the bill is that if the funds are not used for the intended purpose, it will go to someone who will use it. It isn't a giveaway, it is an investment. For the first couple of years, I am sure that we will need to sort out many issues, but the actual enrollment in the postsecondary institutions does not occur until four years after enactment.

The University stands ready to assist in to ensure that the proposed legislation is successfully implemented. We do so in the fulfillment of our responsibility to provide opportunities for self-sufficiency in the future. We do so in the recognition that a society that does not prepare its youth for the future economy will suffer the consequences of uneven economic growth and opportunity. Thank you for the opportunity to testify on this bill.

Sinseru yan Magahet,



Robert A. Underwood



Nichole Santos <nsantos@guamlegislature.org>

Bill 35-33 - "First Generation Trust Fund Initiative"

Enriquez, Noel <nenriquez@brwncald.com>

Fri, Feb 6, 2015 at 4:49 PM

To: "senatorunderwood@guamlegislature.org" <senatorunderwood@guamlegislature.org>

Cc: "nsantos@guamlegislature.org" <nsantos@guamlegislature.org>, "James Martinez (james.martinez@guamcontractors.org)" <james.martinez@guamcontractors.org>

Senator Nerissa Bretania Underwood, Ph.D.

Chairperson, Committee on Early Learning,

Juvenile Justice, Public Education and First

Generation Initiatives

33rd Guam Legislature

155 Hesler Place, Suite 104

Hagåtña, Guam 96910

Dear Senator Underwood:

Thank you for meeting with us on February 5, 2015 to discuss the extent to which the Foundation for Public Education (the "Foundation") may participate in execution of Bill 35-33. As we discussed, the Foundation wholeheartedly supports the intent of the bill, which has potential to further achievement in a wide cross-section of Guam youth.

Bill 35-33 contemplates the Foundation's involvement in the following capacities:

1. The Foundation shall have custody of the First Generation Trust Fund ("the Fund"), which includes developing and managing the Fund's portfolio of funds.
2. The Foundation shall invest a minimum of Seventy-five thousand dollars (\$75,000.00) to the Fund annually beginning FY 2016.
3. The Foundation may enter into a Memorandum of Understanding with DOE, GCC or UOG for grant writing support and development.
4. The Foundation shall submit an annual written report of the activities of the Initiative and the Fund to the Governor and the Legislature.
5. The Foundation shall promulgate rules and regulations within one hundred twenty (120) days upon enactment.
6. The Foundation will be audited annually by the OPA.

During our meeting, you mentioned that one of the goals of including the Foundation in Bill 35-33 was to "jumpstart" the Foundation's activities and provide a regular source of funding for its initiatives. The Foundation appreciates your consideration for participation in execution of the Bill, and request your input on the following factors, which will aid the Foundation in determining its capacity to fulfil the functions contemplated in the Bill.

17 G.C.A. §13101, the "Foundation for Public Education Act of 2009" (the "Act") authorized the Superintendent of the Department of Education to establish a non-profit corporation that "shall be separate and apart from the government of Guam and the Department of Education for the purposes of being able to accept private gifts, donations, endowments, services in-kind, grants and other money which may be offered in support of the Department of Education." Though the Act envisions an independent, non-governmental Foundation, the Act further purported to regulate Foundation business, from its administrative costs, to the composition of its Board of Directors, to publication of Foundation books and business. The Act further contemplated that the Foundation submit reports to the Legislature on a quarterly basis, all of which are in excess of Guam law governing non-profit corporations, and expressly conflict with the legislative intent of establishing a Foundation that is separate and apart from the government of Guam and the Department of Education.

In an overabundance of caution, the Foundation was established independent of the Act by a Board of Directors composed of private citizens entitled to create a non-profit corporation, and is intended by its board to constitute an independent non-profit corporation, subject only to local and federal law governing such entities. The Foundation's mission, as determined by its Board of Directors, is best served by an independent board, one that is separate from the Government and not subject to its directives apart from laws governing charitable organizations.

Though the Foundation functions independent of the Act, it fulfils the primary functions stated therein to the extent they do not conflict with the purpose of the non-profit. Bill 35-33 brings the conflicting language of the Act to the forefront, and we request further guidance and input as to how we can fulfil our anticipated obligations under the Bill while preserving the Foundation's position as a non-governmental non-profit organization intended to effectively and efficiently support the students and teachers of GDOE. The Board of Directors for the Foundation cannot resolve its position on Bill 35-33 without resolution of these issues, which are central to the Foundation's functions pursuant to the Bill and in the Foundation's future activities. We have identified the following items for your consideration:

- Does the Bill conflict with the self-governance of the Foundation as a non-profit corporation, pursuant to the Foundation's Articles of Incorporations? To the extent that the Act applies to Foundation activities, does the Bill conflict with the Act's directives that the Foundation be "separate and apart from the government of Guam"?
- The Act also provides that the Board of Directors for the Foundation shall establish articles and bylaws relative to operations and programs through which gifts are granted back to GDOE. The Bill would substitute the Legislature's judgment for the Board's regarding where to direct its funding and resources. Does the Bill intend to repeal that section of the Act and revert decision-making authority for the Foundation to the Legislature? How does this affect the Foundation's status as a non-profit corporation?
- The Act also intends for Foundation activities to generate contributions to benefit the Department of Education. Bill 35-33 by design benefits incoming college students at the University of Guam and Guam Community College. How do we ensure that the Bill is consistent with the Foundation's core mission?
- To the extent the Legislature intends to make funding decisions for the Foundation, how do we resolve the procurement issues that will arise for future Foundation business?

The Bill directs the Foundation to promulgate rules and regulations to govern implementation of the Bill, which suggests a government function for an established non-profit corporation. How do we resolve this conflict?

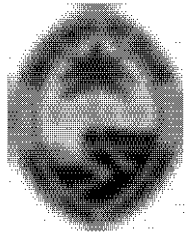
The Foundation recognizes and supports your efforts in Bill 35-33 to help provide incoming college students at the University of Guam and Guam Community College with the initial cost investments associated with higher education. We look forward to your guidance on these issues so that the Foundation can resolve whether it can legally and properly be part of Bill 35-33.

Sincerely,

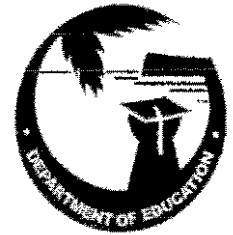
Noel Enriquez

Chairman,

Foundation for Public Education, Inc.



DEPARTMENT OF EDUCATION OFFICE OF THE SUPERINTENDENT



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500 Mariner Avenue
Barrigada, Guam 96913
Telephone: (671) 300-1547/1536 • Fax: (671) 472-5001
Email: jonfernandez@gdoe.net

JON J. P. FERNANDEZ
Superintendent of Education

February 9, 2015

The Honorable Nerissa Bretania Underwood, Ph.D.
Chairperson
Committee on Early Learning, Juvenile Justice, Public Education and First Generation Initiatives
33rd Guam Legislature
155 Hesler Street
Hagatna, GU 96910

Re: Bill No. 35-33 (COR) An Act to add a new Chapter 13A of Division 2, Title 17, Guam Code Annotated, relative to creating the "First Generation Trust Fund Initiative," in support of public high school graduates obtaining post-secondary education.

Hafa Adai Senator Underwood!

Thank you for allowing me an opportunity to provide testimony on Bill 35-33 that will create the First Generation Trust Fund to support our public high school graduates pursuing post-secondary education, to which I offer my support.

The Bill aligns with the first goal of the Guam Department of Education State Strategic Plan, adopted in September, 2014 by the Guam Education Board, which states that: **"All Guam Department of Education students will graduate from high school prepared to pursue post-secondary education on- or off-island or to assume gainful employment within the public or private sector."** Providing students with a funding source to apply for post-secondary education, as Bill 35-33 intends to do, will help serve as validation of the number of students that are prepared to do so and provide financial assistance as a positive incentive.

As written, the fund will be administered to cover registration and enrollment fees at the University of Guam and the Guam Community College. I would like to explore whether it makes sense to broaden the potential uses of the funds to offset other needs, including tuition or textbooks. The legislation provides for donors to make contributions to a student's fund, and that may result in funds in excess of what is needed to cover registration and enrollment fees. In this case, we would recommend that the legislation be amended to ensure that graduates be allowed the full benefit of the funds contributed on their behalf by being able to cover as much of their first-year college costs as possible. In the event that students are provided the incentive and receive private donations, they must also be allowed to at least recoup the value of the private contributions if they attend a post-secondary institution other than UOG or GCC.


It is my understanding that the Foundation for Public Education, Inc., will be determining the details, rules and logistics as they relate to the program. We are committed to working closely with UOG, GCC and the

Foundation to ensure that the program works as intended, is manageable, and serves the best interests of our graduates. As a 501(c)(3) organization, the Foundation will understandably need to ensure that the initiative, because it is government-funded and subject to the terms of legislation, does not compromise its tax-exempt non-profit status, but we believe that it is possible to construct the legislation in a way that does so.

Lastly, I would ask for consideration that the contribution to the Fund from the Guam Department of Education be made in addition to what the department will need to operate the public school system. In our last fiscal year, we received \$234 million in our FY 15 appropriation to support the department's needs, and the Guam Education Board has already requested supplemental funding in FY15 to meet our full operating needs.

Thank you again for your support of our students. Please let me know if I can be of any further assistance with regard to this initiative.

Senseramente,



JON J.P. FERNANDEZ
Superintendent of Education



February 9, 2015

Senator Nerissa B. Underwood, Ph.D.
Chairperson, Committee on Early Learning,
Juvenile Justice, Public Education
and First Generation Initiatives
33rd Guam Legislature
155 Hesler Place, Ste. 201
Hagatna, GU 96910

Honorable Senator Underwood and Committee members,

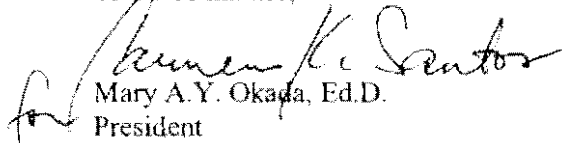
Thank you for the opportunity to provide feedback on Bill No. 35-33, **An Act... relative to creating the "First Generation Trust Fund Initiative," in support of public high school graduates obtaining post-secondary education.**

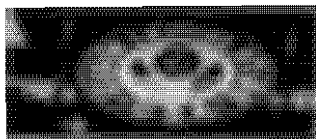
Guam Community College supports the intent and purpose of Bill 35-33, which we recognize as a collaborative innovation between Guam Community College, the University of Guam, and the Guam Department of Education. If this bill is passed into law, the subsequent creation of a trust fund containing at least \$500 to help each (U.S. citizen) public high school graduate on Guam pay for registration and enrollment fees at either GCC or the University of Guam, will improve the number of young people that have access to postsecondary education on our island. This bill is another means of support for GCC's mission as "a leader in career and technical workforce development, providing the highest quality, student-centered education and job training for Micronesia." If implemented, the initial \$500 will help fund a student's first postsecondary course at GCC, hopefully inspiring that student to obtain a Pell grant or pursue scholarship opportunities offered by the college, and continue on to earn a certificate or associate's degree, and then possibly a bachelor's degree at UOG.

We look forward to supporting the GDOE Foundation with the implementation of this very worthwhile effort to extend postsecondary educational opportunities to a much larger percentage of our island's high school graduates. Every year, over 500 students from the Guam public high schools enroll at GCC. With the passage of this bill, we expect that even more students will avail themselves of postsecondary education.

Thank you for the opportunity to provide testimony on Bill 35-33.

Si Ya'os ma'ase,


Mary A.Y. Okada, Ed.D.
President



Lisa Dames <cipo@guamlegislature.org>

Fwd: Important Information

Nerissa Underwood <senatorunderwood@guamlegislature.org>
To: Lisa Dames <cipo@guamlegislature.org>

Mon, Feb 9, 2015 at 2:19 PM

Please print message and attachment

----- Forwarded message -----

From: **Nerissa Underwood** <senatorunderwood@guamlegislature.org>
Date: Mon, Feb 9, 2015 at 2:17 PM
Subject: Re: Important Information
To: Yoichi Rengiil <yrengiil@gmail.com>

Thank you so much Yoichi! We will print your correspondence as a matter of record in support of Bill 35-33.

Best,
Nerissa

On Mon, Feb 9, 2015 at 2:09 PM, Yoichi Rengiil <yrengiil@gmail.com> wrote:

Hi Senator Underwood,

I am very supportive of your efforts to have your first bill passed and hopefully signed by Gov.Cavo. I am unable to attend the public hearing you will be holding this afternoon, but I am sharing the attached document for your reference. The attached was published by our national organization for our TRIO programs in Washington, DC called the Council for Opportunity in Education (COE). I have been a member of this organization since 1991. Please do not be discouraged by what the newspapers' editorials or people writing negatively about your efforts. As Dr. Phill once said, "No matter how thin a pancake is, there is always the other side." We are on the positive side of the "pancake" and we are your strongest supporters. I have been in this business since 1986 helping students from low-income families, first-generation college students, and students with disabilities and you are our inspirational leader who, with personal experience, is trailing the blaze for the students we serve. Please do not give up!!!!

Sincerely,

Yoichi

"The best executive is the one who has sense enough to pick good men to do what he wants done, and self-restraint enough to keep from meddling with them while they do it."

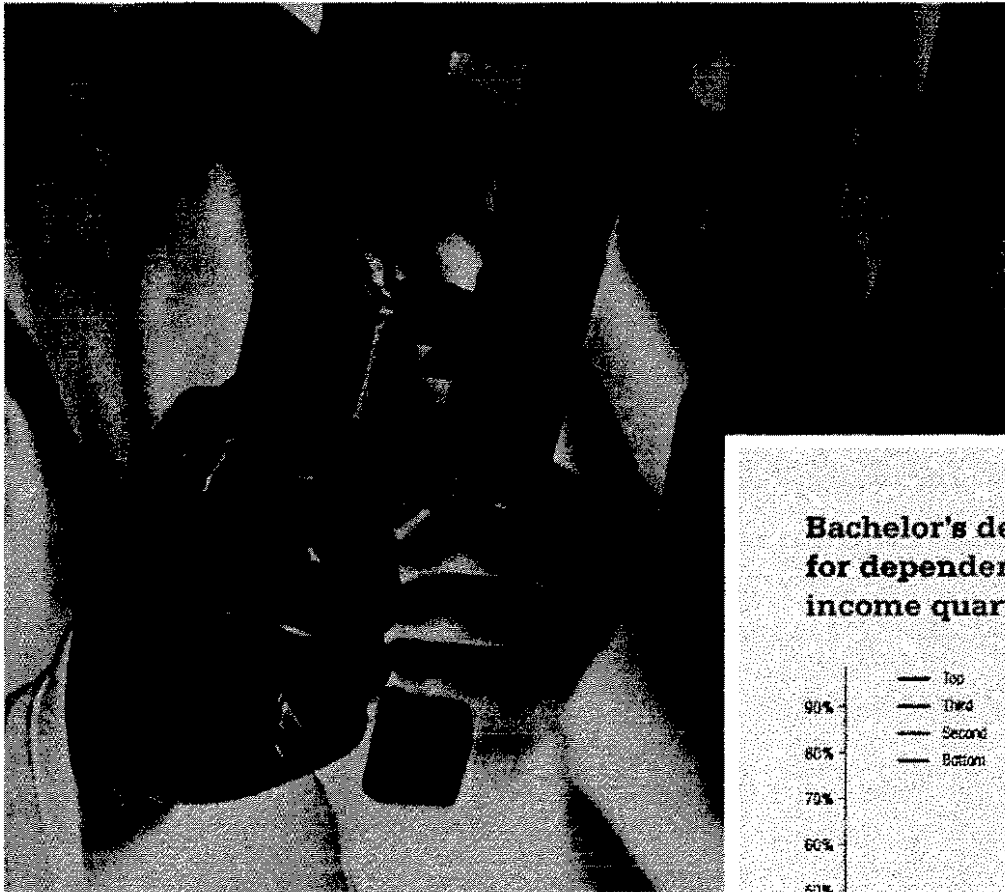
--Theodore Roosevelt

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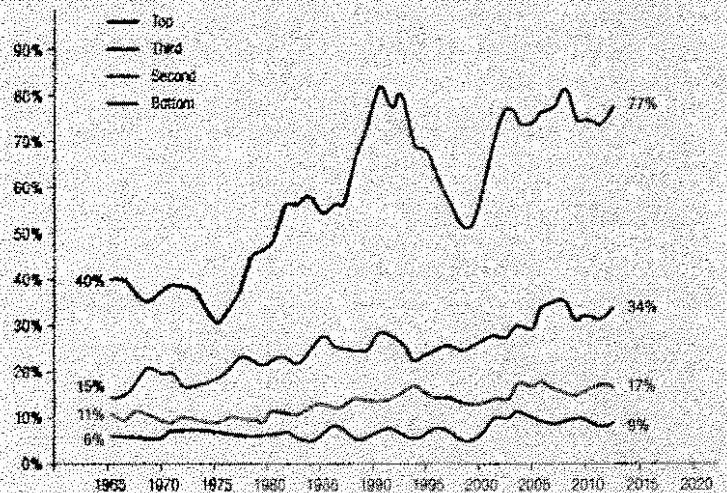
Yoichi K. Rengiil
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Tel: (671) 735-2245/2246/2249
Cell: (671) 929-TRIO (8746)
Fax: (671)734-7514

INDICATORS

OF HIGHER EDUCATION EQUITY IN THE UNITED STATES



**Bachelor's degree attainment by age 24
for dependent family members by family
income quartile: 1970-2013**



When will the U.S. close
the gap in higher education
attainment by family income?



The Pell Institute for the Study of Opportunity in Higher Education

conducts and disseminates research and policy analysis to encourage policymakers, educators and the public to improve educational opportunities and outcomes of low-income, first-generation, and disabled college students. The Pell Institute is sponsored by the Council for Opportunity in Education (COE). The Pell Institute shares the mission of the Council to advance and defend the ideal of equal educational opportunity in postsecondary education. As with the focus of the Council is ensuring that the least advantaged segments of the American population have a realistic chance to enter and graduate from a postsecondary institution.

www.pellinstitute.org

~~The University of~~ **Pennsylvania Alliance for Higher Education and Democracy (PennAHEAD)**

is dedicated to promoting the public purposes of higher education in fostering open, equitable, and democratic societies. Located within the Graduate School of Education, PennAHEAD conducts original research and applies a multidisciplinary, research-based approach to addressing the most pressing issues regarding the societal contributions of higher education in the United States and the world. PennAHEAD also draws on research to improve institutional practice and public policy by offering technical assistance and professional development activities.

www.ahead-penn.org

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SPECIAL DEDICATION

ARNOLD MITCHEM & TOM MORTENSON

This 2015 *Indicators of Higher Education Equity in the United States* report is dedicated to Arnold Mitchem and Tom Mortenson. Without the very different work of these two individuals the report would not have been possible. Both have dedicated their work lives to the cause of greater equity in educational opportunity in the United States. With this volume and by beginning the *Equity of Postsecondary Opportunity Shared Dialogues* on how to reduce this inequity, we honor the legacy of your work and the seeds you have sown for increased equity of opportunity in the United States.

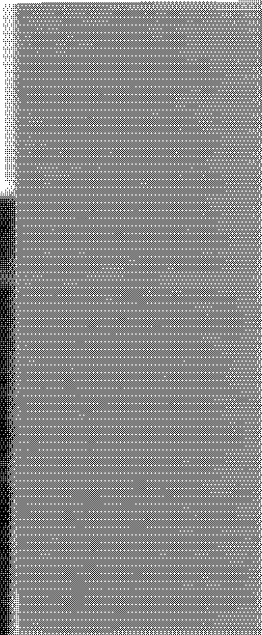
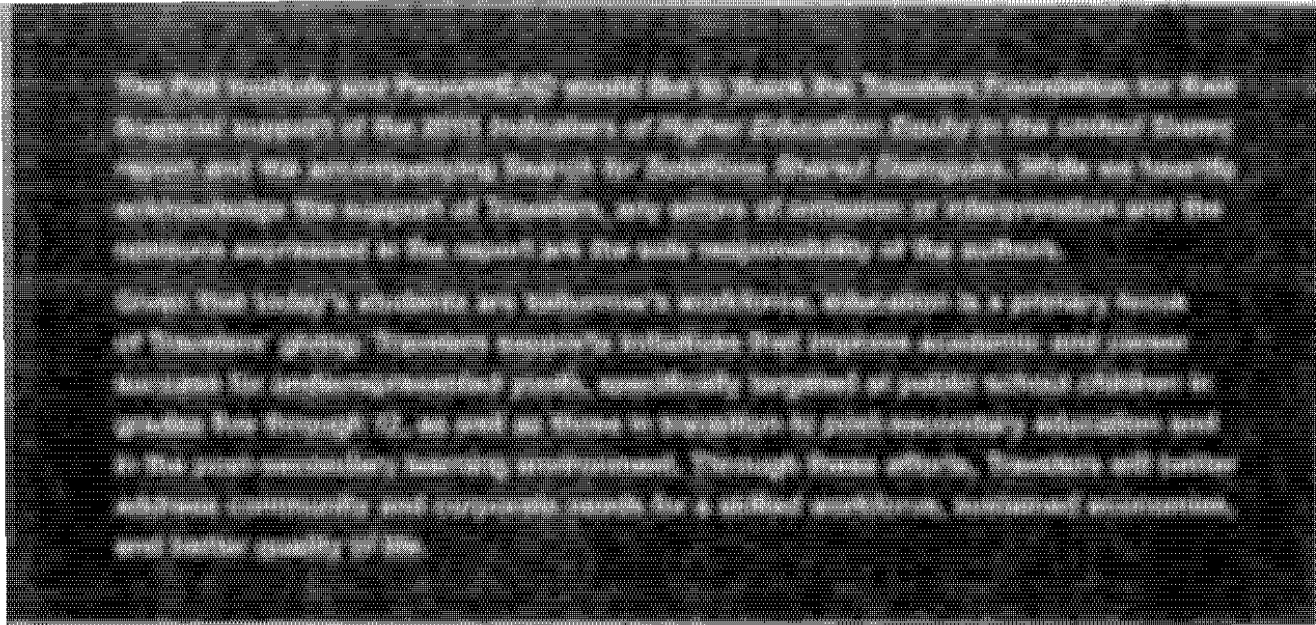
ACKNOWLEDGEMENTS

This report was co-authored by Margaret Cahalan and Laura Perna with support from Brittany Ross, Khadish Franklin, Mika Yamashita, and Roman Ruiz. Beth Hogan, Jodi Koehn-Pike, Maureen Hoyler, also provided support and feedback while the report was in process.

Many persons and organizations have contributed and made this work possible. This 2015 report owes much to the work of Colleen O'Brien, former Director of the Pell Institute, and author of the 2004 and 2005 Indicators reports and to Jennifer Engle, former Pell Research Analyst, who provided analytic support for the earlier reports. Much of the trend data presented in this 2015 Indicators Report was originally compiled by Tom Mortenson, Senior Scholar at the Pell Institute, for the inclusion in the *Postsecondary Education Opportunity Newsletter*. We also acknowledge the teams of US government and contractor statisticians, data collectors, and data processors that have painstakingly used their technical expertise over many years to produce the comparable estimates included in this Indicators report. We especially wish to thank the past and present staff from: the Current Population Survey (CPS) School Surveys and American Community Survey (ACS) from the U. S. Census Bureau; and the past and present government and contractor staff from the National Postsecondary Student Aid Study (NPSAS), and Integrated Postsecondary Education Data Systems (IPEDS) of the National Center for Education Statistics (NCES).

We heartily acknowledge the efforts of these individuals and groups and recognize that they are not responsible for any errors of omission or interpretation contained in this report.

TRAVELERS 



FOREWORD

In 2004 and 2005, the Pell Institute for the Study of Opportunity in Higher Education (Pell Institute), sponsored by the Council for Opportunity in Education (COE), published two editions of *Indicators of Opportunity in Higher Education*. The current 2015 publication, *Indicators of Higher Education Equity in the United States*, directly follows on this earlier effort. This publication brings together in partnership, the Pell Institute with the Alliance for Higher Education and Democracy (AHEAD) of University of Pennsylvania. Both organizations have a core mission to promote a more open, equitable, and democratic higher education system within the United States. The Pell Institute has a special mission to promote more equitable opportunity for low-income, first generation, and students with disabilities.

Purpose of the Indicators of Higher Education Equity report. The purposes of this indicator project are:

- To report the status of higher education equity in the United States and to identify changes over time in measures of equity; and
- To identify policies and practices that promote and hinder progress and illustrate the need for increased support of policies, programs and practices that not only improve overall attainment in higher education but also create greater equity in higher education attainment.

