WASHINGTON, DC, July 22 — Educational Policy Institute President Watson Scott Swail testified before the Senate Finance Committee earlier today. The hearing, entitled “The Role of Higher Education Financing in Strengthening U.S. Competitiveness in a Global Economy,” focused largely on the impact of, and solutions to, the challenges posed by American business outsourcing to other countries.

During the hearing, Dr. Swail emphasized the importance of investing in our education system in order to remain competitive in the global economy. “Our best opportunity for continued prosperity and economic advantage in the United States is to continue doing what we do well. We produce more scientists and engineers than any country on earth. But in order to secure our competitive advantages in higher education and technology, we must exploit our own talent pool toward its fullest potential, and that can only happen if higher education is uniformly affordable for all.”

Dr. Swail noted that the federal government, in concert with the states, must ensure that higher education is affordable for all through a recommitment to need-based aid, institutional quality, and early intervention programs to ensure that all students have the opportunity to attend and excel in postsecondary education. Also testifying on the panel with Dr. Swail was Dr. Susan Dynarski, Harvard University, and Dr. Peter Corr, Senior Vice President of Pfizer, Inc. The full testimony is provided on Page 5.
Latino Youth (continued)

Dr. Watson Scott Swail, president of the Educational Policy Institute and one of the report’s authors, suggested that the findings of this study emphasize points that are generally known but often ignored by policymakers. “The challenges facing Latino students on their pathway to college seem enormous at best, impossible at worst.”

According to the report, Latino youth during high school were more likely to have been held back, change schools, earn a C or less, take lower forms of mathematics, dropout, and earn a GED than White students. In addition, these students were also more likely to come from a low-income family, have a sibling who dropped out of school, have limited English proficiency, have a parent who did not graduate from high school, have children during high school, and have a parent without any postsecondary experience.

“The problem is complex,” says Dr. Alberto Cabrera, co-author of the report. “Latino youth graduate from high school, enroll in college, and ultimately complete college at lower rates as compared to other students. At each stage in the pipeline Latino students face an uphill battle. This is a serious and difficult issue for policymakers.”

The report concludes that policymakers must renew their commitment to the education of all students, including a comprehensive and radical reform effort of the education of youth from low-income populations along the entire K-16 system. Dr. Swail hopes that policymakers will redouble their efforts to ameliorate the barriers facing Latino and other youth. “We had a great opportunity to remedy much of the situation in the 1980s and 90s when our economy was running on all cylinders. We had the money to make a difference. Unfortunately, that opportunity passed without much thought to developing more prudent public policy. We are now in a fiscal situation that prevents us from doing much about it. Simply put, I don’t see how we can make these significant changes required to improve the future of Latino youth without a serious investment in education. But the funding and the political willpower just isn’t there to make it happen.”

See page 3 and 4 for more details on this project. To download the pdf version of this report, please visit www.educationalpolicy.org.

EPI Receives Large Grant from Lumina Foundation

On Wednesday, July 21, the Lumina Foundation for Education announced a new grant of $312,500 to the Educational Policy Institute. The grant will allow EPI to develop a web-based retention audit system for public and private postsecondary institutions which will support the benchmarking of data and identification of practices that help or hinder student retention on campus. The system will be operational by Spring 2006.

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Latino Youth and the Pathway to College

The graphic below is excerpted from the recent EPI report, *Latino Youth and the Pathway to College*. The graphic depicts the number (and percentage) of Latino and White students from pools of 1,000 students in eighth grade as they proceed through the educational pipeline. A discussion of this graphic may be found on the following page.

NOTE: Numbers in parentheses include percentage of larger or parent group.


Download the full report at www.educationalpolicy.org.
The following discussion is based on the epigraph on Page 3.

