

So with that, we'll get started this afternoon talking about community colleges. We've obviously over the past 16, 17 months now, the President and others in the administration have spoken about the need to improve our performance as a nation in terms of producing credentialed post secondary education graduates, industry-recognized credentials, degrees, that sort of thing. I think those of you who were around on Tuesday, the opening session, you heard Deputy Secretary Tony Miller mention that the President has said on a number of occasions that the countries that out-educate us today will out-compete us tomorrow.

Up until 40 or so years ago, maybe not that large a concern. The United States was very much a closed economy at that time. I think it was only 5 or 6 percent of the economy was related to exports and imports. We pretty much produced what we consumed. Part of that obviously derives from the happy consequence of having an ocean on that side and another ocean on that side. Economically speaking, certainly in rather world terms, a rather isolated and, as I say, a closed economy.

Of course, that began to change in the early '70s first with our thirst for oil began to exceed our domestic supply. So we had to spend more money to purchase energy basically. Not long after that, a lot of the electronics industry started relocating overseas. Then in the more recent past, probably the last 20 years or so, the rise of Pacific Rim nations: Japan, South Korea, more recently Mainland China. Again, circumstances have changed in the not too distant past, and we are now more reliant on having a global economy. So we need to address that, and we have done it somewhat over the past several years, especially in terms of capital markets. The United States still has a lot of – maybe not so much in the last couple of years, but for the most part has had a lot of cash to invest, and we've invested as a nation overseas. So, again, the point simply being that we have moved away and my sense is probably forever from the notion where we can kind of do it all on our own. Very much reliant now going forward on the global economy. With that in mind for future workers, community colleges are going to be vital to educating and training them.

We know from our Bureau of Labor Statistics that occupations requiring a two year Associate Degree will be growing faster than those occupations requiring a four year degree over the next several years. Also, for dislocated workers, workers impacted by changes in the economy, community colleges are also crucial. Research indicates that displaced workers who attend community colleges substantially increase their long-term earnings, particularly if the classes are in coursework and programs that are related to high growth industries. Community colleges kind of have that unique position, locally based. They can work with local employers in the private sector to address workforce shortages and create tailored educational programs and partnerships with local businesses. They lead the way in preparing graduates in the fields of green technology, healthcare, teaching, IT, and clean energy technology, some of the fastest growing fields in America.

Again, we are as an administration, as a department, committed to investing in community colleges so that they can provide the educational opportunities and the job

training that we need again for the United States to compete effectively in the world economy. Again, you'll see up on the screen there a very high proportion of new jobs over the next several years will require post secondary education and training of some sort; yet, a majority of Americans lack such credentials today.

You've heard it before many times. You'll hear it one more time, but it will not be the last time about the President's 2020 goal, again, to reclaim our place among the countries of the world as tops in the proportion of adults with a post secondary education or credential. A few years ago we did lead the world. We've been right at 38, 39, 40 percent of our population with such credentials. Other countries have passed us by in recent years, so I think we are about 12th or 13th now when you look at this particular ranking.

In order to retain that leadership lead position, we have to increase that credential completion degree attainment rate by about 50 percent. This is not just 4 year colleges, not just 4 year college degrees, not just associates degrees 2 year colleges, but it also is certificates and other, as I mentioned, industry-recognized credentials. We need workers with the knowledge, advanced skills, and abilities again to compete in the global economy. Over the next several years, above normal increase. I mean we have normal population growth and there is sort of a normal increase in degree attainment, completion, that sort of thing. But beyond sort of the normal increases associated with simple population growth, we'll need, as you see, about 8 million additional graduates over the next 10 years. The majority of those we're looking at community colleges to help produce.

It's not only about getting more students into college, post secondary education and training, but it's also getting them through that process and out the other side with a degree or credential. There are enormous challenges associated with this. Too many of our young people do drop out of high school. We have too many that leave their families and kind of wander out on their own, if you will. We do a darn good job of getting high school graduates from our wealthier families, but for that bottom cortile, we just need to improve. So we know that if we continue to do what we've been doing, it will not be enough to reach our goals.

Now, really what we're talking about here is some kind of K12 pipeline issues. We know there are leakages in that pipeline, and we've moved ahead in the past couple of years to try and address some of those in creative and new ways. The reason we are able to do that is funding that we got from the American Recovery and Reinvestment Act, the stimulus legislation that the Congress passed about a year and a half ago. Now, that was \$787 billion in spending and tax cuts. I'm sure you know about it. It was in all the papers, but we got about \$100 billion out of that nearly \$800 billion here in the Education Department. A big chunk of that, \$17 billion was for Pell Grants. We increased the maximum award by \$619.00 in 2009/2010.