Focus on Income-Related Inequities. The comparisons in *Indicators of Higher Education Equity* focus on differences based on measures of family income. Both the Pell Institute and AHEAD recognize the need to also address inequity based on other demographic characteristics, such as first-generation college status, race/ethnicity, and disabilities status. While for conceptual clarity, only family income is considered in this, the first edition of the 2015 Equity Indicators report, we hope to address these important concerns in future editions.

The Shared Search for Solutions Dialogues. This report is written to inform the conversation about high education equity issues and to foster the mandate to both monitor our progress and to search for and support policy and practices leading to greater equity in educational opportunity. To this end, the Pell Institute for the Study of Opportunity in Higher Education (Pell Institute) and Alliance for Higher Education and Democracy (AHEAD) have prepared reflection essays presented at the end of the report concerning the issues raised by the Equity Indicators report. It is the intent of the project that this will initiate yearly dialogues that will accompany the annual monitoring of our progress.

Introduction

Setting The Stage

In 1947 – the mid-point of the 20th Century – Harry S. Truman warned in a report of his Commission on Higher Education, “*If the ladder of educational opportunity rises high at the doors of some youth and scarcely rises at the doors of others, while at the same time formal education is made a prerequisite to occupational and social advance, then education may become the means, not of eliminating race and class distinctions, but of deepening and solidifying them.*”¹ Now over 60 years later – well into the 21st century – these words read as an eerie foreshadowing to the state of higher education in the United States today.

The U.S. has a core constitutional and founding commitment to equality of opportunity for all citizens. There is also a body of court decisions that guarantees equal access to education of all citizens within the United States. The first official mission of the U.S. Department of Education was simply stated as to “ensure equal access to education.” Although the Bush Administration revised this statement in 2005 to reflect increased emphasis on academic achievement and global competitiveness levels, the Department’s stated mission continues to emphasize equity.²

Whether viewed as an end in itself or a means to fostering increased national achievement and competitiveness, the 21st century United States conversation about equity reflects a national consensus about the many benefits of and necessity for postsecondary education for the well-being of individuals and society as a whole. Publications such as *Education Pays* by the College Board report the positive correlation between higher education attainment and such outcomes as earnings, social mobility, health factors and civic engagement.³

1 Harry S. Truman: “Statement by the President Making Public a Report of the Commission on Higher Education” December 15, 1947.

2 The current U.S. Department of Education’s mission statement is to “promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access.” It can be found at : <http://www2.ed.gov/about/overview/mission/mission.html>

3 CollegeBoard, 2013 Trends in College Pricing. <https://trends.collegeboard.org/sites/default/files/college-pricing-2013-full-report-140108.pdf>

Nonetheless, as illustrated by the indicators in this report, higher education outcomes are highly inequitable across family income groups. Moreover, on many of these indicators, gaps in outcomes are larger now than in the past. The disinvestment of state funds for public colleges and universities occurring since the 1980s and the declining value of federal student grant aid have all aided in the creation of a higher education system that is stained with inequality. Once known for wide accessibility to and excellence within its higher education system, the U.S. now has an educational system that serves to sort students in ways related to later life chances based on their demographic characteristics rather than provide all youth with the opportunity to use their creative potential to realize the many benefits of higher education and advance the well-being and progress of the nation.⁴

The Equity Indicators

The equity indicators tracked in this report address the following six fundamental questions:

- 1. *Equity Indicator 1: Who enrolls in postsecondary education?***
 - a. How do cohort college continuation rates vary by family income?
 - b. How do high school college continuation rates vary by family income?
- 2. *Equity Indicator 2: What type of postsecondary educational institution do students attend?***
 - a. How does the level of institution attended vary by family income?
 - b. How does the control of postsecondary education institutions vary by family income?
 - c. How does the type of institution as measured by highest degree awarded) vary by family income?
- 3. *Equity Indicator 3: Does financial aid eliminate the financial barriers to paying college costs?***
 - a. What is the maximum Pell Grant amount relative to average college costs?
 - b. What is the net price of attendance by family income?
 - c. What is the unmet need by family income?
- 4. *How do students in the United States pay for college?***
 - a. What share of higher education costs is paid by students and their families?
 - b. What is the percent of family income needed to pay for college?
 - c. What percent of students borrow and how much do they borrow?
- 5. *How does bachelor's degree attainment vary by family income?***
 - a. How does bachelor's degree attainment by age 24 vary by family income?
 - b. How does bachelor's degree attainment by age 24 vary by family income among individuals who entered college?
- 6. *How do educational attainment rates in the U.S. compare with rates in other nations?***
 - a. What percent of 25 to 34 year olds has completed a type A tertiary degree?
 - b. What percent of 25 to 34 year olds has completed a type A or type B tertiary degree?

We identify not only the current status of equity but also, when relevant data are available, trends in the direction of equity, observed from the point of view of low-income students. The final section of the *Indicators* report contains two essays by the report's co-authors that discuss the policy implications of the equity trends and offers strategic recommendations for fostering greater equity in higher educational attainment in the United States.

⁴ As U.S. state and international comparisons show, it is not only the absolute level of income that creates a depression of life well-being indicators such as educational attainment, but also the degree of income inequity that is manifest in the country or state http://www.unicef.org/socialpolicy/files/insights_August2010_ENG%281%29.pdf. Bill Kerry, Kate E. Pickett and Richard Wilkinson, *The Spirit Level: Why Greater Equality makes Societies Stronger*, *Child Poverty Insights*, August 2010, Social and Economic Policy, UNICEF Policy and Practice

Setting the Stage

Overview of Institutions. Before presenting the *Indicators*, we first briefly describe the structure of postsecondary education in the United States, reviewing the number and percentage distribution of institutions and enrollment by institution level (2-year and 4-year) and control (public, private non-profit and private for-profit). As reported to the Integrated Postsecondary Data System (IPEDS), the U.S. system of postsecondary education included 4,726 Title IV degree-granting institutions in the 2012-2013 academic year.⁵ These institutions enrolled 20.6 million students, of whom 86 percent (17.8 million) were undergraduates.

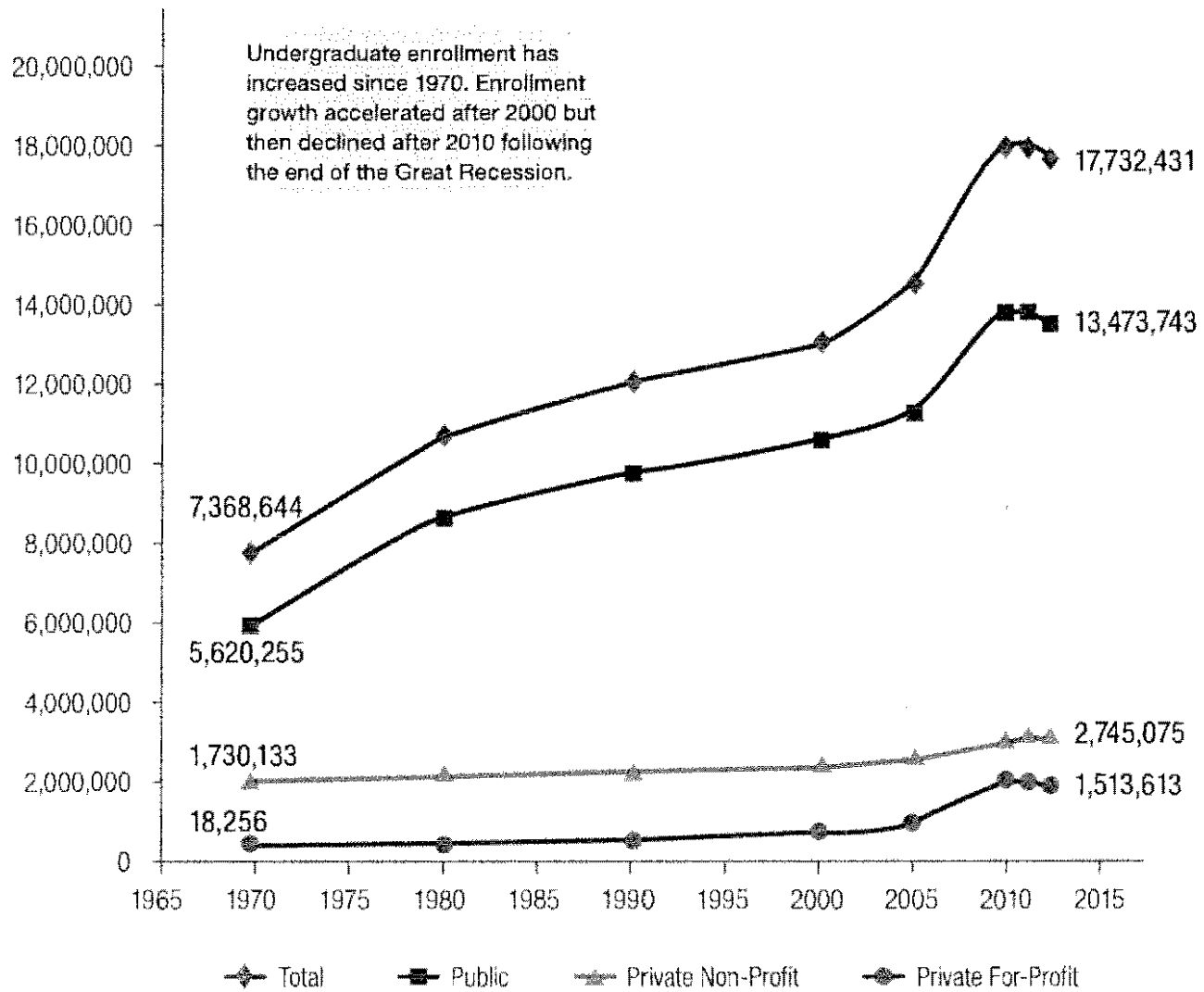
Type and Control of Institutions. Of the 4,726 Title IV institutions,⁶ 34 percent were public (14 percent 4-year and 20 percent 2-year), 35 percent were private not-for-profit (33 percent 4-year and 2 percent 2-year), and 31 percent were private for-profit (17 percent 4-year and 14 percent 2-year). Over the recent decade, the private for-profit sector of postsecondary education has grown considerably. In 2012-13, there were 1,451 private for-profit institutions in the United States, up from just 791 private for-profit institutions in 2002-2003.

Enrollment Trends. Because of differences in the average number of students enrolled in institutions of different sectors, the distribution of enrollments does not mirror the current institutional division of approximately one-third in each of the public, private non-profit, and private for-profit sectors. In 2012 public 2-year and 4-year institutions enrolled 76 percent of all undergraduate students, about the same percentage as in 1970. In 1970 there were a total of about 7.4 million undergraduate students. By fall 2012, total undergraduate enrollment in degree-granting postsecondary institutions had risen to 17.8 million students. While public institutions maintained their share of undergraduate enrollment, the share of undergraduates enrolled in private non-profit institutions fell from 23 percent of the total in 1970 to 15 percent of the total in 2012. Over the same period, the share of undergraduates enrolled in private for-profit institutions grew from less than 1 percent of the total in 1970 to 9 percent of the total in 2012. Figures 1 and 2 show trends since 1970 in the numbers of undergraduates enrolled in different types of institutions.

5 U.S. Department of Education, National Center for Education Statistics, Education Directory, Colleges and Universities, 1949-50 through 1965-66; Higher Education General Information Survey (HEGIS), "Institutional Characteristics of Colleges and Universities" surveys, 1966-67 through 1985-86; Integrated Postsecondary Education Data System (IPEDS), "Institutional Characteristics Survey" (IPEDS-IC: 86-99); and IPEDS Fall 2000 through Fall 2012, Institutional Characteristics component. (This table was prepared August 2013.) –NCES 2013 http://nces.ed.gov/programs/digest/d13/tables/ut13_317.10.asp.

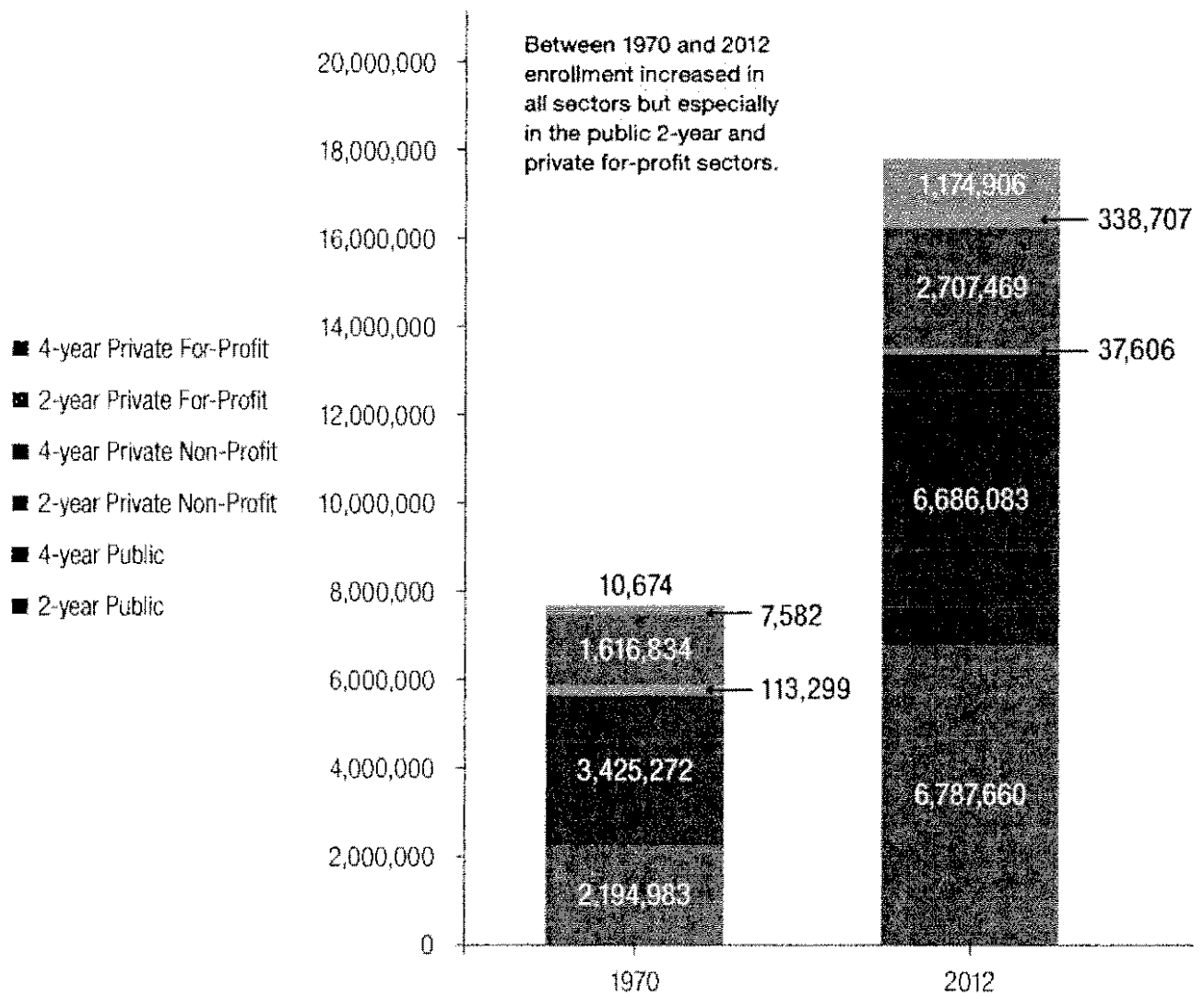
6 Title IV institutions have a written agreement with the U.S. Secretary of Education that allows the institution to participate in any of the Title IV federal student financial assistance programs.

Figure 1: Undergraduate enrollment by institution control: 1970 to 2012



Source: U.S. Department of Education, National Center for Education Statistics (NCES), Digest of Education Statistics, 2012, Table 303.70.

Figure 2: Undergraduate enrollment by institution type and control: 1970 to 2012



Source: U.S. Department of Education, National Center for Education Statistics (NCES), Digest of Education Statistics, 2012, Table 303.70.

EQUITY INDICATOR 1:

WHO ENROLLS IN POSTSECONDARY EDUCATION?

Continuation Rates by Family Income

Indicating a very high level of inequality, 81 percent of 18 to 24 year olds from the top family income quartile were enrolled in postsecondary education in 2012, compared with just 45 percent of those in the bottom quartile.⁷ Because participation rates increased among those in bottom quartile, the percentage point gap in participation between the top and bottom quartiles lessened somewhat over the 42-year period.

Equity Indicator 1 (a-b): Definitions

Indicator 1 examines participation in postsecondary education by family income. The self-reported Census Bureau statistic includes enrollment in any type of postsecondary institution. The key definitions are given below:

- **Cohort College Continuation Rate (CCCR)**, defined as: *the percent of the 18 to 24 year old cohort continuing on to any type of postsecondary education;*
- **High School Graduates College Continuation Rate (HSGCCR)**, defined as: *the percent of 18 to 24 year old high school graduates continuing on to any type of postsecondary education.*
- **Income Quartiles:** Indicator 1 and some subsequent Indicators used Census data for family income quartiles. Using income quartiles facilitates comparisons of changes over time as they reflect a percentage distribution based on data for a given year. In 2012 the family income quartiles for dependent 18 to 24 year olds identified by the Census Bureau were:
 - *Bottom quartile:* Less than \$34,160
 - *Second quartile:* \$34,160 to \$63,600

⁷ About 15 percent to 20 percent of students in the postsecondary system are not of the traditional college-going age. By focusing on the 18 to 24 year old group, we examine the most common age transition points into postsecondary education. According to data from IPEDS, most full-time undergraduates enrolled in public and private non-profit 4-year institutions in 2011 (88 percent and 86 percent, respectively) were young adults (i.e., under the age of 25). In contrast, just 29 percent of full-time undergraduate students at private for-profit 4-year institutions were young adults in 2011 (39 percent were between the ages of 25 and 34 and 32 percent were age 35 and older). In 2011, young adults accounted for 71 percent of enrollment at public 2-year institutions, 59 percent of enrollment at private non-profit 2-year institutions, and 47 percent of enrollment at private for-profit 2-year institutions. SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS), Spring 2012, Enrollment component. See *Digest of Education Statistics 2013*, table 303.50

- *Third quartile:* \$63,600 to \$108,650
- *Top quartile:* \$108,650 and above.

In 2012 the maximum income for the lowest quartile was about one-third that of the minimum income level of the top quartile. Reflecting growing inequality of income in the United States, the difference between the top and bottom family income quartiles has increased since 1970.⁸

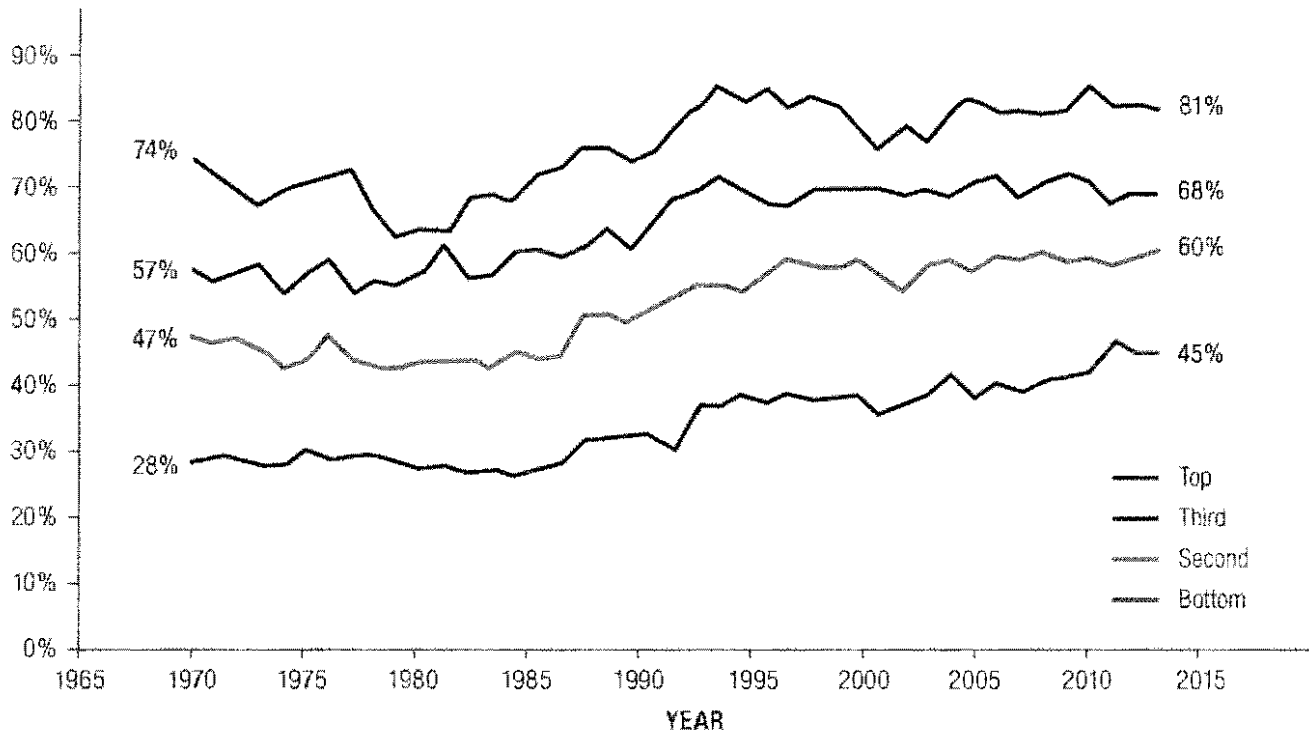
Equity Indicator 1a: How Do Cohort College Continuation Rates Vary by Family Income?

Indicator 1a shows the Cohort College Continuation (CCCR) by family income quartile for dependent 18 to 24 year olds from 1970 to 2012. For all income groups, the college continuation rate has generally increased since 1980, with a flatter rate of increase since 1990. Enrollment peaked in 2009 and 2010, in the wake of the Great Recession, and then declined by about 2 percent in 2012. In 2009, 84 percent of 18 to 24 years old in the top family income quartile participated in college, compared with 41 of those in the bottom quartile.

In 2012, 82 percent of 18 to 24 year olds from the top family income quartile participated in college, compared with just 45 percent of those in the bottom quartile. This 37 percentage-point gap in postsecondary education enrollment for those in the bottom and top family income quartiles is somewhat smaller than the gap in 1970. In 1970 the gap in college participation between the top and bottom quartiles was 46 percentage points (with a 76 percent college continuation rate for the top quartile compared to 28 percent for the bottom quartile).

⁸ Since 1967, U.S. household income inequality has grown 18 percent. Nearly half of that growth occurred during the 1980s. DeNavas-Walt, Carmen, Bernadette D. Proctor, and Jessica C. Smith. 2011. "Income, Poverty, and Health Insurance Coverage in the United States: 2010." Table A-3: Selected Measures of Household Income Dispersion, 1967 to 2010 <http://www.census.gov/prod/2012pubs/acsbr10-18.pdf>

Equity Indicator 1a: Cohort College Continuation Rate (CCCR) by family income quartile for dependent 18 to 24 year olds: 1970 to 2012



How Are We Doing? High Inequity Despite Small Narrowing of Gap

37 percentage-point gap between top and bottom quartiles in 2012, compared with 46 percentage-point gap in 1970

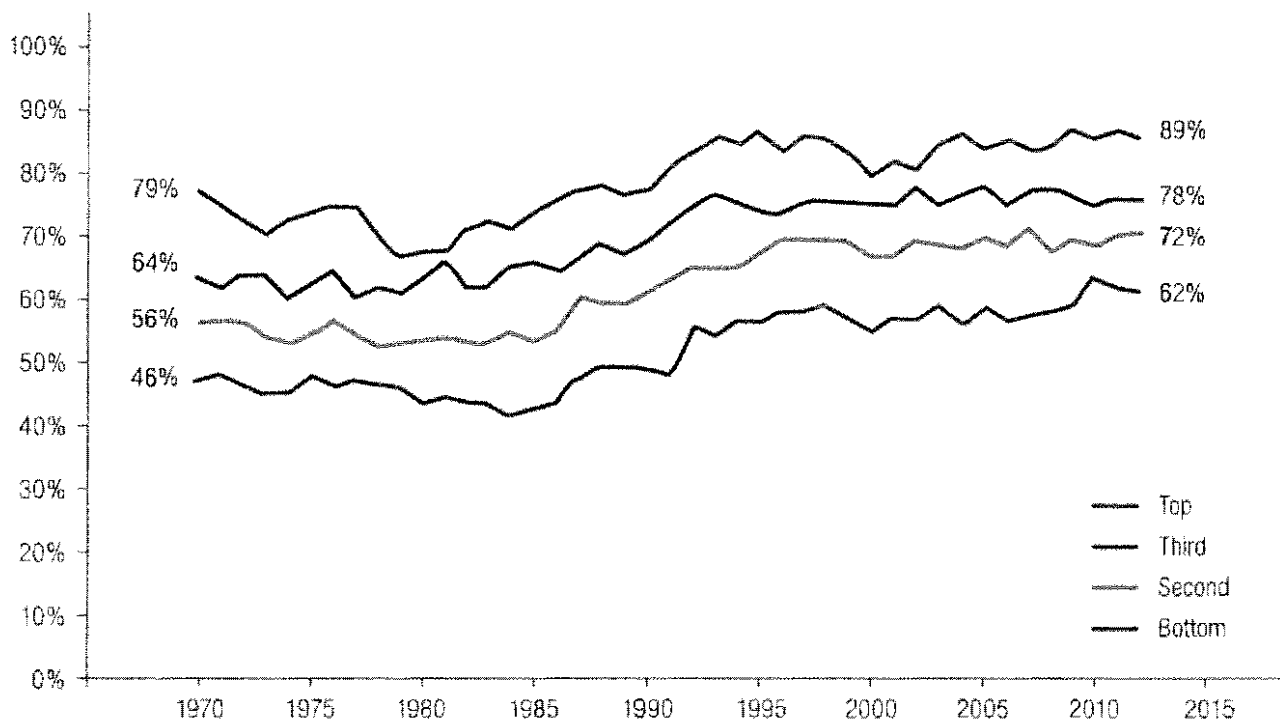
Note: Cohort College Continuation rate (CCCR) is tabulated based on the total number in the cohort year and includes those that have not completed high school in the denominator of the tabulation.