**College Qualifications.** Based on a college qualification index created by MPR Associates of Berkeley, CA, the analysis found that over half (557) of Latino students were “not qualified” for postsecondary education, compared to 390 White students. A similar number of students were considered “minimally qualified” (166 Latino vs. 136 White). However, the largest gap was at the “qualified” level, where 474 White students were considered qualified for college compared to only 277 Latino students. Thus, a gap of 17 percent exists between Latino and White students with regard to being minimally qualified for college, and a 20 percent gap in the percentage of students fully qualified for college.

First Postsecondary Institution Attended. Of 1000 Latino students, 274 first-time postsecondary students enrolled at a four-year institution compared to 444 White students. When college qualification is taken into consideration, data show that Latino youth enrolled at four-year institutions at rates slightly lower than White students. For instance, among students not qualified for college, 9 percent of Latino students and 13 percent of White students enrolled at the four-year level. At the qualified level, 62 percent of Latino students and 73 percent of White students enrolled at a four-year institution, respectively. This 11 point percent gap resulted in a difference of 170 enrolled qualified students at the four-year level between Latino and White students.

Degree Completion. Of the original 1000 students, 172 Latino students received a BA within eight years of scheduled graduation, compared to 357 White students. An interesting statistic is that 33 percent of Latino BA recipients started at a two-year college—only 18 percent of White students did the same. As one might expect, students qualified for higher education were generally much more likely to attain a BA than other students. Of this group, 57 percent of Latinos and 79 percent of White students secured a degree, illustrating a large gap in degree attainment rates for students who are deemed qualified for college. Within the Latino population, of interest is that students who are “minimally qualified” completed at the same rate as those students who were “qualified” (56 vs 57 percent). This finding suggests that there are other factors outside of academic preparation that impact the ability of these students to attain degrees.

1The college-qualification index attempts to approximate college admissions criteria using cumulative academic course GPA, senior class rank, the 1992 NELS aptitude test scores, and the SAT and ACTS scores.

2Of students who started at a two- or four-year institution only. A small percentage of students who did not start at either of those levels did receive a BA.

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**EPI Announces Appointment of Ramsey to Board of Directors**

Paul A. Ramsey, senior vice president with the Educational Testing Service (ETS), has accepted an invitation to serve as a member of the Educational Policy Institute Board of Directors. Dr. Ramsey brings to EPI an extensive background in educational opportunity from his years of service to ETS. He currently runs the International Division of ETS with responsibility for all products and services offered by Educational Testing Service (ETS) outside the United States.

From 1997 to June 2003, Dr. Ramsey was vice president and then senior vice president of the School and College Services Division, which included College Board programs and the work ETS performs for the National Assessment of Educational Progress, the Educational Records Bureau, and the Southern Regional Education Board. He has been on the staff of ETS since 1979. From 1998 to 2001, he was also vice president for Operations Management, which oversees operations functions for all paper-based testing at ETS.

From 1994 to 1997, Dr. Ramsey was vice president of the Teaching and Learning Division, which creates assessment-, research-, and standards-based professional development materials for teachers. Prior to that, he was deputy director of the team that designed The Praxis Series: Professional Assessments for Beginning Teachers with primary responsibility for the Computer-Based Academic Skills Tests in reading, writing, and mathematics. As a test developer, Dr. Ramsey created topics and scored essays for the writing section of the National Teacher Examination (NTE), the Pre-Professional Skills Tests, and the California Basic Educational Skills Tests. He has been a member and chair of the ETS Fairness Review Steering Committee and served as co-coordinator of the Historically Black Colleges-ETS Collaboration.

Dr. Ramsey is a former high school English teacher. He also taught African-American Literature, Composition, and Renaissance Literature at the State University of New York in Binghamton. After receiving his bachelor’s degree in English Literature from the University of Notre Dame, Dr. Ramsey attended the University of Michigan, where he received both master’s and doctoral degrees in English Literature.

