

**TESTIMONY BY DR. ROBERT PAXTON, PRESIDENT
IOWA CENTRAL COMMUNITY COLLEGE
FORT DODGE, IOWA BEFORE THE UNITED STATES SENATE FINANCE
COMMITTEE
ROOM 219 DIRKSEN SENATE OFFICE BUILDING
Thursday July 22, 2004 10:00am**

Good Morning Chairman Grassley, Ranking member Baucus, and other members of the committee.

It is with great honor and respect I give you my perspective on the strong need for financing higher education in America and how that support helps community colleges like Iowa Central Community College in Fort Dodge, Iowa provide access to affordable education for our students and for the training needs of our employers.

Senator Grassley, I appreciate all that you are doing to help provide targeted and very effective tax incentives so our students and workers can afford the education and training they so desperately need. I know for a fact that many of the students we have currently enrolled and in the past, could not have afforded, nor their families been able to afford, to attend our community college.

20% of Iowa's workforce earns \$7/hour or less, and they are the people we need to help get access to technical training and education. Your leadership will help us achieve that goal. If we can help this portion of our Iowa and American workforce get the training and education they need, they will help replace the thousands of Iowa and American workers who will be retiring over the next several years

BACKGROUND:

Iowa Central Community College is based in Fort Dodge, Iowa, with satellite campuses in Webster City, Eagle Grove and Storm Lake, Iowa.

Iowa Central was organized in 1966 with a mandate to offer an array of educational opportunities to residents of a nine county area in north central Iowa. Iowa Central is a comprehensive community college with an open admissions policy. There are thirty-one school districts within our service area with a total population of 141,088.

Our enrollment has doubled in size since 1997 to the current record number of over 5,000 credit students and 38, 209 non-credit students enrolled, even though our marketplace we serve is the fastest declining population region of Iowa. We are the 43rd fastest growing community college in the nation, out of over 1,000! The average age of our students is 20.4 years old.

As the cost of higher education has exploded, it is critically important that state and federal funding be targeted to areas of specific need within the higher education community. We feel students should be given the option of selecting the most practical and cost-effective higher education delivery mechanism available to them so state and federal assistance that is provided can be maximized.

HOPE AND LIFETIME LEARNING TAX CREDITS / OTHER PROGRAMS

At Iowa Central, of the approximately 5,100 students enrolled, 3,479 were notified via the IRS Notice 1098T, that they or their parents were eligible to receive the Hope and Lifetime Learning Credits. We estimate the average benefit of these credits for each Iowa Central Community College student to be approximately \$841 dollars annually. If each of those

students/parents took advantage of those credits, Iowa Central and those families would have received an in-direct benefit of over \$2.9 million.

Statewide, in 2001, over 95,000 students were able to take advantage of these credits with a value of over \$72 million dollars.

Iowa Hope and Lifetime Learning Tax Credits

Year	Number	Dollars
1998	78,390	57,938,000
1999	93,591	71,596,000
2000	93,110	70,529,000
2001	95,163	72,139,000
2002	Not available on July 19, 2004	
2003	Not available on July 19, 2004	

Source: IRS via. Iowa College Student Aid Commission

As you can see, there has been strong growth in this program so we hope you will continue to fully fund them because they get into the hands of the students and their families, not the education bureaucracy. This outstanding program will allow us to educate and train our students while helping families afford higher education tuition.

SUMMARY OF IOWA CENTRAL COMMUNITY COLLEGE SKILLED TRAINING NEEDS

To put this in perspective, a recent Iowa Central survey of area employers revealed a crucial need for replacement workers as the "Baby Boomer" generation retires. The "Skills 2006" Survey that Iowa Central conducted is part of a state wide study by Iowa's community colleges to target their workforce training and resources, "to improve Iowa's economy by adjusting community college curriculum to meet the immediate needs of employers and the workforce".

This important survey focused on Iowa's three-targeted clusters:

- **Advanced Manufacturing;**
- **Life Sciences;**
- **Information Solutions.**

The biggest issue facing employers is the need for skilled replacement workers. The survey results indicated that the demand for replacement workers exceeded the demand for new positions by 3 to 1. Further broken down the survey showed that:

- **37% of the replacement jobs will require at least a high school degree;**
- **57% of the replacement jobs will require a technical certification or two-year community college degree;**
- **6% will require a four-year degree**

Employers are using all available resources to educate and train the existing workforce and 87 percent said they use community college trainers and services.

The study also revealed the three major factors impeding employers from growing or expanding in our area.

- 1. Quality of the workforce**
- 2. Labor attitude**
- 3. Availability of skilled labor.**

The Center for Rural Development, a division of the Kansas City Federal Reserve Bank, has concluded that where there are pockets of prosperity in rural America you will find a skilled workforce, a two-year technical college and regional economic development cooperation among communities.

SUMMARY

Anything you can do to maximize the Hope and Learning Tax Credit programs, keep the deduction for student loan interest, and Education IRA's would be very helpful. It would also be helpful if at some point in the future you could look at the modification of the Reed Act which regulates how states can distribute excess Federal Unemployment Insurance Trust Act reserves. These "excess" dollars could be better managed at the state level and could possibly be used to create "Community College Job Retention Training Funds" at the state level nationwide. It would not be a tax increase, just a better use of excess Federal Unemployment Insurance Trust funds by helping retrain workers they may have been laid off or could be laid off if their skills are not updated.

Bottom line, from my perspective, the more you can do to keep federal programs as targeted and flexible for the students and business and industry, the better. A locally elected, democratic board of directors who are accountable to local taxpayers manages our community college, like most. We know best how to meet the needs of our students, workers and business marketplace, so give us the assistance we need and let us train our existing and future workforce.

Thank you for your consideration of my thoughts and on behalf of Iowa Central Community College, its students, faculty, staff and board of Directors, thank you Senator Grassley for all you are doing for us. I would be happy to answer any questions you may have.