Source: U.S. Census Bureau; School Enrollment Data, Compiled by Tom Mortenson, graph by Pell Institute, July 2014

Equity Indicator 1b: How Do High School College Continuation Rates Vary by Family Income?

Indicator 1b shows trends in the High School Graduates College Continuation Rate (HSGCCR) by family income quartile. For the top family income quartile, the high school graduates college continuation rate was 89 percent in 2012, up from 79 percent in 1970. Among the bottom quartile, the rate was 62 percent in 2012, up from 46 percent in 1970. The gap in high school graduates college continuation rates for those in the highest and lowest quartile was 27 percentage points in 2012, down slightly from 33 percentage points in 1970.

Equity Indicator 1b: High School Graduates College Continuation Rate (HSGCCR) by family income quartile for 18 to 24 year olds: 1970 to 2012



How Well Are We Doing? High Inequality Despite Small Narrowing of Gap
 27 percentage point gap between top and bottom quartiles in 2012, compared with 33 percentage-point gap in 1970

Note: High School Graduates College Continuation Rate (HSGCCR) is the percent of the total number of 18 to 24 year old dependent high school graduates who have entered a college of any type.

Source: U.S. Census Bureau; Enrollment Data, Compiled by Tom Mortenson, graph prepared by Pell Institute, July 2014

EQUITY INDICATOR 2:

WHAT TYPE OF POSTSECONDARY EDUCATIONAL INSTITUTION DO STUDENTS ATTEND?

In the United States, income is highly predictive of the type of college that students attend. Three-fourths (75 percent) of students who did not receive Pell Grants attended a four-year rather than a two-year institution, compared with only 55 percent of Pell Grant recipients.

Equity Indicator 2 (a-c): Definitions

The sources of data for Indicator 2 are the Integrated Postsecondary Data System (IPEDS), which has collected aggregate data on postsecondary institutions in the United States since 1981,⁹ and the National Postsecondary Student Aid Study (NPSAS), which has collected data approximately every four years since 1990. IPEDS does not have data on student's family income levels but does have data on the numbers of Pell and non-Pell recipients attending each institution.¹⁰ Because Federal Pell Grants are awarded based on financial need, Pell Grant receipt is an indicator of family income.

- **Federal Pell Grant Receipt.** Eligibility for dependent and independent Pell Grants is based on family income, family size, number of family members attending college, and other factors. Pell Grants are targeted to students from low-income families and independent students with low incomes. In the 2012-13 award year, 61.2 percent of the more than 3.78 million Pell Grants awarded to dependent students were awarded to students with family incomes below \$30,000; 76.8 percent of grants were to those with family incomes below \$40,000; and 88.6 percent to those from families below \$50,000.¹¹ The maximum award was \$5,550 in 2012.
- **Level, control, and highest degree awarded of postsecondary institutions.** Indicator 2 reports differences in enrollment by Pell Grant receipt by institutional level (2-year versus 4-year college), institutional control (public, private non-profit, and private for-profit), and highest degree awarded by an institution.

⁹ Prior to 1981 some of the data contained in the current IPEDS was collected under the Higher Education General Information System (HEGIS)

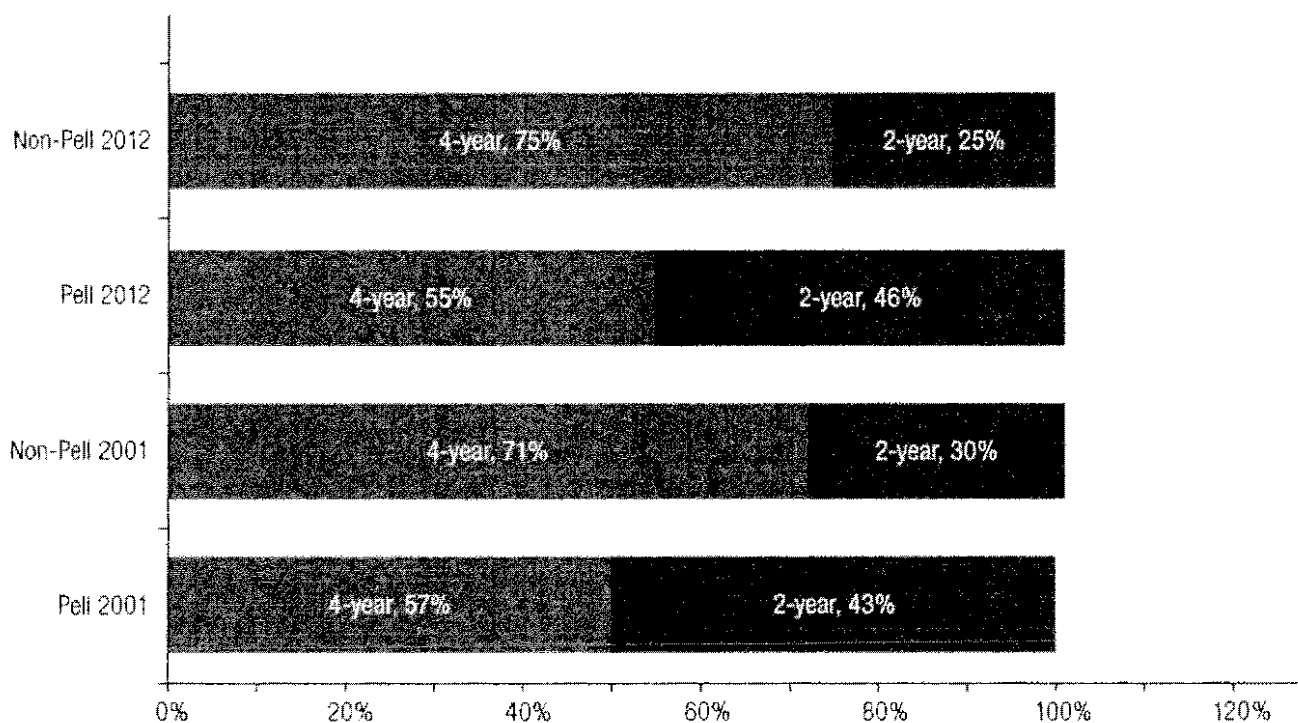
¹⁰ IPEDS includes aggregated data for each Title IV institution on the percent of undergraduate students who received Pell recipients. The data are aggregated at the institution level. Because NPSAS is a nationally representative sample of individual students enrolled in Title IV institutions, it allows for more detailed comparisons between Pell recipients and non-Pell recipients

¹¹ Table 2A, 2013-14 *Pell Grant End-of Year Report*.

Equity Indicator 2a: How Does the Level of Institution Attended Vary by Family Income?

Pell Grant recipients were less likely than non-Pell Grant recipients to attend a 4-year rather than a 2-year institution in 2012. In the past decade, the share of Pell Grant recipients enrolling in a 4-year rather than a 2-year institution declined slightly (from 57 percent to 55 percent), while the share of non-Pell recipients enrolling in a 4-year rather than a 2-year institution increased (from 71 percent to 75 percent). As a result of these shifts, the equity gap in enrollment in a 4-year rather than a 2-year institution increased.

Equity Indicator 2a: Distribution of Pell and Non-Pell Grant full-time, first-time¹² degree or certificate seeking students by level of institution attended: 2001 and 2012



How Well Are We Doing? High Inequity and Widening Gap

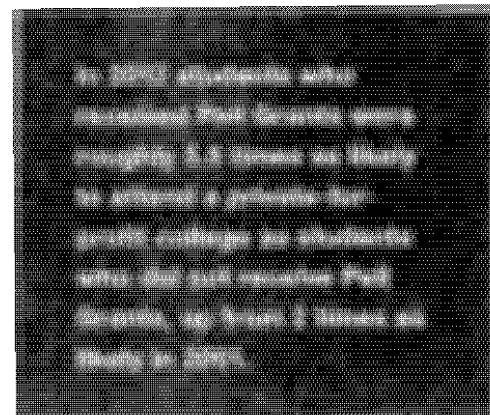
20 percentage point gap in enrollment at 4-year rather than 2-year institution in 2012, compared with a 14 percentage point gap in 2001

Source: U.S. Department of Education, Integrated Postsecondary Data System (IPEDS), Digest of Education Statistics, 2013, Table 331.20, graph prepared by Pell Institute, July 2014

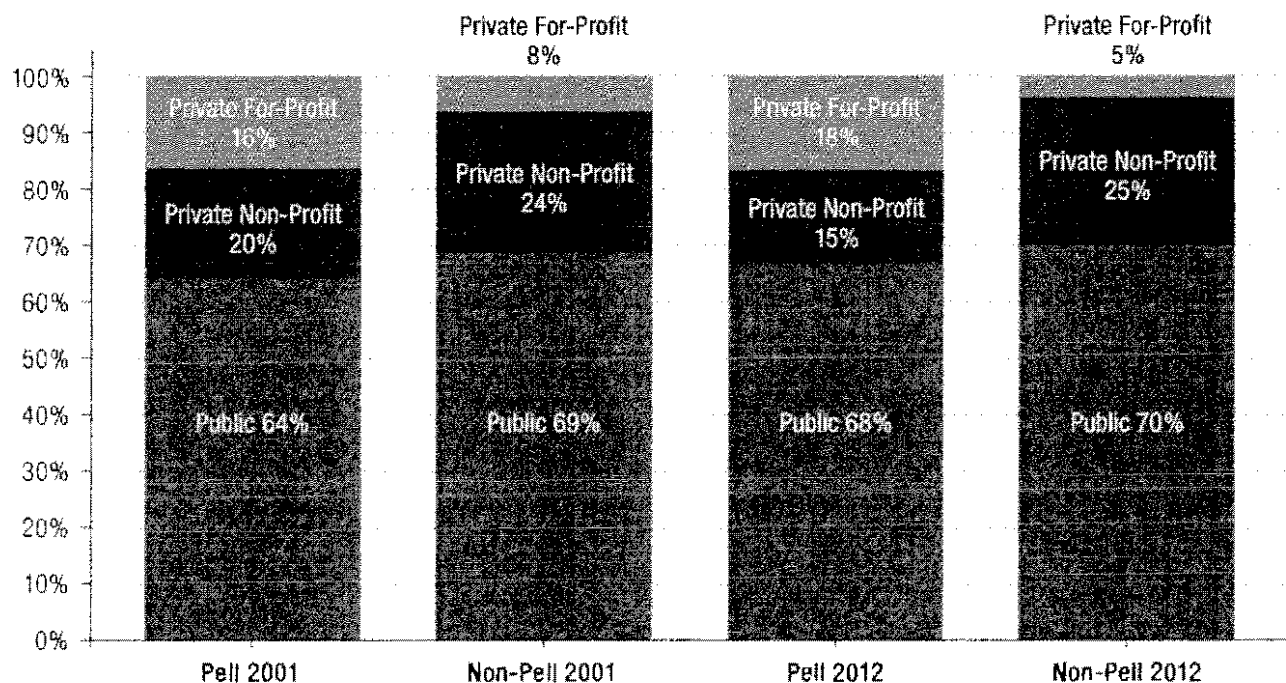
¹² This data, like much of the data reported to IPEDS, is based on full-time first-time students. A focus on this subset of undergraduates likely understates the magnitude of the equity gaps across the population.

Equity Indicator 2b: How Does the Control of the Postsecondary Education Institution Attended Vary by Family Income?

Equity Indicator 2b describes differences in the control (public, private non-profit, and private for-profit) of the institution attended by first-time, full-time undergraduate students who did and did not receive Federal Pell Grants. In 2012 Pell recipients were roughly 3.5 times as likely as non-Pell Grant recipients to attend a private-for-profit college. The overrepresentation of Pell Grant recipients in the private for-profit sector increased over the decade. In 2001, Pell Grant recipients were 2 times more likely than non-Pell Grant recipients to be enrolled in a for-profit institution. Over the same period, the percent of Pell students enrolled in the private non-profit sector declined from 20 percent in 2001 to 15 percent in 2012.



Equity Indicator 2b: Distribution of first-time, full-time degree or certificate seeking undergraduate students who did and did not receive Federal Pell Grants by control of institution attended: 2001 and 2012



How Are We Doing? High Inequality and Widening Gap

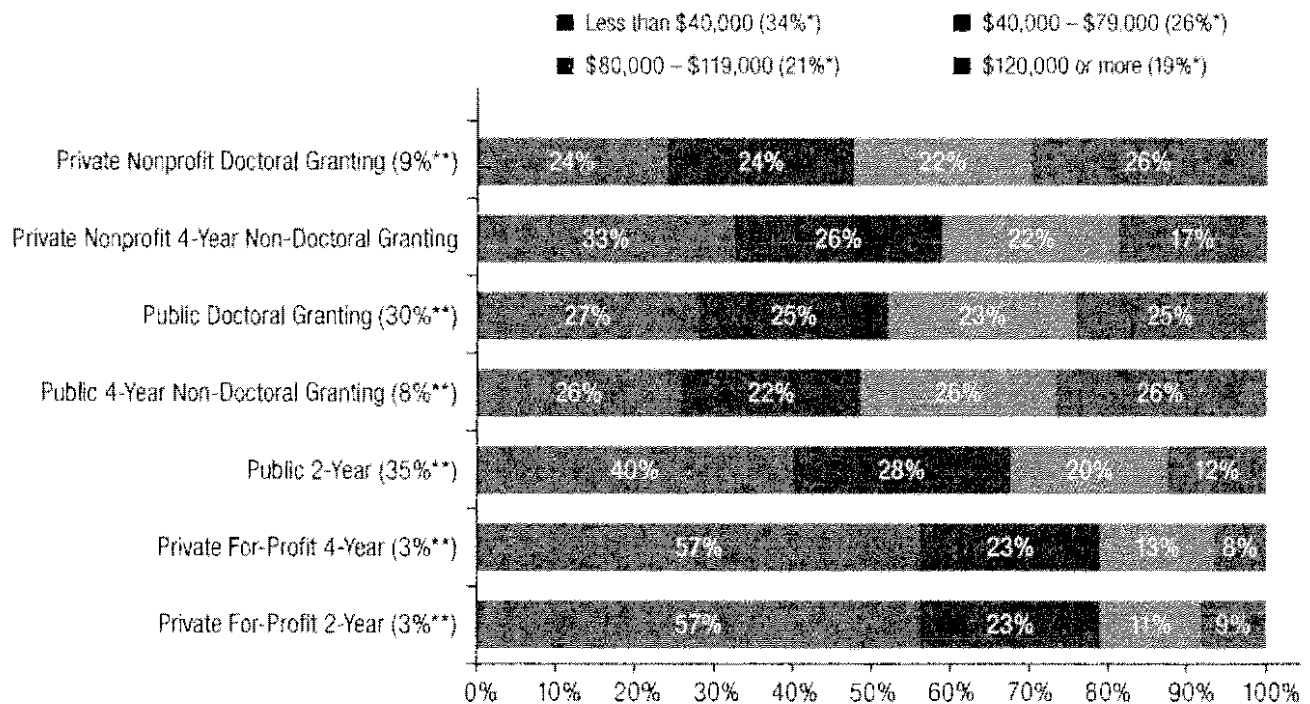
Pell recipients were 3.5 times as likely as non-Pell recipients to attend for-profit institutions in 2012, up from 2 times as likely in 2001

Source: U.S. Department of Education, Integrated Postsecondary Data System (IPEDS), Digest of Education Statistics, 2013, Table 331.20, graph prepared by Pell Institute, July 2014

Equity Indicator 2c: How Does the Type of Institution Attended (as Measured by the Highest Degree Awarded) Vary by Family Income?

Using data from NPSAS: 2012, Figure 2c further illustrates the relationship between family income and type of college attended. Students from families in the highest-income quartile represent a considerably higher share of students attending private doctoral-granting institutions (26 percent), public doctoral-granting institutions (25%) and public 4-year non-doctoral-granting institutions (26 percent) than of students attending private for-profit 4-year (8 percent) and 2-year (9 percent) institutions. By comparison, students from the lowest-income quartile represent more than half (57 percent) of students attending private for-profit 4-year and 2-year institutions. Although 34 percent of NPSAS dependent students had family incomes under \$40,000 in 2012, these students made up only 24 percent of students in private non-profit doctoral-granting institutions.

Equity Indicator 2c: Distribution by family income quartile of enrollment within institutions as classified by highest degree awarded: 2012



How Are We Doing? High Inequality

Lower-income students are overrepresented in for-profit and public two-year institutions; higher income students are overrepresented in doctoral granting institutions.

* Represents the percentage of dependent students in each income category. For example, 34 percent of NPSAS:12 dependent students had family incomes of \$40,000 or under.

**Represents the percentage of students enrolled by the type of institution. For example, 3 percent of all NPSAS:12 dependent students were enrolled in private for-profit 2-year institutions.

Source: U.S. Department of Education, National Postsecondary Student Aid Study (NPSAS), 2012. Tabulation and graph prepared by Pell Institute, August 2014

EQUITY INDICATOR 3:

DOES FINANCIAL AID ELIMINATE THE FINANCIAL BARRIERS TO PAYING COLLEGE COSTS?

Average tuition and fees at colleges and universities in the U.S. more than doubled in constant dollars since 1970, rising from \$9,625 in 1970 to \$20,234 to 2012-13. Relative to the average cost of attendance, the maximum Pell Grant peaked in 1975 when the maximum Pell grant covered two-thirds (67 percent) of average costs. The maximum Pell Grant covered only 27 percent of costs in 2012, the lowest percentage since 1970.

Equity Indicator 3 (a-c): Definitions

Indicator 3 tracks four statistics related to college cost and the amount of cost covered by student aid. We use the standard definitions developed by the federal government to administer federal student financial aid programs.

- **College Cost** is reported annually to IPEDS and includes tuition, fees, room and board.
- The **Maximum Pell Grant** is the highest Pell Grant award that is allowed by federal law. The average Pell grant award is substantially lower than the maximum.
- **Net Price** is the Cost of Attendance (COA) minus all grant aid.
- **Cost of Attendance (COA)** is the estimated average cost based on tuition, fees, room, board, and transportation for a full-time, full-year dependent student who attends only one institution.¹³
- **Unmet Need** is the financial need remaining after the Expected Family Contribution (EFC)¹⁴ and all discounts, grants, and loans are subtracted from the Cost of Attendance. Unmet Need is the amount of cost left even after loans have been included.

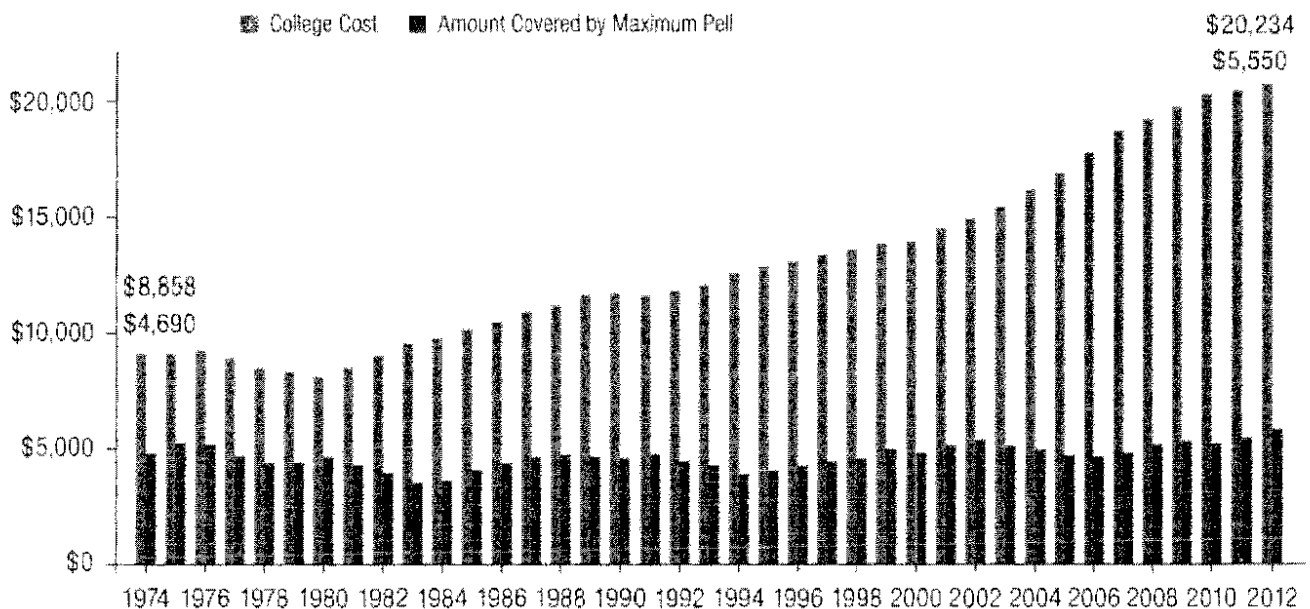
¹³ In this report, the Cost of Attendance (COA) is based on NPSAS data and the College Cost is based on IPEDS data.

¹⁴ Expected Family Contribution (EFC) is tabulated by the Office of Student Financial Aid based on the FASFA, taking into account family income and other factors such as number of dependents.

Equity Indicator 3a: What is the Maximum Pell Amount Relative to Average College Costs?

Indicator figure 3a (i) shows trends in average college costs and the maximum Pell grant in constant 2012 dollars from 1974 to 2012, while Indicator figure 3a (ii) shows trends in the maximum Pell Grant as a percent of average costs.¹⁵ Average costs increased in constant 2012-13 dollars from \$8,658 in 1974 to \$20,234 in 2012-13. College costs were 2.3 times higher in 2012 than in 1975 at the start of the Pell Grant program.¹⁶ The maximum Pell grant in 2012 was about 95 percent of the maximum in 1975. Because of these trends, the percent of average college costs covered by the maximum Pell Grant declined by 40 percentage points - from a high of 67 percent in 1975 to a low of 27 percent in 2012.

Equity Indicator 3a (i): Average college cost and maximum Pell Grant award (in 2012 Constant Dollars): 1974-2012



How Are We doing? High Inequality and Widening Gap

In 2012 college costs were 2.3 times higher than in 1975 (in constant 2012 dollars) but the maximum Pell grant was only about 95 percent of what it was in 1975

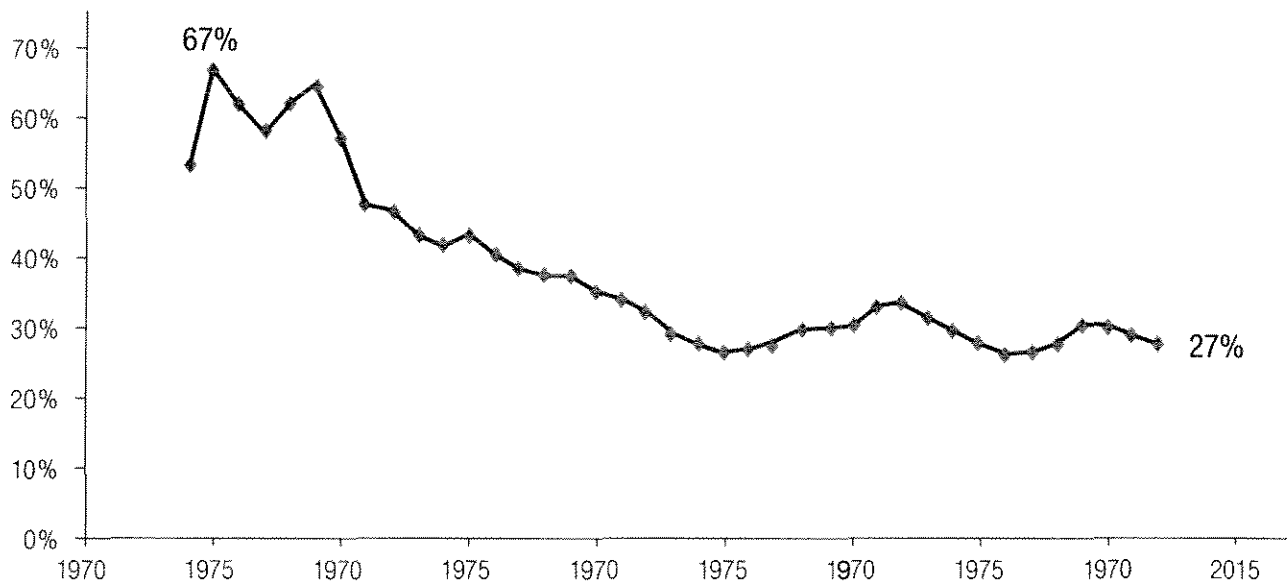
Note: College Cost includes tuition and fees, room and board. Maximum Pell is the highest amount allowed by law. The average Pell Award is substantially lower than the maximum.