Dr. Ramsey currently serves on the National Advisory Board for the Center for Talented Youth at Johns Hopkins University, the University of Notre Dame Advisory Council for the College of Arts and Letters, and two boards for ETS subsidiaries: The Chauncey Group Europe and Educational Testing Service Global BV.
Higher Education and US Global Competitiveness

The following is the testimony of Dr. Watson Scott Swail, President of the Educational Policy Institute, to the Senate Finance Committee at the July 22, 2004 Hearing on “The Role of Higher Education Financing in Strengthening U.S. Competitiveness in a Global Economy.”

TESTIMONY OF DR. WATSON SCOTT SWAIL, PRESIDENT, EDUCATIONAL POLICY INSTITUTE, STAFFORD, VA BEFORE THE SENATE FINANCE COMMITTEE UNITED STATES SENATE 10:00 a.m. July 22, 2004 Senate Dirksen Building Room 219

Good morning, Mr. Chairman and members of the Committee. My name is Scott Swail, President of the Educational Policy Institute, an international think tank on educational opportunity headquartered in Northern Virginia. We conduct research on issues related to educational opportunity for students, especially those who are historically underrepresented at the postsecondary level.

I was invited to speak today about how the US compares with its global partners and competitors in higher education and how our system fairs in preparing our citizens for an increasingly competitive global environment.

Over the past year there has been an increased awareness of the outsourcing of traditionally US-based jobs to countries overseas. A recent 60 minutes report cited estimates of as many as 400,000 jobs outsourced in the last three years. Most outsourced jobs have been in relatively low-tech areas, such as telemarketing and related employment. But that is changing. IT and engineering positions are now moving from US soil to countries like India, China, South Korea, and Taiwan.

The biggest reason these jobs are being outsourced is cost. Quite simply, US-based companies can find lower-cost skilled labor abroad. Simply put, if the sole interest is to create profit margin, an employer is more likely to hire a $15,000 engineer in Delhi compared to a $75,000 engineer in Reston. Both may have essentially the same credential, but whether that credential is equivalent is worthy of discussion in another forum. Some economists suggest that outsourcing may be the only way for American firms to remain competitive on the international market.

Competition in Higher Education

Higher education is a lever to scientific and technological competitiveness and productivity. As the world continues to open up economically, so does the transfer of information, technology, and the sciences. It follows, then, that our new competitors are becoming prolific in higher education. Between 1990 and 2000, South Korean higher education enrollment over doubled from 1.5 million to 3.4 million; China enrollments grew by two thirds to 9 million between 1995 and 2000, and are likely to be above 12 million this year; and India’s enrollment increased 36 percent between 1996 and 2002 to 8.8 million. Comparatively, our enrollment grew by 11 percent over the 1990s, or about 1.5 million students.

These international trends are fueled by the same factors that fueled our higher education growth in America—a clear understanding of the importance of a higher education to the individual and society. What we see in the Euro-Asian market is an opening of higher education much as saw here at home after World War II. Our troops were welcomed back from the battle field with the GI Bill, which almost single-handedly transformed higher education in America. A similar sea change is taking place on the other side of the globe, but the inducement is not war, but rather, economic prosperity. Places where higher education was reserved for society’s elite has been expanded to a greater percentage of the population. And while it is true that China and India have post-secondary attendance rates which are only a fraction of what we have in the Unites States, the sheer size of these countries’ populations mean that these countries are now producing as many, if not more, higher education graduates than the US.

Preparing for a Brave New World

Our best opportunity for continued prosperity and economic advantage in the United States is to continue doing what we do well. We produce more
scientists and engineers than any country on earth. But in order to secure our competitive advantages in higher education and technology, we must exploit our own talent pool toward its fullest potential, and that can only happen if higher education is uniformly affordable for all. Unfortunately, recent budget cuts at the state and federal levels have left public colleges and universities in dire straights. Need-based aid is stagnated, federal loan limits are too low for many students, and early intervention programs for needy students at the middle and high school levels are dramatically underfunded and reach only a minimal level of students. Don’t let this message get lost—assistance is needed to help our youth see a better future through higher education. If they make it, so will America in the global economy.

