



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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Opening Statement of Sen. Chuck Grassley
Hearing, "The Role of Higher Education Financing in Strengthening U.S. Competitiveness
in a Global Economy"
Thursday, July 22, 2004

Today, the Finance Committee examines a very important topic – the financing of higher education in this country and the role of federal tax incentives in helping Americans meet higher education costs. We all know that an educated and skilled workforce is critical to compete in today's global marketplace. As we sit here today, there are young people throughout our country and throughout the world with the potential to one day develop the technologies of tomorrow and the engines that will keep our economy growing. It should be one of our primary purposes to ensure that these "bright lights" of tomorrow have every opportunity to reach their full potential and to help lead a 21st century of innovation that is even more spectacular than the one we have left behind.

The tax code is only one piece of our overall education policy, but it is an important piece. In recent years, a number of tax incentives have been enacted to help Americans save for college and other higher education expenses and to reduce the burden of the expenses that they have incurred. We have created new education savings vehicles, allowed for the deductibility of interest on student loans, and provided deductions and credits for higher education expenses.

In this hearing today, we have brought together a distinguished group of witnesses to help us examine what is happening with college and other higher education costs. We will probe key questions confronting us. Where are we today and where are we going with higher education costs? How does our higher education financing fit into our overall economy and our competitiveness in the global economy? How are the tax incentives that we have put in place working? Can they be improved, and if so, how? I am looking forward to hearing the views of all of our witnesses on these questions and this important topic.

At this time, I would like to introduce our first panel of witnesses. Dr. Susan Dynarski of Harvard University's Kennedy School of Government will provide a general overview of higher education financing trends and the tax provisions that we will be examining today tax changes, including credits and deductions, that have been enacted and utilization of those incentives. At Harvard, Dr. Dynarski studies and teaches education policy, tax policy, economics and statistical methods. She has published numerous articles on the economics of education in scholarly journals, with her most recent research focusing on the intersection of tax policy and higher education policy.

Dr. Peter B. Corr is senior vice president for science and technology at Pfizer, where he is

responsible for aligning the company's worldwide research and development organization with licensing activities, science and medical advocacy, global medical relations and science policy. Dr. Corr will testify on the role of higher education financing in developing a skilled and competitive workforce.

Dr. Watson Scott Swail is the President of the Educational Policy Institute in Stafford, Virginia. Dr. Swail will compare the U.S. higher education financing system with other countries. Dr. Swail is well known for his research on college access and affordability in the U.S. and has authored several recent comparative studies between the U.S. and other industrialized nations.

_____ Our second panel is a distinguished group of witnesses who can testify to the way that the education tax incentives we have enacted are working out in the “real world.” Dr. Robert Paxton is the President of Iowa Central Community College in Fort Dodge, Iowa. Dr. Paxton will focus on student utilization of various deductions, credits, etc., and the community college perspective on higher education financing.

Dr. David Forbes has been the Dean of the School of Pharmacy at The University of Montana for the last 17 years. Dr. Forbes will provide a “front lines” perspective on higher education financing.

The Honorable Randall Edwards has served as the Treasurer for the State of Oregon since 2001. As the Oregon State Treasurer, Mr. Edwards spearheaded the effort that resulted in the creation of the Oregon 529 College Savings Network. Mr. Edwards will provide testimony on his experience on 529 college savings plans.

Mr. Chuck Toth is the manager of Education Savings Programs for Merrill Lynch. Mr. Toth will testify on education savings from the perspective of a financial institution that helps its clients prepare for education costs.

Mr. Jim Fadule is the President of UPromise Investments. Mr. Fadule will discuss the UPromise program, and will also discuss emerging trends in higher education financing.