Source: U.S. Department of Education, Summary Pell Grant Statistics for Cross-Year Comparison, Table 1, Pell End of Year Report, 2013; National Center for Education Statistics (2013). Digest of Education Statistics, 2012 (NCES 2014-015), Table 381.

¹⁵ The figures are for the maximum Pell Grant. Average Pell grants are lower than the maximum. For example, in 1974 the average award (in constant 2012 dollars) was \$2,823 among the 567,000 Pell recipients but the maximum (in 2012 dollars) was \$4,690. In 2012 the average Pell grant was \$3,579 among the 8.9 million awards when the maximum was \$5,550.

¹⁶ U.S. Department of Education, National Center for Education Statistics (2013). Digest of Education Statistics, 2012 (NCES 2014-015), Table 381.

Equity Indicator 3a (ii): Percent of average cost covered by maximum Pell Grant: 1974-2012



How Are We doing? High Inequality and Widening Gap

Percent of average college costs covered by the maximum Pell declined from a high of 67 percent in 1975 to 27 percent in 2012 -- a 40 percentage-point decline

Note: The figure shows the maximum Pell grant as a percent of average college cost. The maximum Pell is the highest amount allowed by law.

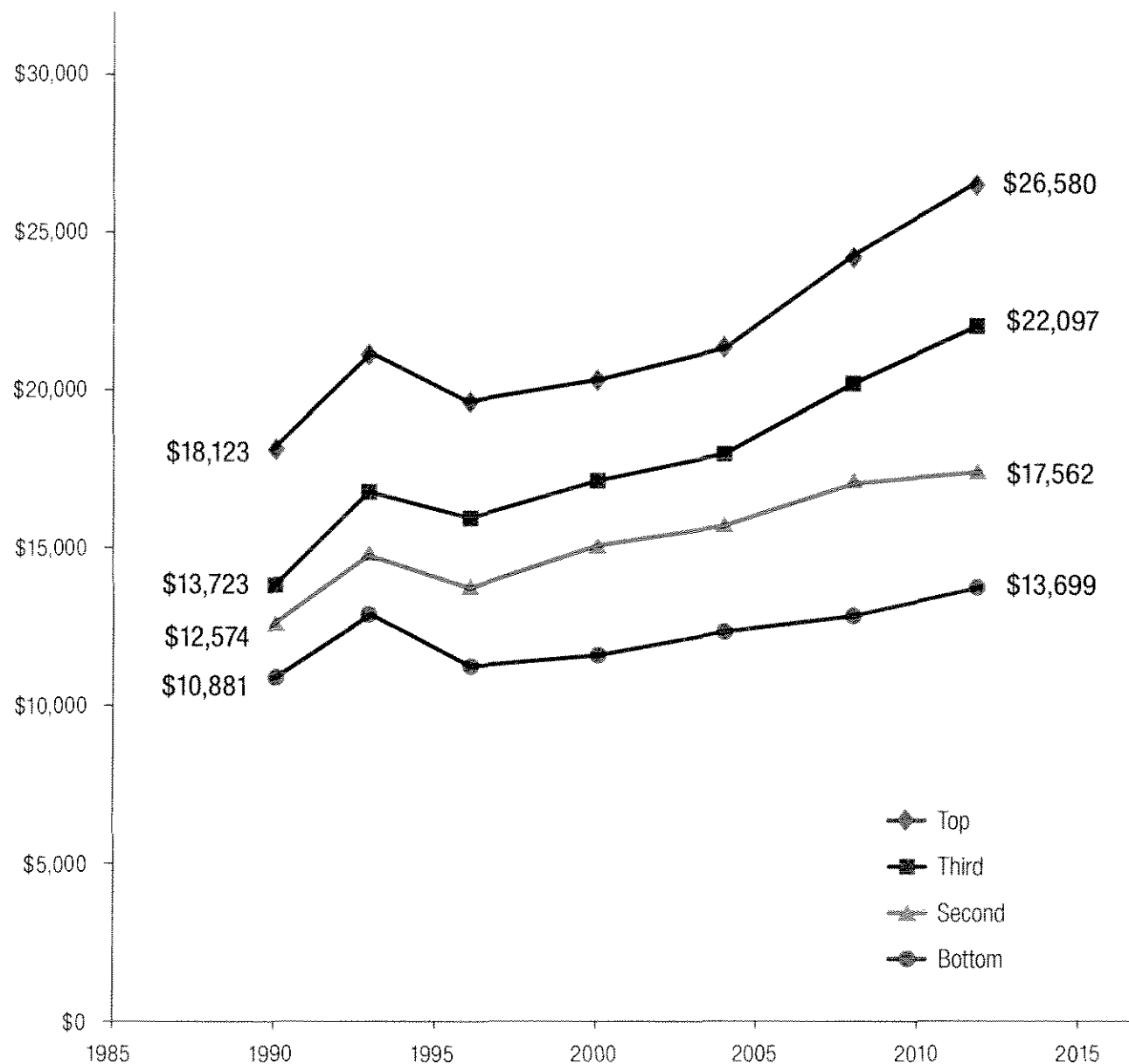
Source: U.S. Department of Education, Summary Pell Grant Statistics for Cross-Year Comparison, Table 1, Pell End of Year Report, 2013; National Center for Education Statistics (2013). Digest of Education Statistics, 2012 (NCES 2014-015), Table 381.

Equity Indicator 3b: What is the Net Price of Attendance by Family Income?

Using NPSAS data from 1990 to 2012, Indicator 3b tracks “Net Price of Attendance.” The Net Price of Attendance is the Cost of Attendance (COA) minus all grant aid.¹⁷ The Net Price does not include loan aid. As shown in Indicators 2 (a-c), lower-income students tend to attend schools with lower average costs. Reflecting the increasingly stratified higher education system, figure 3b shows that the difference in Net Price of attendance between students in the highest and lowest family income quartiles increased since 1970. Average net price of attendance in 2012 ranged from \$13,699 for those in the lowest family income quartile, to \$17,562 for those in the second family income quartile, to \$22,097 for those in the third family income quartile, to \$26,580 for those in the highest family income quartile. If Net Price reflects differences in education quality and greater market rewards for higher priced education, then the increasing gaps between the Net Price for students in the upper and lower family income quartiles reflect growing inequity.

¹⁷ The Cost of Attendance (COA) includes the estimated average cost based on tuition, fees, room and board, and transportation for a full-time, full-year, single institution dependent student. The Net Price includes grant aid but does not include loan aid.

Equity Indicator 3b: Average net price of attendance by family income quartile for dependent full-time students: 1990 to 2012



How Are We Doing? High Inequality and Widening Gap

Average net price was 94 percent lower for students in the lowest- than highest-family income quartile in 2012; in 1970, Net Price was 67 percent lower.

Note: Net Price is defined as the Cost of Attendance (COA) minus all grant aid.

Source: U.S. Department of Education, National Postsecondary Student Aid Study (NPSAS), 1990, 1993, 1996, 2000, 2004, 2008, 2012; Tom Mortenson, 2014, "Financial Barriers to Higher Education by Parental Income and Institutional Level/Control, 1990 to 2012," no. 263, *Postsecondary Educational Opportunity*, Pell Institute for the Study of Opportunity in Higher Education, Washington DC, May, Washington, DC. <http://www.postsecondary.org/>; 2014, "Deteriorating Abilities of Families to Pay Costs of College Attendance" no. 261, *Postsecondary Educational Opportunity*, Pell Institute for the Study of Opportunity in Higher Education, Washington DC, March, Washington, DC. <http://www.postsecondary.org/>

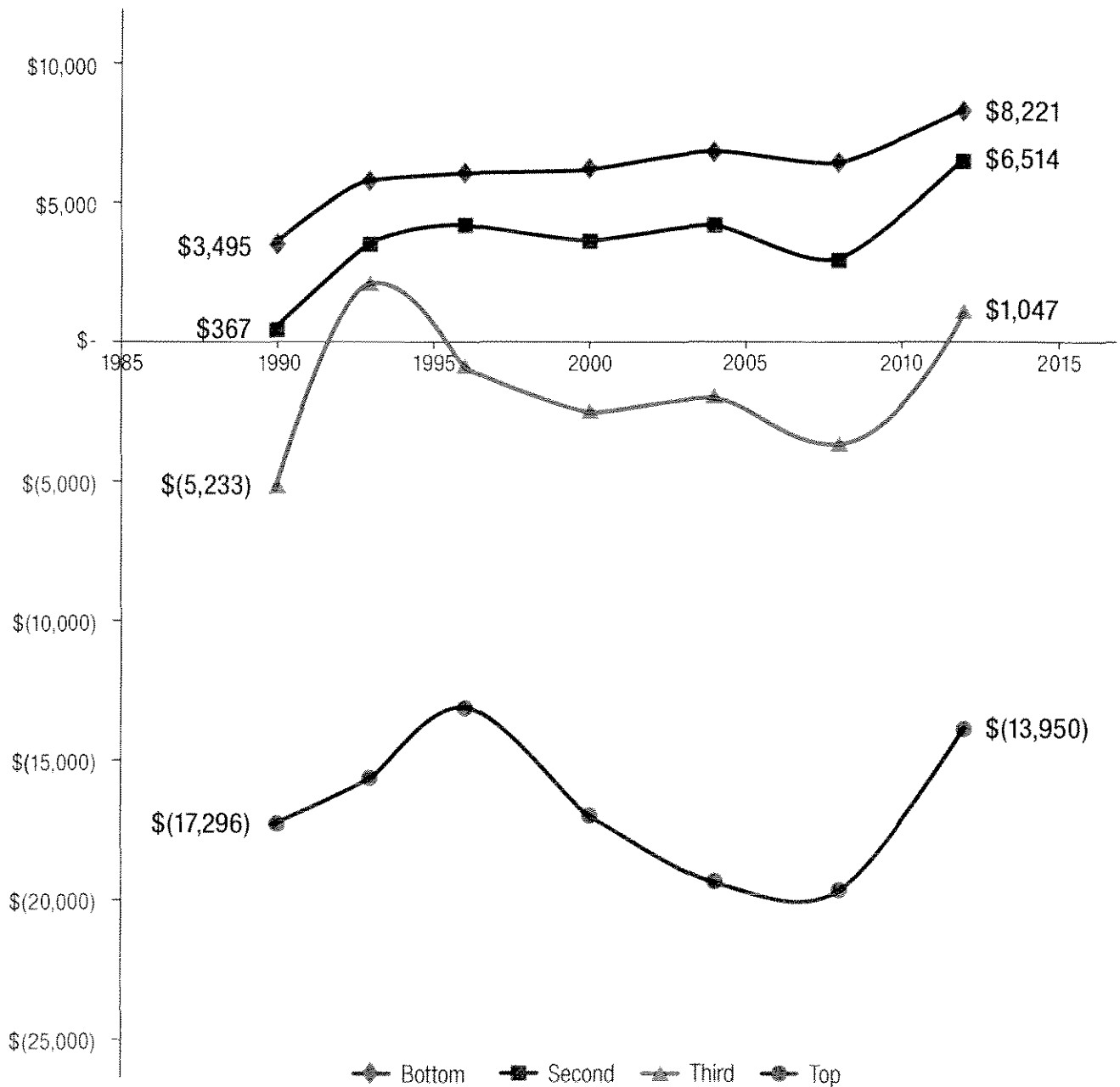
Indicator 3c: What is the Unmet Need by Family Income?

Indicator 3c displays trends in “Unmet Need” by family income quartile using NPSAS data. Unmet need is the financial need after Expected Family Contribution (EFC) and all discounts, grants, and loans are exhausted.¹⁸ In constant 2012 dollars, average unmet Financial Need was more than 2 times higher in 2012 than in 1990 for those in the lowest quartile. Although students with lower EFC amounts tend to attend community colleges and institutions with lower average tuitions, average unmet need per year in 2012 was \$8,221 and \$6,514 for students in the bottom and second lowest quartiles, respectively. By comparison, students in the highest-income quartile had a surplus in expected family contribution of \$13,950 per year. Rising college costs have meant that, in 2012, students in the third quartile also averaged unmet need of \$1,047.¹⁹

¹⁸ The Expected Family Contribution (EFC) is tabulated by the federal government from information submitted on the *Free Application for Federal Student Aid (FAFSA)*. As noted in the *Pell Grant End of Year Report*, financial need is determined using formulas mandated by Congress in the Higher Education Amendments of 1965, as amended. These formulas take into account such indicators of financial strength as income, assets, and family size. The EFC is combined with the cost of the student’s education and the student’s enrollment status (full-time, three-quarter-time, half-time, or less than half-time) to determine the amount of the Federal Pell Grant. Tuition may also be a factor in calculating the amount of the award for students enrolled at low-tuition schools (although cost of education only affects the student’s award amount if the cost is less than \$5,550). The lower the EFC, the greater a student’s demonstrated financial need. The amount of the Federal Pell Grant increases as the EFC decreases, such that an applicant with the minimum EFC of zero may generally receive the maximum award equal to the applicant’s education cost for the year (up to the maximum award). Proportionally smaller awards are made to part-time students.

¹⁹ A related trend is the increase in the percent of students for whom the expected family contribution is zero. In 2012, 23 percent of dependent students had an expected family contribution of zero, up from 10 percent in 2000-01. Over the same period the percent of families with an expected family contribution greater than cost was 17 percent in 2012, down from 28 percent in 2000 (NCES, NPSAS: 2000 and NPSAS:2012).

Equity Indicator 3c: Unmet financial need by family income quartile: 1990 to 2012



How Are We doing? High Inequality and Widening Gap

Unmet financial need was 2 times higher in 2012 than in 1990 for those in the lowest quartile (in constant 2012 dollars)

Note: Unmet Need is defined as financial need after Expected Family Contribution (EFC) and all discounts, grants, and loans are exhausted.

Source: U.S. Department of Education, National Postsecondary Student Aid Study (NPSAS), 1990, 1993, 1996, 2000, 2004, 2008, 2012. Tabulation prepared by Tom Mortenson; Graph prepared by Pell Institute, August 2014; U.S. Department of Education, Summary Pell Grant Statistics for Cross-Year Comparison, Table 1, Pell End of Year Report, 2013.

EQUITY INDICATOR 4:

HOW DO STUDENTS IN THE UNITED STATES PAY FOR COLLEGE?

College costs are not only rising but also borne increasingly by students and their families, as the percent of costs paid by state and local funds has declined. For those in the bottom income quartile, average costs after all grant aid represented 84 percent of the average family income. Given these trends it is not surprising that both the percent of students who borrow to pay college costs and the amount they borrow have risen considerably since the 1990s. Low-income bachelor's degree recipients (as measured by Federal Pell Grant receipt) average higher amounts borrowed than other bachelor's degree recipients.

Equity Indicator 4 (a-c): Definitions

Indicator 4 reports how students pay the costs of higher education in the U.S.

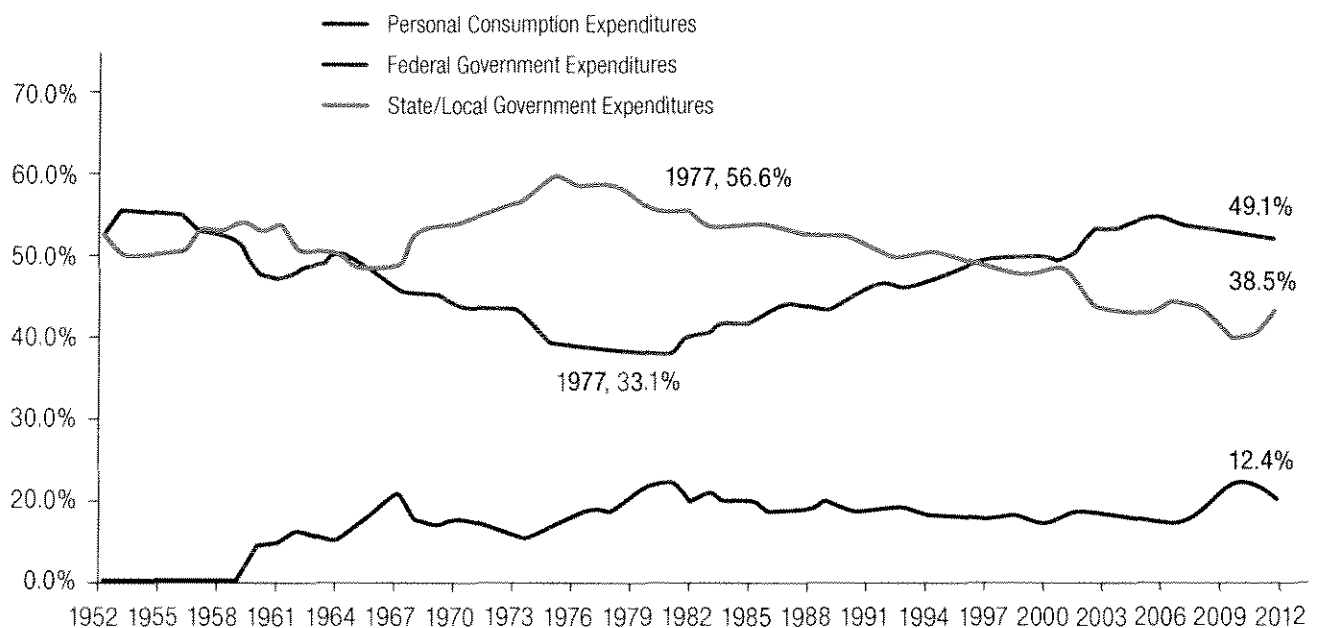
- **Revenue Sources for Financing Public and Private Higher Educations** are from the Bureau of Economic Affairs' National Income and Product Accounts (NIPA). This data identifies the percent of total funding coming from state and local governments, Federal Government expenditures, and Personal Consumption Expenditures (in this case, these costs are those born by students and their families). This information is available since 1952.
- **Net Price of Attendance as a Percent of Average Family Income** uses data on net price and family income from the various NPSAS 90-2012 surveys²⁰ for dependent students. **Net Price** is the Price of Attendance less grant aid. The average family income for a quartile reflects the actual distribution of the NPSAS sample in the study year. For 2012 the average family incomes for the quartiles were as follows: Bottom--\$16,311; Second, \$49,837; Third, \$89,119; Top, \$172,729.
- **Debt Burden** is the average cumulative debt for those graduating with a bachelor's degree in a given year. The data are from the NPSAS surveys administered between 1990 and 2012.

²⁰ Given the focus of the *Indicators* on family income, tabulations use NPSAS data describing dependent students.

Equity Indicator 4a: What Share of Higher Education Costs is Paid by Students and their Families?

Equity Indicator 4a describes the share of the costs of attending U.S. public and private higher education institutions that is paid by different stakeholders, as reported in the National Income and Product Accounts (NIPA) from 1952 to 2012. As Tom Mortenson and others have observed, since about 1980, the percent of higher education costs covered by state and local governments has declined, resulting in a shifting of the responsibility for paying for college costs to students and parents. State and local sources accounted for 57 percent of higher education revenues in 1977, but just 39 percent in 2012. Conversely, students and parents contributed about 33 percent of the revenue in 1977, but 49 percent in 2012. The share of higher education revenues provided by the federal government was about the same in 2012 as in 1980 (12 percent). The shift in payment sources from state and local governments to students and parents has occurred at the same time that costs have risen dramatically and in a period where average wages have been static or declined in constant dollars.

Equity Indicator 4a: Distribution of sources of higher education revenues: 1952 to 2012



How Are We Doing? High Inequality and Widening Gap

Share of higher education costs paid for by students and families increased from 33 percent in 1977 to 49 percent in 2012.

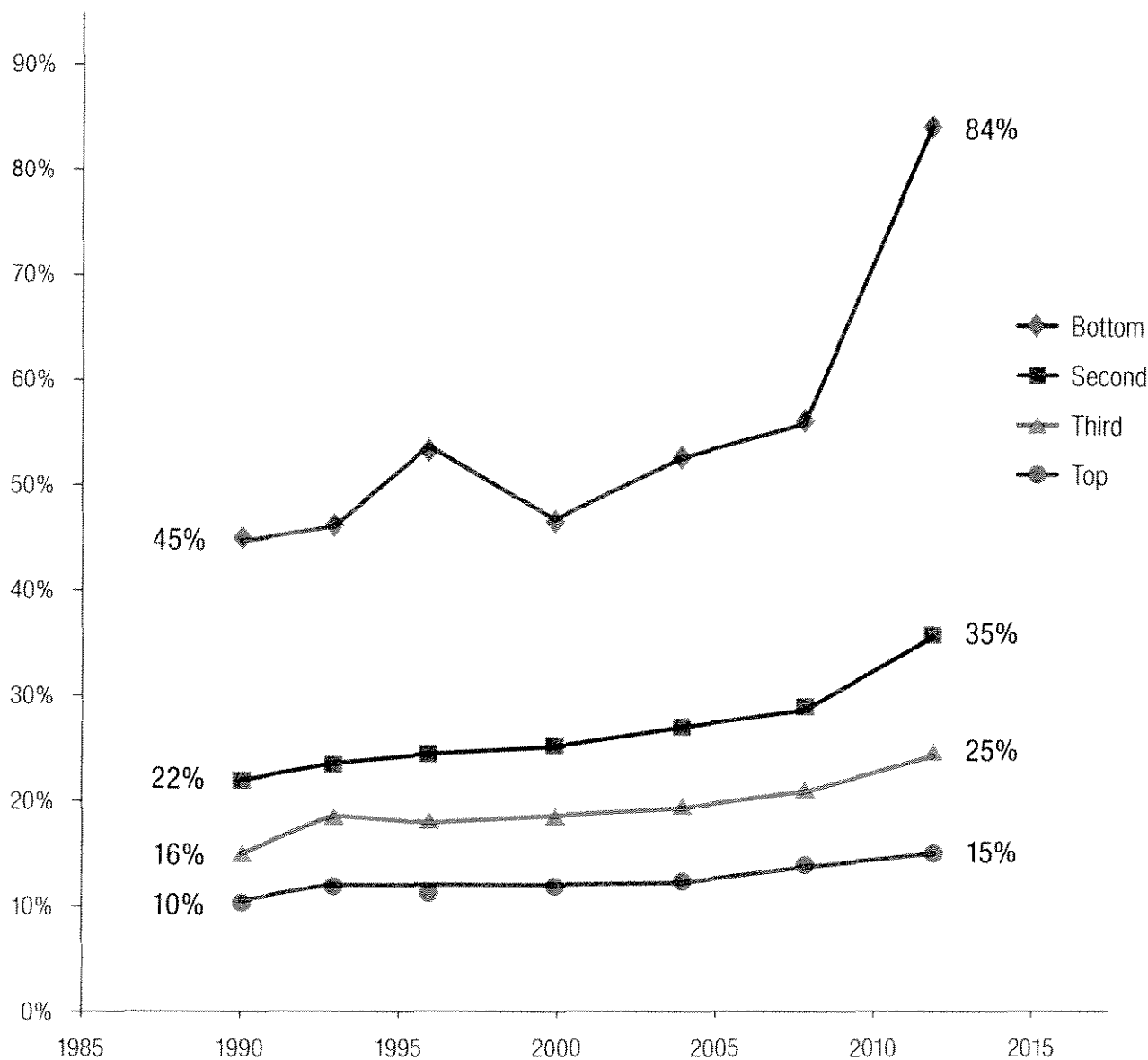
Source: Bureau of Economic Analysis, National Income and Product Accounts, 1952-2012/2014, Mortenson, Thomas, "State Investment and Disinvestment in Higher Education, FY1961 to FY2014," no. 260, *Postsecondary Educational Opportunity*, Pell Institute for the Study of Opportunity in Higher Education, Washington DC, February, Washington, DC <http://www.postsecondary.org/>

Equity Indicator 4b: What Percent of Family Income Is Needed to Pay for College?