Second, we must also ensure that our quality of higher education remains uniquely high. There is worry that the quality of higher education is being diluted in the US because of shrinking resources. Institutions are being forced to cut or limit courses, services, and activities in order to balance budgets. This impacts instructor:student ratios, quality of instruction, and quality of the physical plant and classroom.

And third, and perhaps the most difficult challenge we face, is to turn around our K-12 system. We have pockets of excellence in our public schools from coast to coast, but no uniform stamp of excellence. Again, the budget crunch has hurt our ability to reinvest in education and truly reform how we teach our children, but the truth is that we weren’t doing such a great job of reform during the stunning economy of the 1990s. Between our partisan quibbles about school reform and our fiscal challenges, we are doing a very poor job of finding ways to serve our youth better. If we can recommit ourselves to a high-quality education system, then we solve much of our outsourcing and competitive issues.

Conclusion
In conclusion, I’d like to say that our ability to remain competitive and lead the world significantly depends on our support of the educational process, from kindergarten to post-graduate education. Mr. Chairman, our competitors are not our enemies. Our enemy is here at home in our inability to come together to fund public education. I thank you for this opportunity to testify today.

Coming soon from EPI

Changes in Tuition Policy: Natural Policy Experiments in Five Countries (August 9)
This study explores the effect of various tuition policy shifts in 10 jurisdictions within 5 countries on university enrolment patterns. Conducted by EPI for the Canada Millennium Scholarship Foundation, this publication is scheduled for release on August 9. A second publication sponsored by the Foundation, A Comparison of Four-Year Tuition and Fees and Relative University Affordability in the United States and Canada, will be released this fall.

The Price of Knowledge 2004
EPI Canada is assisting the Millennium Scholarship Foundation in the development of the second edition of The Price of Knowledge. Due out in October, this edition will provide detailed information regarding post-secondary education in Canada.

Value Added: The Costs and Benefits of College Preparatory Programs in the United States, by Watson Scott Swail, is scheduled for publication this fall as a chapter in Tierney, Corwin, & Colyar (Eds.) Preparing for College: Nine Elements of Effective Outreach, published by SUNY Press. EPI will publish a special report upon the book release.
Since the opening of our Toronto office in November 2003, EPI staff, under the leadership of Alex Usher, have published a number of studies. This section provides a brief summary of these reports.

The More Things Change: Undergraduate Student Living Standards After 40 years of the Canada Student Loans Program

This report examines the impact the Canada Student Loans Program has had on university access and student finances since its inception in 1964. The report uses recent data from the Canada Millennium Scholarship Foundation and historical data from a study authored by Robert Rabinovitch in 1965 to compare student demographics and living standards in 1964 and the present day. The report explores changes in the composition of the student body, changes in student income, changes in student expenditures, and the effect these changes have had on access to higher education.

Despite higher tuition, Canadian universities are found to be more widely accessed today than in 1964. However, parental contributions have declined over that period and students are borrowing a greater share of their income. The student experience has changed dramatically with two thirds of today’s students working part-time compared to only one quarter in 1964. Overall, the student standard of living has remained remarkably constant, with incomes equal to 40 percent of the national average wage.

I Love You, Brad, But You Reduce My Student Loan Eligibility: the perils of marriage in Canadian student assistance programs

This short paper provides an intensive policy analysis of the rules surrounding expected spousal contributions, and examines the effects of marriage on eligibility within Canadian student assistance programs. While a number of factors influence their financial aid eligibility, the most common outcome facing married students is vastly decreased eligibility for student assistance.