Indicator 4b tracks average Net Price as a percent of average family income by income quartile. Net Price is the cost of attendance less grant aid (but not less loans).²¹ Between 1990 and 2008, average Net Price as a percentage of family income slowly increased for students in all four family income quartiles. For students in the bottom family income quartile, this percentage increased from 45 percent in 1990 to 56 percent in 2008. Between 2008 and 2012, in the wake of the Great Recession, average net price as a percentage of family income increased dramatically, especially for students in the bottom quartile. For these students, this percentage increased from 56 percent in 2008 to 85 percent in 2012.

²¹ The Net Price is distinguished from what is known as the "Out of Pocket Price" which includes both grants and loans. See U.S. Department of Education, APRIL 2014 NCES 2014-902 *Out-of-Pocket Net Price for College*.

Equity Indicator 4b: Average Net Price as a percent of average family income by income quartile: 1990 to 2012



How Are We Doing? High Inequality and Widening Gap

Average Net Price represented 84 percent of average family income for students in the bottom quartile in 2012, compared with 15 percent of average income for students in the top quartile, and up from 45 percent in 1990.

Note: Net Price is the Price of Attendance less grant aid. In 2012, average family income by quartiles was: bottom, \$16,311; Second, \$49,837; Third, \$89,119; Top, \$172,729

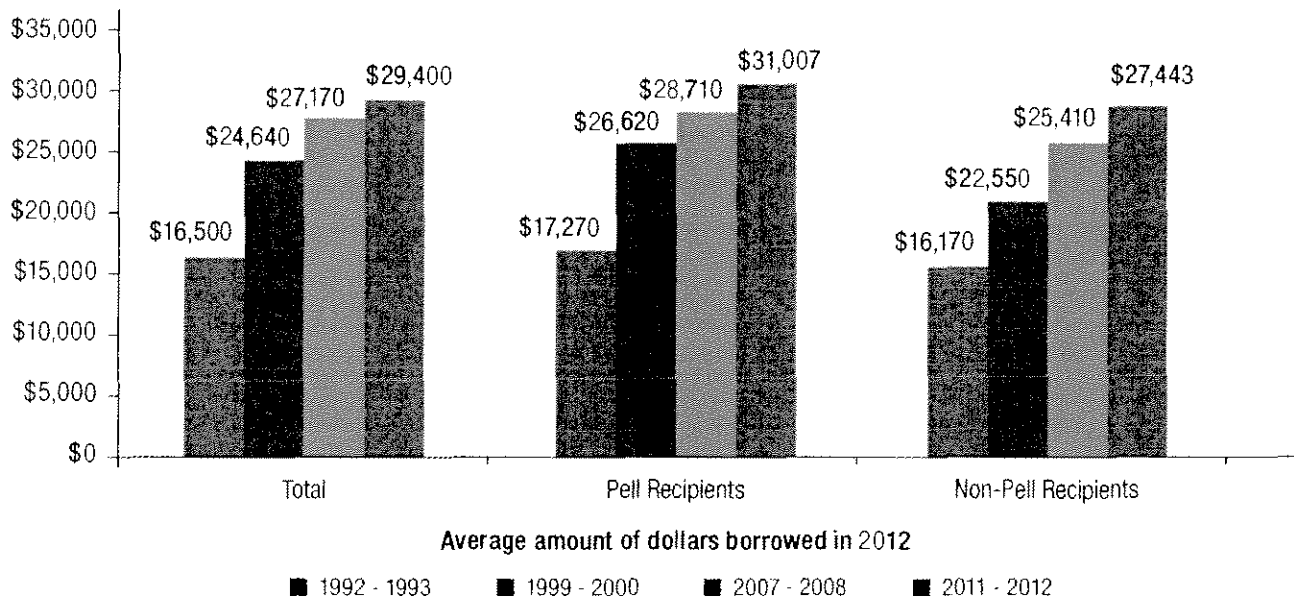
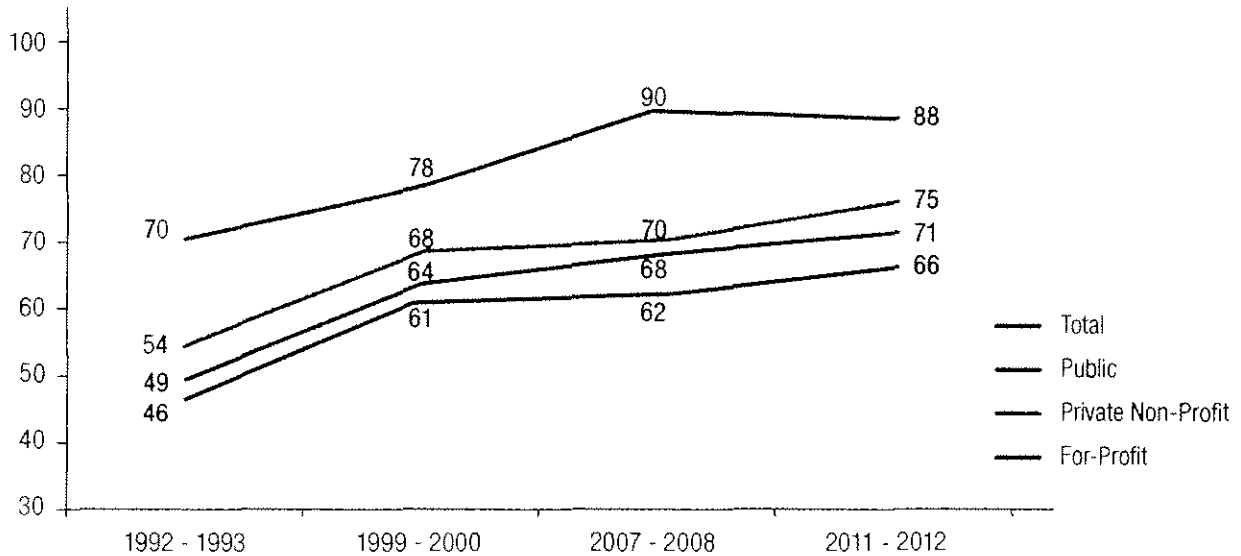
Source: U.S. Department of Education, National Postsecondary Student Aid Study (NPSAS), 1990, 1993, 1996, 2000, 2004, 2008, 2012. Thomas Mortenson, 2014, "Financial Barriers to Higher Education by Parental Income and Institutional Level/Control, 1990 to 2012," no. 263, Postsecondary Educational Opportunity, Pell Institute for the Study of Opportunity in Higher Education, Washington DC, May, Washington, DC. <http://www.postsecondary.org/>.

Equity Indicator 4c: What Percentage of Students Borrow and How Much Do They Borrow?

Indicator 4c describes the extent and amount of borrowing for graduating bachelor's degree seniors using data from the NPSAS. Both the percentage of students who borrow to pay college costs and the average amount borrowed have risen considerably since the 1990s. The percentage of all bachelor's degree graduates who borrowed rose from 49 percent in 1992-93 to 71 percent by 2012. In 2012 rates of borrowing were higher for the seniors who attended private non-profit 4-year institutions (75 percent) and private for-profit 4-year institutions (88 percent) than for those who attended public 4-year institutions (66 percent).

Among those who borrowed, the average amount borrowed has also increased substantially. In constant 2012 dollars, the average amount borrowed nearly doubled over the past two decades among students graduating with a bachelor's degree (from \$16,500 in 1992-93 to \$29,400 by 2011-2012). Although Pell recipients tend to attend less expensive colleges, borrowers who received Pell grants borrowed higher amounts, on average, than borrowers who did not receive Pell grants. Pell recipients averaged \$31,007 in 2012 whereas non-Pell recipients averaged \$27,443 in loans at graduation.

Equity Indicator 4c: Percentage of graduating bachelor's degree-seeking seniors who borrowed by institution control and average amount borrowed by Pell and Non-Pell status: 1990 2012



How Are We Doing? High Inequality and Widening Gap

Despite more frequently attending lower-cost public colleges, Pell Grant recipients who borrow average higher amounts than those who borrow and do not receive Pell Grants.

Note: Data on average amount represents the average among those who borrow.

Source: U.S. Department of Education, National Postsecondary Student Aid Study (NPSAS), 1990, 1993, 1996, 2000, 2004, 2008, 2012 Mortenson, Thomas, 2014, "Financial Barriers to Higher Education by Parental Income and Institutional Level/Control, 1990 to 2012," no. 263, Postsecondary Educational Opportunity, Pell Institute for the Study of Opportunity in Higher Education, Washington DC, May, Washington, DC. <http://www.postsecondary.org/>

EQUITY INDICATOR 5:

HOW DOES BACHELOR'S DEGREE ATTAINMENT VARY BY FAMILY INCOME?

In 2013 individuals from the top family income quartile were over 8 times as likely to obtain a bachelor's degree by age 24 as those in the bottom family income quartile. Bachelor's degree attainment rates have nearly doubled since 1970 for those in the highest family income quartile --- rising from 40 percent to 77 percent -- but, for those in the bottom family income quartile, bachelor's degree attainment rates have risen only slightly -- rising from 6 percent in 1970 to 9 percent in 2013. Even when only those who enter college are considered, bachelor's degree attainment rates for those in the bottom quartile have remained low (at 21 percent) and remained virtually unchanged since 1970.

Equity Indicator 5 (a-b): Definitions

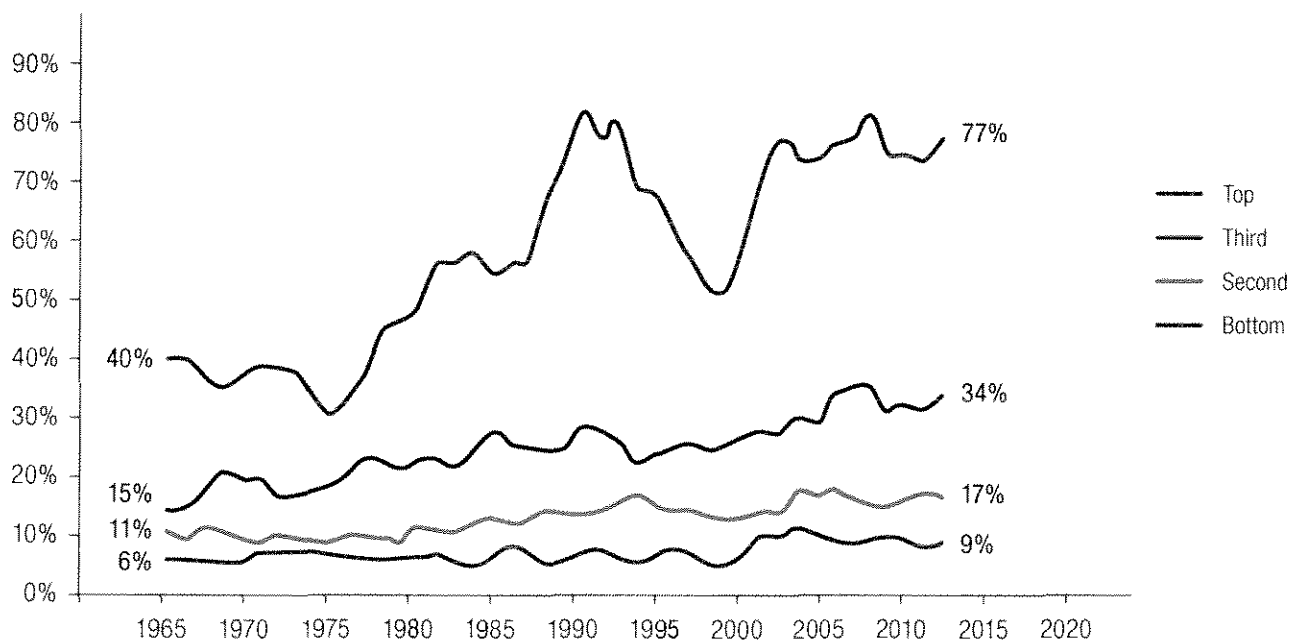
- **Bachelor's degree attainment by age 24 by family income quartile.** Using data from the Current Population Survey, this indicator traces the percent of dependent family members who obtain a bachelor's degree by age 24 by the Census family income quartiles for the year.²²
- **Bachelor's degree attainment by age 24 among those who entered college.** This indicator calculates bachelor's degree attainment by age 24 for the population that entered any type of postsecondary educational institution. As the denominator is those who entered postsecondary and not the entire age cohort, the percentages reported for this indicator of bachelor's degree attainment are higher than for the entire age cohort.

²² Data from 1970 to 1986 consider unmarried 18 to 24 year olds and data from 1987 to 2013 are based on dependent 18 to 24 year olds. We used data in Table 14 in Census Bureau P20 report on School Enrollment. After 2006, the Census Bureau no longer published Table 14. We received unpublished data from Tom Mortenson, compiled from with assistance of Kurt Bauman, Chief, Education and Social Stratification Branch, Census Bureau.

Equity Indicator 5a: How Does Bachelor's Degree Attainment by Age 24 Vary by Family Income?

In 2013 individuals from the highest-income families were 8 times more likely than individuals from low-income families to obtain a bachelor's degree by age 24 (77 percent vs. 9 percent). This income gap in bachelor's degree attainment is not only quite large (66 percentage points), but also greater than 43 years ago. In 1970, students from high-income families were 5 times more likely than students from low-income families to have earned a bachelor's degree by age 24 (40 percent vs. 6 percent).

Equity Indicator 5a: Bachelor's degree attainment by age 24 for dependent family members by family income quartile: 1970-2013



How Are We Doing? High Inequality and Widening Gap

In 2013 those from high-income families were 8 times more likely to obtain a bachelors' degree by age 24 than those from low-income families. In 1970 individuals from high-income families were 5 times more likely to obtain a bachelor's degree than those from low-income families.

Source: U.S. Census Bureau, Current Population Survey, October Education Supplement. Data from 1970 to 1986 consider unmarried 18 to 24 year olds and data from 1987 to 2013 are based on dependent 18 to 24 year olds. We used data in Table 14 in Census Bureau P20 report on School Enrollment. After 2006, the Census Bureau no longer published Table 14. We received unpublished data. Mortenson, Thomas, 2014, "Unequal Family Income and Unequal Higher Education Opportunity, 1970 to 2013", Postsecondary Educational Opportunity, no. 267, Pell Institute for the Study of Opportunity in Higher Education, Washington DC, September. <http://www.postsecondary.org/>

Equity Indicator 5b: How Does Bachelor's Degree Attainment by Age 24 Vary by Family Income among Individuals Who Entered College?

The family income gap in bachelor's degree attainment has grown over the past 43 years even when only those who entered college are considered. Since 1970, bachelor's degree attainment among those who entered college has remained virtually unchanged for those in the lower two family income quartiles. By comparison, over the past 43 years, bachelor's degree completion rates have increased considerably for those in the top family income quartile. In 2013 the top quartile approached universal completion of a bachelor's degree among those who entered college. As a result of these trends, the family income gap in bachelor's degree attainment rates by age 24 among those who entered college increased from 33 percentage points in 1970 to 78 percentage points in 2013.

The lack of change in bachelor's degree attainment rates since 1970 among those who enter college from the bottom family income quartile is especially notable. In 1970 there was little difference among the bottom three quartiles in bachelor's attainment rates for those who entered college. In 1970 between 22 percent and 26 percent of those who entered college from the bottom three family income quartiles attained a bachelor's degree by age 24. The bachelor's attainment rate for the top quartile was about double (55 percent) that of the bottom three quartiles. By 2013, bachelor's degree attainment for those who entered college from the third family income quartile had reached the level of the top quartile in 1970 (51 percent). However, the bottom two quartiles saw little change over this period. Bachelor's degree attainment for those who entered college from the second lowest family income quartile increased marginally from 23 percent to 29 percent. For those who entered college from the bottom family income quartile, bachelor's degree attainment rates were the same in 2014 (21 percent) as in 1970 (22 percent).

Equity Indicator 5b: Bachelor's attainment rates by age 24 for dependent family members who entered college by income quartile: 1970 to 2013



How Are We Doing? High Inequality and Widening Gap

Very large (78 percentage points) gap in bachelor's degree attainment rates by age 24 between those entering college from the bottom income quartile and those entering the top income quartile. In 1970 the gap was 33 percentage points.

Source: U.S. Census Bureau, Current Population Survey, October Education Supplement. Data from 1970 to 1986 consider unmarried 18 to 24 year olds and data from 1987 to 2013 are based on dependent 18 to 24 year olds. We used data in Table 14 in Census Bureau P20 report on School Enrollment. After 2006, the Census Bureau no longer published Table 14 and we used unpublished data from the Census Bureau. Mortenson, Thomas, 2014, "Unequal Family Income and Unequal Higher Education Opportunity, 1970 to 2013", Postsecondary Educational Opportunity, no. 267, Pell Institute for the Study of Opportunity in Higher Education, Washington DC, September. <http://www.postsecondary.org/>

EQUITY INDICATOR 6:

How Do Educational Attainment Rates in the U.S. Compare With Rates in Other Nations?

Attainment Rates by Country

International comparisons show that the U.S. has fallen from second in tertiary type A (bachelor's) degree attainment in 2000 to 12th in 2012.

The final indicator looks at educational attainment in the United States as compared with other nations. In its current mission statement, the U.S. Department of Education emphasizes educating the nation for global competitiveness and recognizes that equal access to education is a necessary component of this education.²³ Since 1991 the Organization for Economic Cooperation and Development (OECD) has reported educational attainment data by nation in its annual report, *Education at a Glance*.²⁴

Equity Indicator 6 (a-b): Definitions

Indicator 6 tracks the percentage of the population that has attained tertiary degrees in different nations. Indicator 6a reports type A tertiary degree attainment and Indicator 6b combines attainment of type A tertiary degrees and type B degrees. As defined in the Education at a Glance glossary:

- **Tertiary-type A programs** (ISCED 5A) are largely theory-based and are designed to provide sufficient qualifications for entry to advanced research programs and professions with high skill requirements. Tertiary-type A programs have a minimum cumulative theoretical duration (at tertiary level) of three years full-time equivalent, although they typically last four or more years. These programs are not exclusively offered at universities. This degree is comparable to the BA or BS

²³ Recent trends in global comparisons provide additional understanding of how the equity conditions observed in Indicators 1 through 5 may be influencing the U.S. postsecondary attainment rates in the 21st century. For a detailed comparison of widening participation policies in 6 countries (Australia, Ireland, Netherlands, Norway, South Africa, United States) see the links below. <http://www.hefce.ac.uk/pubs/rereports/year/2013/wp-effectiveness/>; http://www.hefce.ac.uk/media/hefce/content/pubs/indirreports/2013/wp-internationalresearch/2013_WPeffectivenessUS.pdf

²⁴ Due to differences in educational systems and classifications, international comparisons must be made with caution. For more information on the limitations of international comparisons see Education at a Glance, 2013 <http://www.oecd.org/education/eag.htm>

degree in the U.S. system. We present data for the population age 25 to 34 for the years 2000 and 2012.

- **Tertiary-type B programs** (ISCED 5B) are typically shorter than tertiary-type A degrees and focus on practical, technical or occupational skills for direct entry into the labor market, although some theoretical foundations may be covered in the programs. These programs have a minimum duration of two years full-time equivalent at the tertiary level.

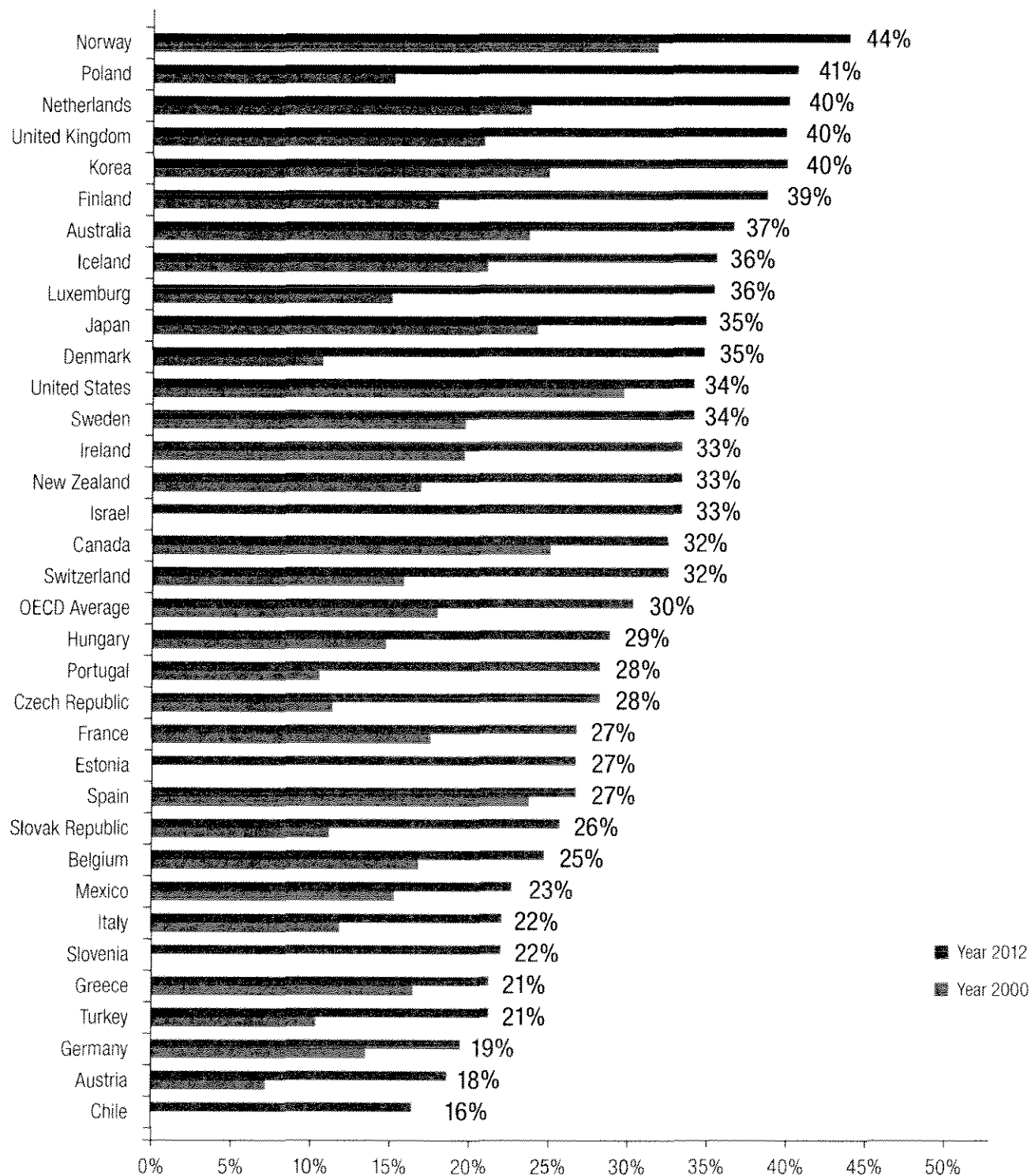
Indicator 6a: What Percent of 25 to 34 Year Olds Has Completed a Type A Tertiary Degree?

Norway (44 percent in 2012-- with 38 percent growth since 2000), Poland, (41 percent-- with 168 percent growth), Netherlands (40 percent), United Kingdom (40 percent), and Korea (40 percent) lead the way on Tertiary Type A attainment, with attainment rates of at least 40 percent. With the exception of Norway, the attainment rate in each of these countries was lower than the attainment rate in the United States in the year 2000. In 2000 the United States ranked second internationally with 30 percent tertiary type A attainment. By 2012, the United States ranked 12th, with a 34 percent tertiary type A attainment rate. Between 2000 and 2012, the U.S. experienced a 13 percent increase in tertiary type A attainment, a considerably lower rate of growth than the 30 percent average increase across OECD countries.

Indicator 6b: What Percent of 25 to 34 Year Olds Has Completed a Type A or Type B Tertiary Degree?

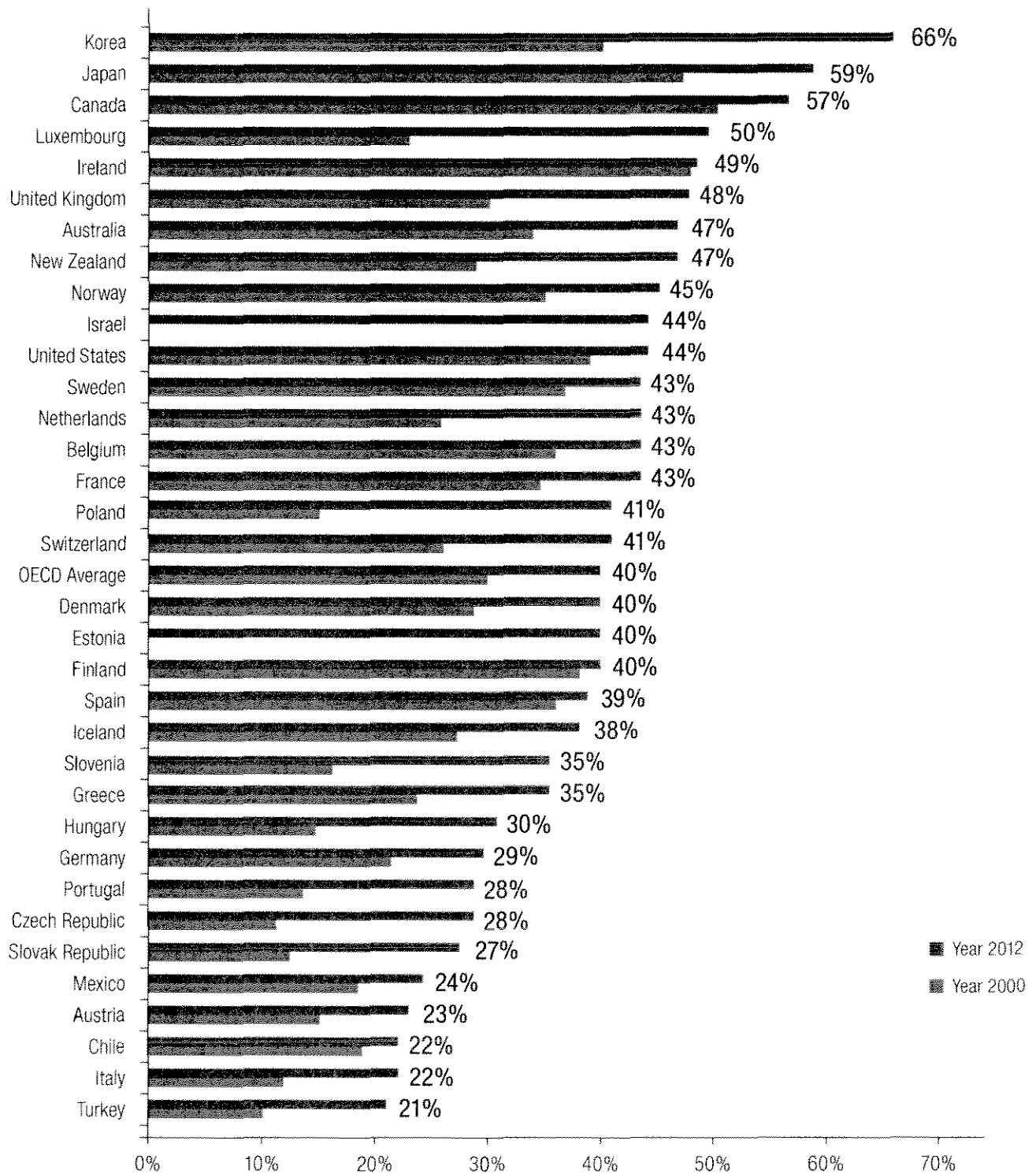
When tertiary type A and type B are combined, Korea (66 percent in 2012 with a 64 percent increase since 2000), Japan (59 percent with a 24 percent increase), Canada (57 percent with a 14 percent increase), Luxembourg (50 percent with a 116 percent increase), and Ireland (49 percent with a 3 percent increase) led the way in 2012. The United States ranked 11th on this indicator in 2012, with a 44 percent attainment rate, up from 39 percent in 2000. The U.S. rate of increase between 2000 and 2012 of 13 percent was considerably lower than the average rate of increase for OECD nations over the period (36 percent). The average rate of attainment for OECD was 40 percent in 2012, up from 30 percent in 2000.

Equity Indicator 6a: Percent of 25 to 34 year olds with a Type A Tertiary Degree: 2000 and 2012



Source: Organization for Economic Cooperation and Development (OECD), Education at a Glance. http://www.oecd.org/indD/ocument/0,3770,en_2649_39263294_1_119699_1_1_37455,00.htm

Equity Indicator 6b: Percent of 25 to 34 year olds with a Type A or Type B Tertiary Degree: 2000 and 2012



Source: Organization for Economic Cooperation and Development (OECD). Education at a Glance. http://www.oecd.org/findDocument/0,3770,en_2649_39263294_1_119699_1_1_37455,00.htm

What Does It Mean? The Search for Solutions Shared Dialogues Essays

In this concluding section, two essays are presented addressing policy implications and strategies for increasing equity of college participation in the United States.

This report is written to inform the conversation about high education equity issues and to foster the mandate to both monitor our progress and to search for and support policy and practices leading to greater equity in educational opportunity. To this end, the Pell Institute for the Study of Opportunity in Higher Education (Pell Institute) and Penn Alliance for Higher Education and Democracy (AHEAD) have prepared reflection essays concerning the issues raised by the Equity Indicators report. It is the intent of the project that this will initiate yearly dialogues that will accompany the annual monitoring of our progress. The first essay *Improving Equity in Higher Education Attainment: A National Imperative* summarizes and reflects on the key data in the report and discusses implications for our democratic nation moving forward. The essay was prepared by Laura W. Perna, Ph.D. the Executive Director of AHEAD and the James S. Riepe Professor, University of Pennsylvania. The second essay, *Sixteen Strategies for Widening Equity of Participation in Higher Education in the United States: Reflections from International Comparisons*, lists policies and practices that show promise from observational and experimental research from the international and US context. This essay was prepared by Margaret Cahalan, Ph.D, Vice President for Research at the Council for Opportunity in Education (COE) and Director of the Pell Institute.

Improving Equity in Higher Education Attainment: A National Imperative

Laura W. Perna, Ph.D.

Executive Director, Alliance for Higher Education and Democracy

James S. Riepe Professor, University of Pennsylvania

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One of the greatest threats facing our nation is the growing divide between the “haves” and the “have nots.” Contributing to this problem is the fact that students from high-income families attain college degrees at far higher rates than students from low-income families. Not everyone needs a college degree, of course, but far too few people in the United States—and especially far too few people from groups that are historically underrepresented in college—are getting one.²⁵ Low levels of educational attainment have negative economic and social consequences for individuals and society as a whole.

The benefits of a college degree are well documented and numerous. People with college degrees tend to experience higher earnings, lower unemployment and poverty, better working conditions, longer lives, better health, and many other benefits.²⁶ Society as a whole also benefits when more individuals complete higher levels of education. When college attainment improves, the tax base increases, reliance on social welfare programs declines, and civic and political engagement increases.²⁷

The *Indicators* in this report paint a powerful picture of the magnitude of progress needed to achieve equity in higher education outcomes and to maximize the countless benefits of higher education.²⁸

Income-Based Inequities in Educational Attainment

Bachelor’s degree attainment rates in 2013 were an incredible 66 percentage points lower for students from low-income families than for students from high-income families (Equity Indicator 5a). As the following findings illustrate, these differences in degree attainment are attributable in part to differences in the likelihood of enrolling in college and differences in the type of college attended:

- Compared with students from higher income families, students from lower income families are considerably less likely to participate in postsecondary education (Equity Indicator 1).

25 The share of adults age 25 to 34 that hold the equivalent of a bachelor’s degree (Type A Tertiary Degree) is now at least 6 percentage points lower in the United States than in Norway, Poland, the Netherlands, the United Kingdom, Korea, and Finland (Equity Indicator 6).

26 Sandy Baum, Jennifer Ma, and Kathleen Payea, *Education pays: The benefits of higher education for individuals and society* (Washington, DC: The College Board, 2013).

27 Baum, Ma, and Payea, *Education pays*.

28 For a more complete discussion of the reasons why the U.S. must not only raise overall higher education attainment but also close gaps in attainment across groups see Laura W. Perna and Joni Finney, *The attainment agenda: State policy leadership for higher education* (Baltimore, MD: Johns Hopkins University Press, 2014).

- When they do enroll, students from low-income families disproportionately attend two-year rather than four-year institutions, and for-profit postsecondary institutions rather than private not-for-profit institutions (Equity Indicator 2).
- The average net price of attendance at the institutions attended by students from the highest income quartile is growing at a faster rate than at institutions attended by students in the lowest income quartile. This suggests increasing stratification across groups in the types of postsecondary education options that students from different groups can access (Equity Indicator 3b).
- Even when only those who enter college are considered, bachelor's degree attainment rates in 2013 were an astonishing 78 percentage points lower for students from lower income families than for students from higher income families.
- Although gaps in college participation have declined somewhat over time (Equity Indicator 1), gaps in bachelor's degree attainment (Equity Indicator 5) have grown.

These data illustrate the profound, persisting gaps in equity for one important group: students from low-income families. Most of the data also describe an even more specific subgroup: students of traditional college-going age (18 to 24) who are financially dependent on their parents.

Attention to the status of equity for this particular population is not meant to minimize or obscure inequities in higher education outcomes among many other groups. Higher education outcomes in the United States also vary dramatically based on other demographic characteristics. College outcomes are generally lower for Blacks and Hispanics than for Whites and Asians (as a group), lower for students who are the first in their families to attend college than for students whose parents attained a college degree, and lower for older students than for their younger counterparts. Higher education outcomes also vary based on place of residence, as attainment rates differ across and within states, based on the characteristics of the high school attended.²⁹

Documenting the status of equity for low-income, traditional-age students has great value because so many of our existing public policies and institutional practices ostensibly focus on promoting higher education outcomes for this group. And yet the *Indicators* demonstrate that existing public policies and institutional practices are insufficient, particularly with regard to ensuring the affordability of college.

Inequities in Affordability

College affordability is determined by policies and practices pertaining to state appropriations, tuition setting, and financial aid. These policies have shifted over time in ways that make students and families responsible for a growing share of college costs, as highlighted by the following findings:

- The share of costs covered by state and local governments has steadily declined (Equity Indicator 4a).
- The primary federal policy for reducing the financial barriers to college attendance for low-income students is the Federal Pell Grant. Yet the share of the average cost of attendance that is covered by the Federal Pell Grant has been steadily declining (Equity Indicator 3a).
- In 2012, the Federal Pell Grant covered only 27 percent of the average cost of attendance (Equity Indicator 3a).

²⁹ For more information, see, for example, Perna and Finney, *The attainment agenda*; and Laura W. Perna and Anthony Jones, eds., *The state of college access and completion: Improving college success for students from underrepresented groups* (New York, NY: Routledge, 2013).

- Average net price of attendance has increased regardless of family income (Equity Indicator 3b), and students from all but the highest-income quartile now must find a way to pay for some amount of financial need that is not covered by financial aid (Equity Indicator 3c).
- More and more students of all family income groups are covering these costs by borrowing larger amounts (Equity Indicator 4c).

State governments, the federal government, and colleges and universities share the responsibility for reducing the financial barriers to attending and completing college.³⁰ In our study of the relationship between public policy and higher education attainment in five states, Joni Finney and I learned that raising attainment—and closing gaps in attainment—requires a comprehensive approach. To improve college affordability, state governments should provide a reliable, sustained base of public resources for higher education and work with colleges and universities to limit increases in tuition and other costs of attendance. State governments, the federal government, and colleges and universities must provide adequate student financial aid. And this aid should be provided in the form of need-based grants, so as to address differences across groups in the availability of financial resources to pay college costs and reduce the reliance on student loans for students from low-income families.

State governments, the federal government, and institutions must also do more to ensure that students and their families have accurate and complete knowledge about college costs and financial aid early in the educational pipeline. Knowledge is critical, given the complexity of the nation's student financial aid system and related application processes. But in most high schools—and especially the high schools that students from low-income families tend to attend—too few counselors are available to provide this information.

Other Factors Affecting Equity

Although necessary, improving college affordability alone will be insufficient for achieving equity in higher education attainment across family income and other demographic groups. Higher education attainment is the result of a process that begins arguably at birth. Achieving equity in attainment will require eliminating gaps not only in college enrollment, choice, and completion, but also in other critical outcomes, including completion of a rigorous academic curricular program, graduation from high school, and seamless transfer from one college or university to another.

In order to enroll and succeed in college, all individuals must graduate from high school academically ready for college-level work. Too many students who enter postsecondary education are derailed by the need for developmental coursework. State governments, K-12 schools, and higher education institutions must ensure that academically rigorous courses are available in all schools (particularly schools with high shares of students from low-income families and racial/ethnic minority groups) and that the academic requirements for graduating from high school align with the academic expectations for succeeding in college. State governments and higher education institutions must also do more to ensure that students can transfer across higher education institutions without loss of academic credit.

³⁰ For more information on the recommendations in this essay see Perna and Finney, *The Attainment Agenda*; and Perna and Jones, *The state of college access and completion*.

A Comprehensive Approach to Closing the Gaps

Closing the considerable gaps in higher education attainment that are documented in this report will not be simple or easy. Improving equity in higher education attainment is a complex, multi-faceted challenge that cannot be “solved” by changing just one policy or practice. Instead, leadership is required at federal, state, and institutional levels.

Closing gaps in attainment requires a comprehensive approach that recognizes the roles and responsibilities of different stakeholders, the characteristics of the target population (e.g., low-income students), and the state and local context (including the characteristics of the higher education institutions that are available to students). This comprehensive approach must recognize the importance of improving college affordability, academic readiness, information, and support, as well as the interrelated roles of the federal government, state governments, and colleges and universities. A comprehensive approach must also recognize the role of data and research in informing understanding of the most appropriate policies and practices.

This *Indicators* report clearly shows that more work is required.

Sixteen Strategies for Widening Equity of Participation in Higher Education in the United States: Reflections from International Comparisons

Margaret Cahalan, Ph.D.

Vice President for Research Council for Opportunity in Education and

Director of the Pell Institute for the Study of Opportunity in Higher Education

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As Dr. Perna indicated in the previous essay the statistics shown in this report reveal that we have a national imperative to improve postsecondary educational opportunity equity both from a social justice perspective and from a national competitiveness perspective. In this essay I share 16 interconnected strategies that I think would be helpful for the 21st century context. I base my reflections both on my experience as an education statistical and evaluation researcher; and also as a “long ago 20th century first-generation, low-income student.” This essay is informed by my participating in the project on *International Research on the Effectiveness of Widening Participation*.³¹ The work, commissioned by the Higher Education Funding Council of England (HEFCE), was to prepare locally authored case studies on: Australia, Ireland, Netherlands, Norway, South Africa, and the United States to help inform the development of sound policy and practice for the English context. The Pell Institute was asked to prepare the U.S. case study following a standardized template and in the course of so-doing I reviewed a large body of literature on strategies for widening participation in the United States.³²

Among the case study sites, Norway, Australia, Ireland, and the Netherlands have experienced greater levels of growth in postsecondary participation than in the U.S. in the last decade and Norway, Australia, and the Netherlands now have higher bachelor’s attainment among 25-35 year olds than the U.S. After a decade of rapid growth Ireland’s bachelor’s attainment rates are now similar to the United States and the combined tertiary type A and B rates for Ireland now exceed those of the United States. Statistics on South Africa’s bachelor’s attainment are not reported but South Africa’s gross (age-cohort) higher education participation rate was about 18 percent in 2010 with a target of 20 percent by 2014. College participation rates of secondary school graduates range from 38 percent for Africans to 63 percent for whites.

Before beginning, it should be noted that while selected examples are presented from each of the countries of strategies that I believe are positive, this does not imply a belief that one system or another is better or superior to the United States in terms of equity issues. A paramount conclusion from the summary of the independently prepared case studies was the fact that although the countries have very different education system histories and differing degrees of what might be called educational equity, they each struggled with similar postsecondary

31 Lindsey Bowes, Liz Thomas, Louise Peck, Tej Nathwani, *International Research on the Effectiveness of Widening Participation Report to HEFCE and OFFA* by CFE and Edge Hill University October 2013

32 Margaret Cahalan, *Widening Participation in Higher Education in the United States of America Report submitted to HEFCE and OFFA*, October 2013, Pell Institute for the Study of Opportunity in Higher Education

access, completion, and funding challenges. The case study site synthesis report also found that the individual county reports had identified many similar strategies for improvement applied in very diverse contexts.³³

Sixteen Selected Strategies for Consideration

1. **Setting Place Based Achievable Targets and Providing the Means to Attain the Goals (National, State, Local, and Individual Levels).** Among the case study sites the counties showing marked gains in attainment and equity over the past two decades have done so after setting clear formal targets and addressing pathways to achieve the goals. For example, the Australia government has formal aspirational goals of reaching 40 percent bachelor's attainment of 25 to 34 year olds by 2025 (By 2012 they were at 37 percent). Australia also has a formal "proportional representational equity goal" of having 20 percent of enrolled students come from the lowest income quartile by 2020. Since the mid-2000s, the Netherlands has had an objective that by 2020,³⁴ 50 percent of the workforce aged 25–34 should have a higher education degree. It is argued that based on the ambition to become "a top-five leading knowledge economy, the Netherlands should seriously invest to increase participation, particularly by non-traditional underrepresented student groups, such as mature students, part-time students, associate degree students, professional master's students and ethnic minority students."³⁵ In the United States, President Obama has expressed attainment goals in terms of every citizen committing to some postsecondary education and in terms of returning the U.S. to be first in the international rankings by 2020.³⁶ This has prompted some increased national, state and local goal setting and monitoring. An example of which is illustrated by the *55 Thousand Degrees* initiative in Louisville Kentucky—a community project that yearly tracks college going in the city and seeks to increase the number of Louisville residents who hold college degrees by 55,000.³⁷ The evidence from the U.S. high school longitudinal studies is that US students from all social groups now have high aspirations for postsecondary education. For example, by 2002, at the start of the 21st century over 80 percent of high school students aspired to attain a bachelor's degree or higher and fully two-thirds (66 percent) of those in the lowest SES quartile so aspire.³⁸ It is less clear that the means to attain the goals are in place.

33 While the traditional OECD countries studied may speak in terms of the "evolution" of their systems to be more open, equitable and universal, a country such as South Africa with a history of apartheid, with related institutionalized racism, marginalization and deprivation of a significant section of its society, has embraced the concept of "transformation" (involving both equity and redress) as its overarching policy imperative. Gerald Wangenge-Ouma, University of Pretoria, *Widening Participation in South African Higher Education Report* submitted to HEFCE and OFFA October 2013

34 Trevor Gale and Stephen Parker, Deakin University, *Australia Widening Participation in Australian Higher Education Report submitted to HEFCE and OFFA* October 2013 http://www.hefce.ac.uk/media/hefce/content/pubs/indirreports/2013/wpinternationalresearch/2013_WPeffectivenessAus.pdf "

35 J.J. (Hans) Vossensteyn, Centre for Higher Education Policy Studies, *Widening Participation in Higher Education in the Netherlands Report* submitted to HEFCE and OFFA October 2013 http://www.hefce.ac.uk/media/hefce/content/pubs/indirreports/2013/wpinternationalresearch/2013_WPeffectivenessNeth.pdf

36 President Obama, *Address to a Joint Session of Congress*, February 24, 2009

37 *Greater Louisville's Education Scorecard 2014 Update*, 55 Thousand Degrees, http://www.55000degrees.org/wp-content/uploads/2014/12/55K_PR14_WhitePaper_Web.pdf

38 Cahalan, M, Ingles, S, Burns, L, Planty, M., (2006), *United States High School Sophomores: A Twenty-Two Year Comparison, 1980–2002*, Statistical Analysis Report, U.S. Department of Education, NCES 2006–327 <http://nces.ed.gov/pubs2006/2006327.pdf>

2. **Increasing the Reach, Funding, and Capacity of College Access Programs.** Using data from the National Educational Longitudinal Study (NELS), a nationally representative sample of U.S. high school students in the 1990s, Horn and Chen found in correlational analysis that participation in any type of pre-college program doubled the odds for enrolment in a 4-year college after controlling for other factors known to be related to college entrance.³⁹ There is also a growing considerable body of evidence from evaluation studies that these programs do make a significant difference, and are often the deciding factor in college access and success for low-income, first-generation students and students with disabilities. Despite this evidence, these programs have seen level funding and de facto decreases in level of resources over the past 15 years. With regard to the federal programs, estimates are that Talent Search and GEAR Up taken together reach about 7 to 10 percent of eligible students, and the more intensive programs such as Upward Bound (UB) and Upward Bound Math Science (UBMS) reach about 2 percent of eligible low-income, first generation students. The programs sponsored by the federal government mentioned above, and private supported programs such as AVID, Project GRAD, and Talent Development have had evaluations that have provided evidence of their effectiveness, with the more intensive programs showing larger effect sizes.⁴⁰ For example, the random assignment evaluation of Upward Bound found participation in UB, the most intensive of the Federal pre-college programs, was found to result in a 50 percent higher BA attainment rate in 6 years among low income and first generation students who were randomly assigned in middle school or early high school to Upward Bound and who entered the program. A synthesis of work published by the Department of Education reported that the most effective strategies within these programs are: 1) encouraging and supporting strong academic course taking preparation for college; 2) using data to assist students in planning; 3) surrounding students with strong support mentors and peers supporting college attendance; 4) helping students engage in the practical steps to college (course completion, application for aid, college visits, applications); and 5) increased financial literacy and aid awareness⁴¹.
3. **Focus on Retention and Completion and Increased Use of Student Support Services.** International comparisons from each of the six country sites indicate that whenever a higher educational system is expanding from elite to a more representational student population, the new students will be in greater need of academic support than students from the more socio-economically

39 Horn, L. and Chen, X., (1998), *Toward Resiliency: At Risk Students Who Make It to College*, U.S. Department of Education, Office of Educational Research and Improvement, Washington D.C.