Outside Quebec, outdated assistance regulations effectively assume that are married students are married to other students. In cases where this is not true, and the spouse is in the labour force, expected spousal contribution rules are so punitive that it is virtually impossible for married couples with combined incomes over $40,000 to obtain a student loan. More striking than the raw levels of expected contribution – close to 90 percent of any marginal income over $20,000 – is the fact that these levels are far in excess of what is demanded of parents in contributions. The net effect is to exclude married students with working spouses from student loans.
CMEC-OECD SEMINAR
The Council of Ministers of Education, Canada (CMEC) and the Organisation for Economic Co-operation and Development (OECD) jointly sponsored a Seminar on Student Assistance held in Quebec City, Canada on May 3-4, 2004. The conference was chaired by CMEC Director General Dr. Paul Cappon and OECD Director for Education Barry McGaw, and was attended by nearly 100 participants from 10 countries. EPI provided a major supporting role in the conference, with EPI Vice-President Alex Usher working on behalf of CMEC to write the conference white paper, organize the agenda, select the presenters, and edit the conference papers. Mr. Usher also presented a paper of his own, giving an overview of educational savings plans around the world. EPI President Watson Scott Swail also made a brief presentation on grant programs in the United States. Papers from the seminar may be found at: www.cmec.ca/stats/quebec2004/documents.en.stm

ACCESSIBILITY OF HIGHER EDUCATION: Challenges for Transition Countries
Moscow, Russia

On June 29-30, 2004, at the kind invitation of the Independent Institute for Social Policy (Moscow) and the International Comparative Higher Education Finance and Accessibility Project (SUNY-Buffalo), EPI Vice-president Alex Usher participated in the international conference “Accessibility of Higher Education: Challenges for transition countries” in Moscow. With support from the Ford Foundation, The Project has explored dimensions of access to higher education in the Russian Federation, and the conference was called in order to exchange information about cost-sharing and the development of student loan programs. Mr. Usher chaired a session on access to higher education in Russia and shared his own work on the role of parents in providing educational funding for students. Papers from the conference may be found at: www.socpol.ru/eng/news/conf_ed.shtml

EDUCATIONAL POLICY INSTITUTE HOSTS STUDENT AID RECEPTION
The Educational Policy Institute sponsored a reception at the 21st Annual NASSGAP/NCHHELP Student Aid Research Conference, June 9, 2004 in San Francisco, California. The conference brings together financial aid researchers and policymakers from around the US, Canada, and the International community to discuss trends and practices in the aid arena.

The reception was underwritten in part by Occidental College, a private, non-profit institution in Los Angeles, and partner with EPI; EdFund, Inc, a loan guarantor based outside of Sacramento, CA, and NASSGAP/NCHHELP (National Association of State Student Grant & Aid Programs/ National Council on Higher Education Loan Programs.

Other Events

Latino Education Conference. Dr. Swail presented the Keynote Address at the Sixth Annual Latino Education Conference, sponsored by the ASPIRA of New Jersey organization. The Conference was held April 4-6, 2004 in Atlantic City. Dr. Swail presented a framework for retaining students in outreach programs and in higher education.

National Education Association Conference. Dr. Swail moderated a panel at the National Education Association’s (NEA) Higher Education Conference in Seattle, Washington, on March 4, 2004. The session focused on upcoming issues facing higher education with special regard to demographic shifts. Joining Dr. Swail on the panel was Mr. Kenneth Redd of the National Association of Student Financial Aid Administrators (NASFAA) and Ms. Cheryl Blanco, Director of Policy and Information for the Western Interstate Commission for Higher Education.
The National Council on Disability (NCD), a non-partisan independent federal agency that makes recommendations to the President and Congress on issues affecting Americans with disabilities, released a paper on May 18, 2004 that concludes that students with disabilities should benefit greatly from the No Child Left Behind Act, signed into law by President Bush in January 2002.

The paper, prepared by the American Youth Policy Forum and Educational Policy Institute, was written to assist policy leaders and stakeholders in identifying, disseminating, and aligning evidence-based practices with the Federal Government’s commitment to leaving no child behind in the attainment of a free appropriate and high quality public education. This paper is a precursor to a more detailed analysis that NCD will be conducting in coming months to provide additional input and recommendations to Congress and the Administration.