40 Constantine J.M, Seftor N.S., Martin E.S., Silva T and Myers D, *A Study of the Effect of Talent Search on Secondary and Postsecondary Outcomes in Florida, Indiana, and Texas*, US Department of Education, 2006; Cahalan, M., *The National Evaluation of Talent Search, The Implementation of the Federal Talent Search Program: Past and Present*, U.S. Department of Education, 2003 ; Olsen, R, Seftor N, Silva T, Myers D, DesRoches D, and Young J, *Upward Bound Math Science: Program Description and Interim Impact Estimates*, U.S. Department of Education, Washington D.C., Mathematica Policy Research, Inc., 2007; Berry T., Sloper S. and Langan S., (2012), *Project GRAD Evaluation*, Project GRAD website: <http://projectgrad.org/> ; Cahalan M, *Addressing Study Error in the Random Assignment National Evaluation of Upward Bound: Do the Conclusions Change?*; can be accessed http://www.pellinstitute.org/publications-Do_the_Conclusions_Change_2009.shtml ; Standing K., Judkins D., Keller B., and Shimshak A., *Early Effects of the GEAR UP Program*, report submitted to U.S. Department of Education, Policy and Program Studies Service, 2008; Kempie J., Herlihy C., Smith T., (2005), *Making Progress Toward Graduation Evidence from the Talent Development High School Model*, MDRC Talent Development Program Description <http://www.mdrc.org/talent-development-high-school-model>; Aspire, <http://oregonstudentaid.gov/aspire.aspx> ; *AVID Senior Data Collection. Study of 33,204 AVID Seniors (2011-2012)*. U.S. Overall. AVID Program Description <http://www.avid.org/>

41 Tierney, W.G., Bailey, T., Constantine, J., Finkelstein, N. & Hurd, N.F., (2009), *Helping Students Navigate the Path to College: What High Schools Can Do: A Practice Guide*, (NCEE #2009-4066), Washington D.C., National Center for Education Evaluation

advantaged families.⁴² In the United States, participation in Student Support Services programs has been found to increase college completion rates significantly in national studies based on propensity matching of students with similar entering entrance characteristics.⁴³ A recent U.S. Department of Education publication identified specific strategies found to be effective in increasing college retention and completion. Services should be: 1) integrated — building and reinforcing each other; 2) sustained — one semester is not considered enough; and 3) systematic — having an overall plan and promoting a culture of success.⁴⁴ Specific strategies that have evidence of effectiveness from recent research in the U.S. context include: 1) direct efforts to reduce the need for remediation in the first year of college, including “upward placement” strategies with support and summer bridge programs for entering freshman especially those targeted to specific upcoming freshman courses or those designed to avoid remediation; 2) proactive or intrusive, advising of students that may be at risk and possibly involving college coaches calling or contacting students each week, working with students ahead of time before failure happens to plan strategies to deal with challenges, and specific contracts with students; 3) creating structured pathways to success for students that are clear and attainable and providing data and information to support the pathways; and 4) engaging faculty in creating a culture of fostering student success. In addition, correlational studies that use aggregate completion rates relative to the characteristic of entering students consistently find that colleges with a mission or particular historical focus (for example, Historically Black Colleges or Catholic Colleges) generally have higher than expected completion rates given the characteristics of entering students.⁴⁵

4. **Supporting Competency-Mastery Based Learning and Recognition of Prior Learning (RPL) for Admissions and for College Credit toward Program Completion.** The goal of universal postsecondary education, will mean that the face of postsecondary education itself may change with the growth of on-line programs, shorter certificate programs and competency based credentialing rather than credit-hour based credentialing. New structures to accommodate older students and students with diverse goals and learning styles hold promise.⁴⁶ For example, supported by Gates Foundation funding, the University of Southern New Hampshire has an experimental Associate’s degree program that moves away from the traditional time-based credit hours model and instead allows students to demonstrate competency in 120 areas for the degree. The on-line program was recently given approval from the Department of Education as eligible for Federal Aid funds. Universal participation will mean changes not just in student decisions but also in market-driven institutional program development to meet diverse workforce and student needs. As alternative methods of learning grow the formal means for “Recognized Prior Learning (RPL)” become more important. For example, the South Africa report notes that through this process, “people’s prior learning can be formally recognized in terms of registered qualifications and unit standards, regardless of where and

42 Lindsey Bowes, Liz Thomas, Louise Peck, Tej Nathwani, *International Research on the Effectiveness of Widening Participation Report to HEFCE and OFFA* by CFE and Edge Hill University October 2013

43 Channey B., Muraskin L., Cahalan M. & Rak R., (1997), *National Study of Student Support Services: Third-Year Longitudinal Study of Results and Program Implementation Study Update*, Washington D.C., U.S. Department of Education; Channey, B., (2008), *National Study of Student Support Services: Six Year Longitudinal Study Results*, Washington D.C., U.S. Department of Education

44 U.S. Department of Education, (2012), *Evidence Meets Practice: Institutional Strategies to Increase College Completion*, Available at <http://www.edpubs.gov/document/ed005371p.pdf>

45 Mortenson, T, *Actual versus Predicted Institutional Graduation Rates, Access and Completion*, White House Initiative on Historically Black Colleges and Universities, Washington D.C., September 19, 2011

46 Leonardo Carrizo for The Chronicle (http://chronicle.com/article/The-Gates-Effect/140323/?cid=at&utm_source=at&utm_medium=en).

how the learning was attained. RPL acknowledges that people never stop learning, whether it takes place formally at an educational institution, or whether it happens informally.” It facilitates access and mobility and progression within education, training and career paths and accelerates redress of past unfair discrimination in education and training opportunities.”⁴⁷ Globally, Massive Open, Online Courses (MOOCs) also have the potential to radically change the access to bodies of knowledge.⁴⁸

5. **Cohort Services and Special Focus on Key Transition Points for Students That May be Tipping Points; Listening to What Students Are Telling Us.** The recent “policy conversation” around college access has stressed the need to provide “whole school” services to all students and not only to those traditionally served who volunteer for the program and are already interested. There is also recognition of the importance of services keyed to transition points such as entrance from middle to high school with focus on 9th grade services and summer bridge programs between 8th and 9th grade. Another transition point is that of the 12th graders in the college application period; helping students make the right choices for them is deemed important. Similarly programs such as summer bridge programs for entering college freshman, especially those that will need special services, are deemed as very important. A summer bridge program can sometimes reduce the need for remedial courses and also give students a leg up on being successful in that first year of college which for many is a stumbling block. Students who experience early success in high school or college are more likely to persist and complete.
6. **Restoring Public Funding at the Federal, State, and Local levels to Earlier Levels Including Restoring Pell Grants to Their Former Buying Power.** All of the countries in the case studies reported debates and struggles with issues of continued funding of postsecondary education, but those country’s leading the world in increases in college completion have each made strong financial commitments to invest in higher education in ways that provide students with relatively high levels of the financial and student support services needed. For example public institutions attended by 85 percent of students in Norway do not charge tuition, and the government policy is that all students are provided with the means to attend including funds to live separately from their parents.⁴⁹
7. **Universal Free Tuition for Community College and First Two Years of 4-Year College.** A number of proposals and plans have been made for variations of this option some of which include only community colleges and others of which would also include support for first two years regardless of

47 Gerald Wangenge-Ouma, University of Pretoria, *Widening Participation in South African Higher Education Report submitted to HEFCE and OFFA*, October 2013 http://www.hefce.ac.uk/media/hefce/content/pubs/indirreports/2013/wpinternationalresearch/2013_WPeffectivenessSAfrica.pdf

48 *Bill Gates Discusses MOOCs at Microsoft Research’s Faculty Summit, Chronicle of Higher Education Blog* http://chronicle.com/blogs/wiredcampus/bill-gates-discusses-moocs-at-microsoft-researchs-faculty-summit/44809?cid=at&utm_source=at&utm_medium=en
A blog entry from the *Chronicle of Higher Education* summarized remarks from Bill Gates, in a keynote address to the July 2013 Microsoft Research Faculty conference called these times a “golden era” of learning, thanks to MOOCs and easy access to information. In addressing the current discussion over the value of a college degree, he also predicted a “decoupling” of the degree from knowledge acquisition. Traditionally, a college degree was a badge indicating skills in certain areas that could be translated to employment. Mr. Gates said that may no longer be the case, largely because of online education. This will be “a global phenomenon,” he said. “We’re on the beginning of something very profound

49 Elisabeth Hovdhaugen, Nordic Institute for Studies in Innovation, Research and Education (NIFU) *Widening Participation in Norwegian Higher Education Report submitted to HEFCE and OFFA*, October 2013, http://www.hefce.ac.uk/media/hefce/content/pubs/indirreports/2013/wpinternationalresearch/2013_WPeffectivenessNorway.pdf

type of college attended (2-year or 4-year).⁵⁰ Some states such as California had free tuition in previous decades over 50 years ago. In the more recent context states such as Tennessee have developed a plan for free 2-year community college attendance and President Obama recently announced his national plan for free community college at Pellissippi State Community college in Tennessee.⁵¹

8. **Place Based Local Scholarship and Support Programs for All Students within a City with Partnerships with Local Colleges and Universities.** Projects such as the *Kalamazoo Promise* in Michigan and the *Denver Scholarship Foundation* (DSF) in Colorado provide model examples of projects that award full or sizable scholarships combined with support services to students who attend the local high schools for 4 years and attend colleges in the state or local region. Partnerships are in place with colleges in the local area to provide support services.⁵²
9. **Incentivizing Completion through Conversion of Loans to Grants upon Completion of Course or Program of Study.** While countries varied in the extent to which loans were used to cover college costs depending on the funding structure and levels of grant awards available, all of the case study sites utilized some form of loans to students. In countries in which tuition and fees are covered in basic and means tested grants, loans might only be used for additional support expenses. However, often these loans are changed to grants upon successful course or program completion. For example, in South Africa, the responsible government agency, NSFAS, makes awards that are 100 percent loans; however, afterwards up to 40 percent of the loan is converted into a bursary (grant) depending on the student's academic results. To encourage students to complete their studies on time, beginning in 2011, all students registered at a public university in their final year of study and who qualified for funding from NSFAS would receive a loan equivalent to the full cost of study. The entire loan is converted into a bursary if the students passed all their courses and graduate in the year of offer. Failure to graduate meant that the award remains a loan to be repaid to NSFAS.⁵³ In the Netherlands model which has government paid full tuition, financial assistance consists of an allowance towards expenses such as living costs, books and study materials, tuition fees, and travel. Student financial assistance includes a basic grant, a supplementary grant and an interest-bearing loan. The basic grant and supplementary grant are now initially paid out in the form of a loan. If the student graduates within 10 years, the loan is converted into a non-repayable grant. Therefore these grant parts are called performance-related grants. Students receive performance-related grants for the nominal duration of their study program and may take up a loan until 36 months after the nominal duration of their program. Grants are intended as a means of keeping higher education broadly accessible and are paid monthly.⁵⁴

50 Sara Goldrick-Rab, Andrew Kelley, *Reinventing Student Aid for the 21st Century*, Harvard Education Press, forthcoming 2015

51 <http://www.theblaze.com/stories/2015/01/09/obama-two-years-of-college-would-be-as-free-and-universal-as-high-school/>; http://host.madison.com/ct/news/local/writers/pat_schneider/community-college-education-should-be-free-to-students-says-uw/article_80322846-950a-11e3-806f-001a4bcf887a.html

52 <http://www.denverscholarship.org/> and <https://www.kalamazoopromise.com/>

53 Gerald Wangenge-Ouma, University of Pretoria, *Widening Participation in South African Higher Education Report submitted to HEFCE and OFFA* October 2013 http://www.hefce.ac.uk/media/hefce/content/pubs/indirreports/2013/wpinternationalresearch/2013_WPeffectivenessSAfrica.pdf

54 J.J. (Hans) Vossensteyn, Centre for Higher Education Policy Studies, *Widening Participation in Higher Education in the Netherlands Report submitted to HEFCE and OFFA*, October 2013 http://www.hefce.ac.uk/media/hefce/content/pubs/indirreports/2013/wpinternationalresearch/2013_WPeffectivenessNeth.pdf

10. **Addressing the Satisfactory Academic Progress (SAP) Issues through Prevention and Flexibility Rewarding Improvement.** Pell grants, as most college support grants in the case study sites, have long had performance related academic requirements. However, unlike the trend in some countries to have more flexible performance goals that recognize that underprepared, disadvantaged and working students may need more time, in recent years stricter regulations for completion time have been implemented in the United States. This has led to a complex hard to administer requirement that to continue the Pell grant students must demonstrate on a yearly basis that they are progressing to their program completion within 150 percent of the program time. Recent research indicates that these more stringent requirements as applied may be impacting as many as 20 percent of Pell recipients who early on in college lose their Pell grants and leave college.⁵⁵ Students whose prior academic record, heavy work load, and other risk factors indicate that the student may enter college with a high probability of SAP failure can be identified prior to Pell award so that prevention actions such as summer bridge, structured first year, intrusive advising and early warning programs can be initiated. It's also important that students have adequate information concerning the SAP requirements as applied to their program of study before and not after they have lost their Pell grant. Programs like "Binding Study Advice" (BSA) such as exist in Netherlands and similar programs in South Africa that initiate requirements such as limits to work hours, and tutoring requirements to help students get back on track may be a better approach than the US regulation of removal of the Pell Grant.
11. **Increased Integration of Work and Learning.** International and U.S. research indicates that students who are more engaged and have career or learning goals for themselves tend to do better academically and are more likely to complete a program even controlling for entering academic characteristics. Studies also show that students who leave before completing often cite problems in juggling work and college.⁵⁶ The Netherlands case study reported the observation that programs that are more structured and contain a component of work experience in the field of study have lower dropout rates than less focused programs among students with similar academic backgrounds.⁵⁷ Within the U.S., the Travelers Edge, program sponsored by the Travelers Insurance Company Foundation is an example of a model program that combines financial and academic support plus concrete work experience for students interested in careers in insurance, including finance, claims, underwriting, information technology, and engineering.⁵⁸
12. **Increased Support for Full-Time College Attendance and Reduced Work-Loads for Students.** Research has repeatedly shown that part-time attendance is a risk factor in the U.S. in terms of college completion and as noted, studies of students leaving college cite the difficulty in juggling

55 *Pell Grants as Performance-Based Aid? An Examination of Satisfactory Academic Progress Requirements in the Nation's Largest Need-Based Aid Program* A CAPSEE Working Paper Lauren Schudde Judith Scott-Clayton Community College Research Center Teachers College, Columbia University December 2014; Advisory Committee on Student Financial Assistance, (2010) *The Rising Price of Inequality*, Washington, DC. Retrieved on October 29, 2011 from <http://www2.ed.gov/about/bdscomm/list/acsfa/acsfarpijune2010.pdf>

56 Perna, L.W., ed., (2010), *Understanding the Working College Student: New Research and Its Implications for Policy and Practice*, Sterling, Va., Stylus; *With Their Whole Lives Ahead of Them*; <http://www.publicagenda.org/pages/with-their-whole-lives-ahead-of-them-reality-1>

57 J.J. (Hans) Vossensteyn, Centre for Higher Education Policy Studies, *Widening Participation in Higher Education in the Netherlands Report submitted to HEFCE and OFFA*, October 2013

58 Pell Institute for Study of Opportunity in Education, *Travelers Edge A Model on the Cutting Edge of Corporate College Access and Support*, 2012 http://www.pellinstitute.org/downloads/publications-Travelers_EDGE_2012.pdf

college and work and other responsibilities as the major factor leading to their decision to leave college. Often in the U.S. this leaving is mediated by poor performance. By comparison students in countries in which postsecondary support is relatively high such as Norway and Netherlands students typically have support to attend full-time and less frequently have heavy work schedules. For example, in the Netherlands over 90 percent of students attend full-time and spend on average about 10 hours per week on paid work. Students indicate that this hardly influences their study progress.⁵⁹

13. **Rewarding and Incentivizing Institutions for Serving and Graduating Low-income and Less Academically Prepared Students.** The linkage of college entrance tests and other measures of academic preparation with Socio-Economic-Status (SES) has meant that there has been a concentration of higher income students in 4-year selective private colleges and in the flagship public institutions and a very low and declining percentage of Pell recipients within these same institutions.⁶⁰ Those few Pell recipients meeting the competitive entrance requirements and admitted to the selective institutions are those that score significantly higher on entrance exams than their peers. Instead of focusing on incentivizing these high quality universities to have an educational output of higher numbers of Pell recipients, the focus of accountability has been a deficit based critique of the shortcomings of the institutions that serve large numbers of Pell recipients and have lower graduation rates on average. A more productive policy might be to encourage the high quality institutions to serve and graduate less well prepared students. In the Netherlands some private highly regarded IHE's are participating in an experiment in which they are provided with public funds to implement a more open system of admissions. U.S. selective institutions can experiment with more open admissions policies and observe how well they can graduate students who are underprepared.⁶¹
14. **Taking an Integrated and Holistic Approach to Student Services and Institutional Access Plans.** Several of the case study countries reported that the country sought to have a holistic approach that involved formal institutional access and completion plans. For example the report from Ireland noted that "There is significant recognition of the need for a more coherent and integrated approach to inclusion and equality in education in Ireland, throughout the lifecycle of a particular individual."⁶² There is a mandate for institutions to develop clear statements and plans about links between their access programs and the community and other education partners. In terms of targeting, institutions were to set clear targets, including timescales, for the admission and graduation of specific target groups, plans to meet these students' needs based on research, and to develop a systematic

59 Widening Participation in Norwegian Higher Education Report submitted to HEFCE and OFFA October 2013 Dr Elisabeth Hovdhaugen, Nordic Institute for Studies in Innovation, Research and Education (NIFU) http://www.hefce.ac.uk/media/hefce/content/pubs/indirreports/2013/wpinternationalresearch/2013_WPeffectivenessNorway.pdf

60 Gerald, D. and Haycock, K. (2006) Engines of Inequality, Diminishing Equity in the Nation's Premier Public Universities, The Education Trust, Washington DC, Mortenson, T, Actual versus Predicted Institutional Graduation Rates, Access and Completion, White House Initiative on Historically Black Colleges and Universities, Washington D.C., September 19, 2011; Wilkinson R.G. and Pickett K.E., (2007), The Problem of Relative Deprivation: Why Some Societies Do Better than Others. *Social Science and Medicine*, 65 (9) 2007; Wilkinson R.G. and Pickett K.E., (2009), The Spirit Level, Equality Trust, 2009; Carnevale A. and Strohl J., How Increasing College Access is Increasing Inequality and What to Do About it? In *Rewarding Strivers*, 2009

61 Elisabeth Hovdhaugen, Nordic Institute for Studies in Innovation, Research and Education (NIFU) Widening Participation in Norwegian Higher Education Report submitted to HEFCE and OFFA , October 2013, http://www.hefce.ac.uk/media/hefce/content/pubs/indirreports/2013/wpinternationalresearch/2013_WPeffectivenessNorway.pdf

62 Elaine Keane, National University of Ireland, Galway, Higher Education in the Republic of Ireland Report submitted to HEFCE and OFFA, October 2013 http://www.hefce.ac.uk/media/hefce/content/pubs/indirreports/2013/wpinternationalresearch/2013_WPeffectivenessIreland.pdf

approach to data collection to monitor activities. In the Netherlands, as in the United States, there is a focus on college and program match geared to personalized help in setting goals and pathways to achieve the goals. One stop shopping web sites have been developed to remove the informational barriers and confusion over college match. Strategies are developed and designed to increase connectivity of a student to a specific program of study. Many institutions also started implementing “soft selection”, which is also called “matching mechanisms”. These include online or physical information sessions, self-assessments, motivation letters, entrance tests and intake interviews. All of these instruments result in advice to the prospective students as to whether a particular program fits their interests, motivation and/or capability. Early application is fostered as there is a high correlation between late applications and the extent to which students feel connected to a study program and their own perceived likelihood of graduation.

15. **Institutional and Student Equalization—Embedded Inclusivity and Increased Respect for Diversity of Assets.** Among the countries in the study, the complex US system is characterized as having a notable degree of institutional stratification and homogenization by socio-economic status (SES) of pupils and the related ACT and SAT scores measuring academic preparedness.⁶³ Correspondingly there is a high degree of focus on college rankings and unequal levels of resources among institutions. To the extent that students measure their own self-worth with the ranking of the institutions to which they gain admittance and attend, there is an increase in inequality. A contrasting system would be Norway.⁶⁴ Compared with many other higher education systems, the Norwegian system can be considered to have a relatively low degree of hierarchy, with institutions generally considered “equal in terms of prestige and quality.” The report for Ireland notes that the “embedding inclusivity in higher education represents a shift from a more deficit view of access and widening participation towards a more relativist perspective.”⁶⁵ Epidemiological researchers Kerry, Pickett and Wilkinson have observed the negative impacts of inequality pressures on biological health measures and on comparative international statistics that measure national well-being. They observed that level of inequality measures are strongly correlated with variations in the incidence of negative health and education indicators such as lower test scores and increased dropout rates.⁶⁶
16. **Recognizing the Need for Reform in Evaluation Research.** The summary report for the case studies, noted that all the reports recognized the need for more evaluation of strategies and policies.⁶⁷ The past two decades have been ones in which there has been considerable pressure in

63 In Australia, there is formal recognition that academic tests are more a measure of social economic class than of academic potential. In competitive admissions this recognition can result in the addition of points on the Australian Tertiary Admission Ranks (ATARs) for students from disadvantaged backgrounds.

64 U.S. Department of Education, (2012), Evidence meets practice: institutional strategies to increase college completion, Available at <http://www.edpubs.gov/document/ed005371p.pdf>, Mortenson, T, Actual versus Predicted Institutional Graduation Rates, Access and Completion, White House Initiative on Historically Black Colleges and Universities, Washington D.C., September 19, 2011

65 Elaine Keane, National University of Ireland, Galway, *Higher Education in the Republic of Ireland Report* submitted to HEFCE and OFFA, October 2013 http://www.hefce.ac.uk/media/hefce/content/pubs/indirreports/2013/wpinternationalresearch/2013_WPeffectivenessireland.pdf

66 Carnevale, A., Smith, N. & Strohl, J., (2010), Help Wanted: Projections of Jobs and Education Requirements Through 2018, Washington, D.C., Georgetown University Center on Education and the Workforce; Carnevale A. and Strohl J., (2009), How Increasing College Access is Increasing Inequality and What to Do About it?, in *Rewarding Strivers*

67 Lindsey Bowes, Liz Thomas, Louise Peck, Tej Nathwani, *International Research on the Effectiveness of Widening Participation Report to HEFCE and OFFA* by CFE and Edge Hill University October 2013

the United States for Federal and State, local or private foundation funded programs to demonstrate through external evaluations that they are “effective” in reaching their goals and also that they are “productive” and “cost-effective” in the use of funds. Thus far however, in the United States “education evaluation research” has not often been able to provide information considered of use to practitioners. Moreover, evaluation results have frequently been used by policy advocates interested in decreasing funding and criticizing or “reforming” the social welfare programs. This occurs even when positive impacts are found.⁶⁸ The result has been that social program practitioners and supporters have been in a position of defending the programs in which they are involved. A number of new programs not able to demonstrate impacts after questionable evaluations failed to show impacts have been eliminated before they even were fully implemented. It is also generally recognized that in the cases of competitive Federal programs that fund a diverse and ever changing group of grantees it is very difficult to measure impact without control group contamination. After two decades of attempting these “black box” overall national evaluations, there is currently an emphasis on smaller in-depth studies of individual strategies that may be attempted and used across programs by practitioners that show promise. There is a clear attempt to understand the link between the intervention and the impact being observed. To the extent possible these studies try to use mixed methods combining qualitative and quantitative experimental or quasi-experimental designs. However, even with studies of specific strategies experimental methods are not always possible, and these often have limited validity outside of a particular context. The other issue is that factors impacting postsecondary access and completion are systemic, dynamic and ever changing in time and context. There are new methods for evaluation (for example ----Participatory Action Research, Collaborative, and Empowerment Evaluation; Culturally Responsive Evaluation, Systems Dynamics Analysis) that hold promise. These approaches encourage internal on-going monitoring and involvement of all stakeholders including practitioners, clients, and external evaluators in providing feedback and impact assessment. The goal is to embed evaluation into program practice and to continually engage in self-study of the best methods to improve services and goal achievement.⁶⁹

68 Margaret Cahalan and David Goodwin, *Setting the Record Straight: Strong Positive Impacts Found from the National Evaluation of Upward Bound, Re-Analysis Documents Significant Positive Impacts Masked by Errors in Flawed Contractor Reports*, The Pell Institute for the Study of Opportunity in Higher Education, The Council for Opportunity in Education, June 2014., http://www.pellinstitute.org/downloads/publications-Setting_the_Record_Straight_June_2014.pdf

69 Information about these newer evaluation methods can be obtained at: (Action Research) http://en.wikipedia.org/wiki/Participatory_action_research; (Empowerment Evaluation) Evaluation methods Stevenson, J.F., Mitchell, R.E., and Florin, P. (1995) *Evaluation and Self-Direction in Community Prevention Coalitions*. In Fetterman, D.M., Kaftarian, S., and Wandersman, A. (1995). *Empowerment Evaluation: Knowledge and Tools for Self-assessment and Accountability*. Thousand Oaks, CA: SageFetterman D., Wandersman A., (2005), *Empowerment Evaluation, Principles in Practice*; (Systems Evaluation) Trochim W. *The Evaluation Facilitators Guide to: Systems Evaluation Protocol*, Cornell Office for Research on Evaluation, NSF grant 0535492 2009, <https://core.human.cornell.edu/research/systems/index.cfm>; *Evaluation and Regional Assistance*, Institute of Education Sciences, U.S. Department of Education. Retrieved from <http://ies.ed.gov/ncee/wvc/publications/practiceguides> Cahalan M. (November 2011) AEA presentation, Anaheim California, Treating the US Educational System as a Complex Adaptive System and Investigating Computational Simulation of Federally-Funded Access Program Impacts <http://www.slideshare.net/chearsdotorg/us-college-access-programs-complex-adaptives-system-nov2011>

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⁷⁰ References from the Essays are Contained only in the Footnotes Within the Essays

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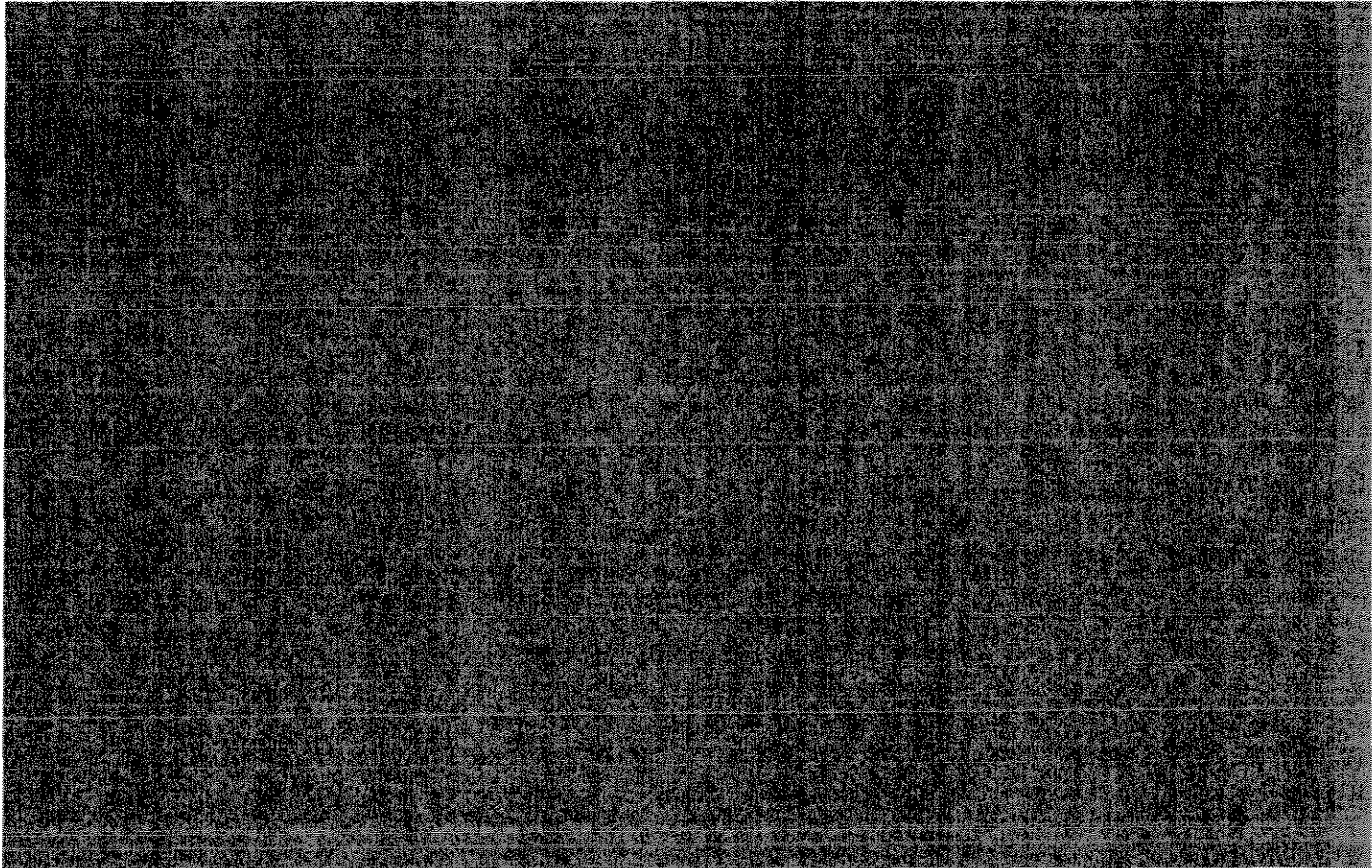
INDICATORS

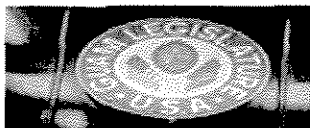
OF HIGHER EDUCATION EQUITY
IN THE UNITED STATES

**45 YEAR
TREND REPORT**

2015

THE PELL INSTITUTE
for the Study of Opportunity in Higher Education





Lisa Dames <cipo@guamlegislature.org>

Fwd: Bill 35-33

Nerissa Underwood <senatorunderwood@guamlegislature.org>
 To: Lisa Dames <cipo@guamlegislature.org>

Tue, Feb 10, 2015 at 4:23 PM

Sent from my iPhone

Begin forwarded message:

From: "Kenneth P. Chargualaf" <kpchargualaf@gdoe.net>
Date: February 10, 2015 at 3:38:58 PM ChST
To: "Nerissa B. Underwood" <senatorunderwood@guamlegislature.org>
Subject: Fwd: Bill 35-33

Sorry, your gdoe email address is still being stored. Hope this is the right email address now.

----- Forwarded message -----

From: **Kenneth P. Chargualaf** <kpchargualaf@gdoe.net>
Date: Tue, Feb 10, 2015 at 3:37 PM
Subject: Bill 35-33
To: Nerissa Bretania Underwood <nbunderwood@gdoe.net>

Hafa Adai! After a quick review of Bill #35-33, I hereby fully support this Bill as I hope our students in four years will reap the benefits of this piece of "legislation". As a parent, one of my major challenges is financially supporting my boys' college education. Fortunately, they applied for FAFSA and they were approved. The cost of college education is becoming too unaffordable and it presents a challenge for students wanting to pursue post secondary education. I know that Bill 35-33 still needs more tweaking but the concept is great. Please accept this email correspondence and treat it as an official documentation for my support for this Bill.

As a forethought, may I ask your office to provide the GEB members notice whenever a Bill is being introduced by your office relative to education. We will be happy to review it and provide input. Thanks.

--
 Kenneth P. Chargualaf
 Member, Guam Education Board

"A leader takes people where they want to go. A great leader takes people where they don't necessarily want to go, but ought to be."

--
 Kenneth P. Chargualaf
 Member, Guam Education Board

TESTIMONY ON BILL NO. 35-33
ROSALIN F. MEEKS
PRINCIPAL OF SOUTHERN HIGH SCHOOL

Thank you Senator Nerissa Bretania Underwood for this opportunity to voice on Bill No. 35-33. This Initiative is an excellent way to provide support and funding that is needed to start our student's education in the Guam Community College or the University of Guam. It is a great opportunity to acquire the money to help jump start our student's interest in their careers and future success or endeavors. This jump start will promote motivation and expectation from our students to enroll at our local public post-secondary institutions. What a marvelous and splendid plan to help our students begin their success and path at the beginning of their 9th grade year.

This will also provide an incentive for students who are undecided or having financial challenges. This will help with their funds on what is available for them to pursue their career.

I am very pleased of your proposed Bill No. 35-33. It is highly commendable and worthy of our student's future path in life. Thank you for continuing to support and promote the success in our children's lives. Thank you for giving me the opportunity to provide a testimony on behalf of the "First Generation Trust Fund Initiative".

I am truly looking forward and hoping that the proposed Bill No. 35-33 goes through.

Rosalin Meeks



COMMITTEE ON RULES

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MAJORITY LEADER

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Thomas C. Ada
VICE CHAIRPERSON
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Michael F.Q. San Nicolas
Member

Senator
Nerissa Bretania Underwood
Member

V. Anthony Ada
MINORITY LEADER

Mary C. Torres
MINORITY MEMBER

February 12, 2015

Memorandum

To: **Rennae Meno**
Clerk of the Legislature

From: **Senator Rory J. Respicio**
Majority Leader & Rules Chair

Subject: **Fiscal Notes**

Hafa Adai!

Attached please find the fiscal notes for the bill numbers listed below. Please note that the fiscal notes are issued on the bills as introduced.

FISCAL NOTES:

Bill No. 32-33(COR)

Bill No. 33-33(COR)

Bill No. 35-33(COR)

Please forward the same to MIS for posting on our website. Please contact our office should you have any questions regarding this matter.

Si Yu'os ma'åse'!

2015 FEB 12 PM 2:17 RY

**Bureau of Budget & Management Research
Fiscal Note of Bill No. 35-33 (COR)**

AN ACT TO ADD A NEW CHAPTER 13A OF DIVISION 2, TITLE 17, GUAM CODE ANNOTATED, RELATIVE TO CREATING THE "FIRST GENERATION TRUST FUND INITIATIVE," IN SUPPORT OF PUBLIC HIGH SCHOOL GRADUATES OBTAINING POST-SECONDARY EDUCATION.

Department/Agency Appropriation Information	
Dept./Agency Affected: A) Guam Department of Education (GDOE); B) University of Guam (UOG); C) Guam Community College (GCC)	Dept./Agency Head: A) Jon Fernandez, GDOE Superintendent; B) Robert Underwood, UOG President; C) Mary Okada, GCC President
Department's General Fund (GF) appropriation(s) to date: A) GDOE - \$201,525,253; B) UOG - \$33,994,707; C) GCC - \$18,291,991	253,811,951
Department's Other Fund (Specify) appropriation(s) to date: A) GDOE - School Lunch CNM Fund (\$10,069,218), Cash Collections (\$1,095,091), Public Library Resources Fund (\$839,429), Territorial Educational Facilities Fund (\$17,967,302), Healthy Futures Fund (\$891,754); B) UOG - Tourist Attraction Fund (\$140,000), Guam Highway Fund (\$500,000), Territorial Educational Facilities Fund (\$1,158,283), Healthy Futures Fund (\$2,281,192); C) GCC - Tourist Attraction Fund (\$24,154), Manpower Development Fund (\$988,586), Guam Highway Fund (\$100,000)	36,055,009
Total Department/Agency Appropriation(s) to date:	\$289,866,960

Fund Source Information of Proposed Appropriation			
	General Fund:	(Specify Special Fund):	Total:
FY 2014 Unreserved Fund Balance		\$0	\$0
FY 2015 Adopted Revenues	\$648,044,542	\$0	\$648,044,542
FY 2015 Appro. (P.L. 32-181 thru 32-204)	(\$648,044,811)	\$0	(\$648,044,811)
Sub-total:	(\$269)	\$0	(\$269)
Less appropriation in Bill	\$0	\$0	\$0
Total:	(\$269)	\$0	(\$269)

Estimated Fiscal Impact of Bill						
	One Full Fiscal Year	For Remainder of FY 2015 (if applicable)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund	\$0	\$0	\$475,000	\$475,000	\$475,000	\$475,000
(Specify Special Fund)	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$475,000	\$475,000	\$475,000	\$475,000

- Does the bill contain "revenue generating" provisions? / X / Yes / / No
If Yes, see attachment.
- Is amount appropriated adequate to fund the intent of the appropriation? / / N/A / X / Yes / / No
If no, what is the additional amount required? \$ _____ / / N/A
- Does the Bill establish a new program/agency? / X / Yes / / No
If yes, will the program duplicate existing programs/agencies? / / N/A / / Yes / X / No
Is there a federal mandate to establish the program/agency? / / Yes / X / No
- Will the enactment of this Bill require new physical facilities? / / Yes / X / No
- Was Fiscal Note coordinated with the affected dept/agency? If no, indicate reason: / X / Yes / / No
/ X / Requested agency comments not received by due date 2/10/2015. / / Other:

Analyst: William P. Tappington, BMA Supvr. Date: 2/9/15 Director: Art S. Calvo, Acting Director Date: 2/12/15 2015

Comments:
See attached comments.

COMMENTS ON BILL NO. 35-33 (COR)

Bill 35-33 (COR) intends to establish a First Generation Trust Fund Initiative and create a First Generation Trust Fund. The purpose of the Initiative and its Fund is to serve as an investment account and will establish a trust fund for eligible graduates of the Guam Department of Education (GDOE) high schools, to be initiated during the first-year term of ninth (9th) grade students entering public schools. According to the Bill's Legislative Findings and Intent, the Initiative shall begin with a \$500 account designed to jump start student enrollment at the local public post-secondary institutions. The Fund shall be administered to adequately cover registration and enrollment fees for post-secondary education at the University of Guam (UOG) and the Guam Community College (GCC).

The First Generation Trust Fund Initiative shall be administered by the Foundation for Public Education, Inc. and shall have custody of the Fund, inclusive of the ability to develop and manage the Fund's portfolio of funds. The Fund shall not be commingled with the General Fund or any other funds of the government of Guam and be maintained in a separate bank account. The Foundation, with the GDOE, UOG and GCC will each commit financial support which totals \$550,000 annually. The Foundation will contribute \$75,000 annually beginning in Fiscal Year 2016. The GDOE, UOG and GCC will all be committing investments through continued funding to be requested in their annual appropriations starting in Fiscal Year 2016 and continuing to Fiscal Year 2024 as follows: \$75,000 from GDOE, \$250,000 from UOG and \$150,000 from GCC.

Financial contributions may also be made to the fund by participating businesses and organizations on behalf of students that perform community service. Additionally, individual family members may also deposit into the student's fund.

The Initiative has a sunset provision that provides an end by the eighth (8th) year of its existence unless new legislation is passed authorizing its continuation. By the end of the 8th year, the total funding contribution towards the First Generation Trust Fund Initiative and Fund from the Foundation for Public Education Inc., GDOE, UOG and GCC will amount to \$4.4 Million.



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MINORITY LEADER

Mary C. Torres
MINORITY MEMBER

February 2, 2015

VIA E-MAIL

anthony.blaz@bbmr.guam.gov

Anthony C. Blaz
Director
Bureau of Budget & Management Research
P.O. Box 2950
Hagåtña, Guam 96910

RE: Request for Fiscal Notes– Bill Nos. 34-33(COR) and 35-33(COR)

Hafa Adai Mr. Blaz:

Transmitted herewith is a listing of *I Mina'trentai Tres na Liheslaturan Guåhan's* most recently introduced bills. Pursuant to 2 GCA §9103, I respectfully request the preparation of fiscal notes for the referenced bills.

Si Yu'os ma'åse' for your attention to this matter.

Very Truly Yours,

Senator Rory J. Respicio
Chairperson of the Committee on Rules

Attachment (1)

Cc: Clerk of the Legislature

Bill Nos.	Sponsor	Title
34-33 (COR)	D. G. Rodriguez, Jr.	AN ACT TO AMEND SUBSECTIONS (a) AND (j) OF §1512.3 OF ARTICLE 5, CHAPTER 1, TITLE 5, GUAM CODE ANNOTATED, RELATIVE TO AUTHORIZING THE REFUNDING OF GOVERNMENT OF GUAM GENERAL OBLIGATION BONDS, 2007 SERIES A.
35-33 (COR)	N.B. Underwood, Ph.D. J.T. Won Pat, Ed.D. R.J. Respicio	AN ACT TO ADD A NEW CHAPTER 13A OF DIVISION 2, TITLE 17, GUAM CODE ANNOTATED, RELATIVE TO CREATING THE "FIRST GENERATION TRUST FUND INITIATIVE," IN SUPPORT OF PUBLIC HIGH SCHOOL GRADUATES OBTAINING POST-SECONDARY EDUCATION.



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V. Anthony Ada
MINORITY LEADER

Mary C. Torres
MINORITY MEMBER

January 29, 2015

MEMORANDUM

To: Rennae Meno
Clerk of the Legislature

Attorney Therese M. Terlaje
Legislative Legal Counsel

From: Senator Rory J. Respicio
Chairperson, Committee on Rules

Subject: Referral of Bill No. 35-33(COR)

As the Chairperson of the Committee on Rules, I am forwarding my referral of **Bill No. 35-33(COR)**.

Please ensure that the subject bill is referred, in my name, to the respective committee, as shown on the attachment. I also request that the same be forwarded to all members of *I Mina'trentai Tres na Liheslaturan Guåhan*.

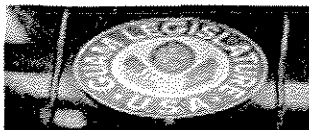
Should you have any questions, please feel free to contact our office at 472-7679.

Si Yu'os Ma'åse!

Attachment

I Mina'Trentai Tres Na Liheslaturan Received
Bill Log Sheet

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	FISCAL NOTES
35-33 (COR)	N.B. Underwood, Ph.D. Judith T. Won Pat, Ed.D. R. J. Respicio	AN ACT TO ADD A NEW CHAPTER 13A OF DIVISION 2, TITLE 17, GUAM CODE ANNOTATED, RELATIVE TO CREATING THE "FIRST GENERATION TRUST FUND INITIATIVE," IN SUPPORT OF PUBLIC HIGH SCHOOL GRADUATES OBTAINING POST-SECONDARY EDUCATION.	01/29/15 11:08 a.m.	01/29/15	Committee on Early Learning, Juvenile Justice, Public Education, and First Generation Initiatives			



Lisa Dames <cipo@guamlegislature.org>

Public Hearing Notice

Lisa Dames <cipo@guamlegislature.org>
To: phmaterials@guamlegislature.org

Mon, Feb 2, 2015 at 12:21 PM

The Committee on Early Learning, Juvenile Justice, Public Education, and First Generation Initiatives will conduct a public hearing on **Monday, February 9, 2015 beginning at 4:00pm** in the Guam Legislature's Public Hearing Room.

The following is on the agenda:

Confirmation Hearing


Mr. Ryan F. Torres, Business Representative, Guam Education Board

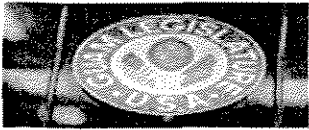
Public Hearing

Bill 35-33 (COR) - An act to *add* a new Chapter 13A of Division 2, Title 17, Guam Code Annotated, relative to creating the "First Generation Trust Fund initiative," in support of public high school graduates obtaining post-secondary education.

In compliance with the Americans with Disabilities Act, individuals requiring special accommodations or services or for further information, please call the Committee on Early Learning, Juvenile Justice, Public Education and First Generation Initiatives at 969-0973/4 or email at cipo@guamlegislature.org

Lisa Dames
I MINA'TRENTAI TRES NA LIHESLATURAN GUAHAN
Senator Nerissa B. Underwood, PhD
Committee on Early Learning, Juvenile Justice, Public Education, and First Generation Initiatives
Phone: 969-0973/74
Fax: 969-09745
email: cipo@guamlegislature.org

 **Agenda 020915.docx**
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Lisa Dames <cipo@guamlegislature.org>

Public Hearing Notice

Lisa Dames <cipo@guamlegislature.org>

Mon, Feb 2, 2015 at 12:20 PM

To: news@k57.com, news@guampdn.com, Sabrina Salas Matanane <sabrina@kuam.com>, Jason Salas <jason@kuam.com>, Mindy Aguon <mindy@kuam.com>, Ken Quintanilla <kenq@kuam.com>, Krystal Paco <krystal@kuam.com>, clynt@k57.com, Betsy Brown <betsy@k57.com>, Jon Anderson <editor@mvguam.com>, "Gerardo R. Partido" <gerry@mvguam.com>, Mar-Vic Cagurangan <marvic@mvguam.com>, louella@mvguam.com, rgibson@k57.com, Jerick Sablan <jpsablan@guampdn.com>, Steve Limtiaco <slimtiaco@guampdn.com>, Gaynor Daleno <gdumat-ol@guampdn.com>, Lifestyles_PD N <life@guampdn.com>, kstokish@gmail.com

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Lisa Dames

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Senator Nerissa B. Underwood, PhD

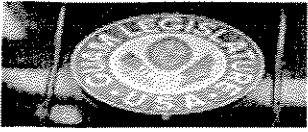
Committee on Early Learning, Juvenile Justice, Public Education, and First Generation Initiatives

Phone: 969-0973/74

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Lisa Dames <cipo@guamlegislature.org>

Public Hearing - SECOND Notice

Lisa Dames <cipo@guamlegislature.org>
To: phmaterials@guamlegislature.org

Fri, Feb 6, 2015 at 9:47 AM

The Committee on Early Learning, Juvenile Justice, Public Education, and First Generation Initiatives will conduct a public hearing on **Monday, February 9, 2015 beginning at 4:00pm** in the Guam Legislature's Public Hearing Room.

The following is on the agenda:

Confirmation Hearing


Mr. Ryan F. Torres, Business Representative, Guam Education Board

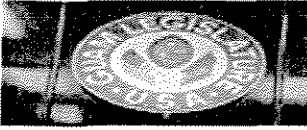
Public Hearing

Bill 35-33 (COR) - An act to *add* a new Chapter 13A of Division 2, Title 17, Guam Code Annotated, relative to creating the "First Generation Trust Fund initiative," in support of public high school graduates obtaining post-secondary education.

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Lisa Dames
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Committee on Early Learning, Juvenile Justice, Public Education, and First Generation Initiatives
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Lisa Dames <cipo@guamlegislature.org>

Public Hearing - SECOND Notice

Lisa Dames <cipo@guamlegislature.org>

Fri, Feb 6, 2015 at 9:46 AM

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Lisa Dames

I MINA'TRENTAI TRES NA LIHESLATURAN GUAHAN


Senator Nerissa B. Underwood, PhD

Committee on Early Learning, Juvenile Justice, Public Education, and First Generation Initiatives

Phone: 969-0973/74

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online shopping. Competition from smaller stores and the rise of online retailers like Amazon.com also have hurt big-box chains.

Office supply retailers also have some unique issues, though. The impact of technology on the U.S. workforce has dramatically

retailers catered to the throngs of workers setting up home offices. But, now with the popularity of smartphones, people can work anywhere. They also are buying fewer PCs and other big gadgets in favor of small devices like smartphones.

Staples has been ahead of its

like copying and offering more items online. It's also been opening smaller stores and investing in services aimed at specific small businesses.

Online sales

But the brick-and-mortar office supply chain business has continued to struggle as online sales have grown. Last

Office Depot, Staples and Office Depot tried to combine forces before but were blocked by anti-trust regulators.

That was almost 20 years ago, however, and with the boards of both companies signing on unanimously to try it again, they appear confident that the landscape has changed substantially.

Responding to Requests for Proposals (room 131) – The Guam PTAC will walk participants through the common sections of an RFP as well as provide tips in response to an RFP. To register, call 735-2552 or email admin@guamp-tac.com. You can also register on the website www.guamp-tac.com.


Free SBA training workshop

(GSBDC) – The U.S. Small Business Administration is offering a free training workshop on Feb. 10 from 9 to 11:30 a.m. at the Guam Small Business Development Center, first floor, training room 148, at the University of Guam School of Business and Public Administration Building in Mangilao.

“Get Into the Zone ... The HUBZone” – Did you know that the entire island of Guam is a Historically Underutilized Business Zone (HUBZone)? This program helps Guam contractors gain preferential access to federal procurement opportunities.

For more information on understanding, applying and maintaining the HUBZone certification, register and find out more information on how to qualify for the program.

Registration



I Mina Trentai Tres na Liheslaturan Guåhan
 33rd Guam Legislature
 Senator Nerissa Bretania Underwood, Ph.D.
 Chairperson, Committee on Early Learning, Juvenile Justice, Public Education and First Generation Initiatives

PUBLIC HEARING
 Monday, February 9, 2015
 Guam Legislature Public Hearing Room

AGENDA

4:00 PM

Confirmation Hearing
 Mr. Ryan F. Torres, Business Representative, Guam Education Board Public Hearing

Public Hearing
Bill 35-33 (COR) - An act to add a new Chapter 13A of Division 2, Title 17, Guam Code Annotated, relative to creating the "First Generation Trust Fund initiative," in support of public high school graduates obtaining post-secondary education.

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PUBLIC NOTICE

The Guam Board of Social Work will meet at 4:00 pm Tuesday, February 10, 2015 at the Board office, Terlaje Professional Bldg, Suite 209 in Hagatna.


For special accommodations or more info call 727-7426.

Funding Source for this ad is government funds.



GUAM DEPARTMENT OF EDUCATION
OFFICE OF SUPPLY MANAGEMENT

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 Barrigada, Guam 96931
 Telephone 671-475-0438 Fax 671-472-5001
 Website: www.gdoe.net



INVITATION FOR BID

GDOE IFB: 010-2015

PREVENTIVE MAINTENANCE, MINOR AND MAJOR REPAIRS OF SPECIAL EDUCATION VEHICLES

SUBMISSION DATE: TUESDAY - FEBRUARY 24, 2015

THIS IFB PACKAGE IS AVAILABLE FOR IMMEDIATE PICK UP AT THE OFFICE OF SUPPLY MANAGEMENT

TIYAN BUILDING A.


500 MARINER AVENUE

OR FOR IMMEDIATE DOWNLOAD AT:
<https://www.gdoe.net/procurement>

A NON-REFUNDABLE CASH PAYMENT OF \$10.00 IS REQUIRED UPON BID SUBMISSION

THIS AD IS 100% FEDERALLY FUNDED Grant Award # H027A130131-13A


/s/ Carmen T. Taitano



GSA General Services Agency
 (Ahensian Setbision Hinirat)
 Department of Administration
 Government of Guam

Eddie Baza Calvo
 Governor

148 Route 1 Marine Drive, Piti, Guam 96915
 Tel: 475-1707-13 Fax: 472-4217/475-1727



Ray Tenorio
 Lt. Governor

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DEPARTMENT OF PUBLIC WORKS
 A non-refundable fee of \$10.00 per bid package will be assessed. Certified Check, Cashier's Check, Cash will be accepted. No personal or company check. Payment for bid package picked up after 3:00 pm will not be accepted.

INVITATION FOR BID

Bid No. GSA-020-15

FOR: SAMPLING & ANALYSIS OF STORMWATER RUNOFF FOR UNDERGROUND INJECTION CONTROL WELLS

OPENING DATE: February 23, 2015 TIME: 11:00 A.M.



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33rd Guam Legislature
 Senator Nerissa Bretania Underwood, Ph.D.
 Chairperson, Committee on Early Learning,
 Juvenile Justice, Public Education and First
 Generation Initiatives

PUBLIC HEARING

Monday, February 9, 2015

Guam Legislature Public Hearing Room

AGENDA

4:00 PM

Confirmation Hearing

Mr. Ryan F. Torres, Business Representative,
 Guam Education Board

Public Hearing

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Updated as of January 15, 2015

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Updated as of January 15, 2015

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I Mina'Trentai Tres na Liheslaturan Guåhan

33rd Guam Legislature

Senator Nerissa Bretania Underwood, Ph.D.

Chairperson, Committee on Early Learning, Juvenile Justice,
Public Education and First Generation Initiatives

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