Improving Educational Outcomes for Students with Disabilities explores how attitudes and expectations for students with disabilities are changing as a result of NCLB. The paper concludes that there is strong support for increasing expectations for students with disabilities and helping them to improve their academic outcomes. However, there is concern about how states and schools will manage this process, largely as a function of lack of knowledge of effective interventions and strategies. Betsy Brand, Co-Director of the American Youth Policy Forum, suggests that the legislation shows great potential for students with disabilities. “At times there appears to be some lack of will to undertake the difficult change, and fall back on excuses,” says Ms. Brand. “However, our findings reveal a hope that NCLB will result in more equitable outcomes for students with disabilities.”

In addition, the paper looks at the impact of the Individuals with Disabilities Education Act (IDEA), the federal law supporting educational access to students with disabilities, on student outcomes and how well IDEA and NCLB are aligned. Findings indicate that IDEA and NCLB are supportive of each other, but the issue of assessment (IDEA supports individual assessment and NCLB requires group testing) is challenging schools and school districts.

Paper Finds Lack of Evidence-Based Research

The paper also provides a summary of relevant evidence-based research, as well as a discussion of how such research is used by education practitioners and policymakers. Watson Scott Swail, President of the Educational Policy Institute and co-author of the report, led the review of research-based practices. “Unfortunately, the amount of rigorous, evidence-based research on programs that promote positive outcomes for students with disabilities is severely limited,” offered Dr. Swail. “While a few scientifically rigorous studies of programs were identified, there were almost none in the area of dropout prevention, and only a few on the transition from secondary to postsecondary education.”

The paper concludes with recommendations that the nation should “stay the course” on high expectations for students with disabilities; help schools and school districts develop their capacity to meet the needs of students with disabilities; maintain standards for highly qualified teachers and work with higher education in the preparation of highly qualified and special education teachers; create and improve student assessments that are fair for all students, including those with disabilities; provide more information about successful interventions for students with disabilities in helping to reduce dropout rates and improve graduation and entry to postsecondary education; and conduct more evidenced-based research on programs and policies for students with disabilities.

The paper is available at www.educationalpolicy.org as well as the NCD website, www.ncd.gov.
Work-Based Learning & Higher Education: A Research Perspective

The Educational Policy Institute (EPI), in association with the New England Association of Schools and Colleges (NEASC), conducted a report on work-based learning and university-level education in the United States. The findings of a national survey administered to first-year students at eight (8) four-year institutions in the U.S. regarding their work-based learning experiences during high school were combined with a subsequent transcript analysis that included university grade point average, credits earned, and student persistence. The findings include:

- Two-thirds (68.6 percent) of the sample participated in at least one work-based learning activity.
- Females were more likely than males to participate in at least one work-based learning activity (73.3 vs. 62.7 percent, respectively). However, the gender gap dissipated as the number of activities increased.
- 57.3 percent of the cohort expected to pursue academic studies beyond the four-year bachelor’s degree.
- 71 percent of respondents indicated that they learn better through hands-on projects and real-world application than through classroom or textbook instruction.
- Almost half (44.5 percent) of the participants said that high school work-based learning activities furthered their interest in higher education.
- 60.5 percent of students who participated in at least one high school work-based learning activity and 64.1 percent of those who participated in two or more activities earned a college GPA above 3.0, compared to 58.3 percent of the entire cohort.

The authors conclude that students who participate in a high school work-based learning activities achieve at the four-year postsecondary level as well or better than students who do not participate in these activities. Given that vocationally-oriented students are less likely to enroll in a four-year institution of higher education, the findings that this group enrolls at the postsecondary level and does as well as other students has implications for admissions and recruitment practices.

To download this study, visit our publications page at www.educationalpolicy.org.