There was also some additional funding in there for expansion of the post secondary education tax credits, but more importantly in terms of if we're thinking about K12 and

some of these pipeline issues and concerns, it did provide a large chunk of money over half of it about \$54 billion for assistance to – part of it was for colleges and universities, but also for local school districts, states on the K12 side. Again, there are some efforts in that area, but it's just gonna take a while to just kind of plug those leaks or at least begin to plug those leaks in the pipeline. There's again more of the challenges that we face in thinking about the issue today as opposed to some results we are hopeful of getting in the future through some of our initiatives around basically with our stimulus money. Again, there are real issues now, and you see some of them up on the screen.

We have too many working adults that have no post secondary education at all. Again, too many working adults who lack a high school diploma or GED. Another large number of high school graduates who have no college education. Again, another large proportion of the working population that apparently have tried college or post secondary education to some degree, but have not completed it. Now, unlike elementary or secondary education, there is not a state in the union that mandates attendance for post secondary education. Often, people attend community college, four year college for shorter term training programs and get what they need. Maybe they don't need a two year degree. Maybe they don't need a four year degree. Maybe they have gotten what they need. Of course, we hear and I'm sure you hear it too when your students don't return that a large problem with that is financing. Yeah, college is expensive.

We're working very hard on sort of that access end; as I mentioned, the expansion over the past couple of years of federal student aid and, in particular, the Pell Grant program. We keep coming back to where we really need for our post secondary students, our college students to number one, come into post secondary education well-prepared. Again, we get back to the pipeline issues and you see there that too many students attending community colleges are in need of some remedial education before advancing or pursuing into a post secondary education program. So these are again – if that's not enough, wait, there's more – challenges. The very typical community college student is part time, 60 percent or better. The completion graduation rate at least by our measure – remember, the measure that we use now is about first time full year undergraduates. I'll come back to that in a second, but we do know that also from our own data, our own research that it's very common for community college students to start in one place, but attain their certificate or degree somewhere else.

Again, that transfer behavior is very apparent in this particular sector. Of course, that makes some sense in the sense that community colleges are still in terms of college education, still a great bargain. A couple of weeks ago the college board came out with their latest trends in student aid, trends in college pricing reports, and the average tuition and fee for a full time student in community college is still only around \$2700.00. So you couple that with the recent increases in our Pell Grant program, some states have actually increased some of their grant support as well over the past several years. Again, the community college education does become very affordable. Again, owing to individual student-family mobility, we still see a lot of transfer behaviors in the sector. That's not a bad thing at all, but again we do see slightly higher currently rates of completion for students who attain at the community college where they started.

Again, that's another sort of leakage in the completion pipeline for community colleges when a student starts at one community college, but then transfers to another. Not a big leakage, but a leakage nonetheless. Again, as we say, there are a number of specific and significant challenges as we move forward. Again, the student body at community colleges, as I said, 60 percent of them roughly are part time. They tend to be workers who study as opposed to students who work; a very common, again, characteristic of community college students. In fact, when you look at community college students who are under the age of 24, kind of a nice proxy for dependency status in the student aid programs, so again young students at community colleges, sort of the more traditional aged, 84 percent of them are working at least part time; many of them full time.

Again, it's a very different circumstance when you're dealing with a population that are largely workers who study as opposed to students who are then employed part time, in many instances on campus, especially at four years colleges and universities. The community colleges, again, they enroll very high proportions of minority students and students from other underrepresented groups. Again, for minority and underrepresented groups, these are the very often the first members of their individual families to attend college. Again, typically not the traditional college aged student. When they tend to be the more traditional college age student, they don't behave like a traditional college age student because they tend to work more. Also, the notion of a higher proportion of first generation college students.

What have we done to support the President's goal? Again, I mentioned over the past year and a half or so, the stimulus legislation. Again, big increase for Pell Grant; also an expansion of the Hope Tax Credit, now the American Opportunity Tax Credit good for 2 years, 2009 and 2010 tax years greatly expanded the value from about \$1800.00 to about \$2500.00 per year per individual student, and not just for the first 2 years of college, but all 4 years of undergraduate work. Then to help provide even additional assistance to lower income students, part of that, 40 percent of that credit being what is known as refundable, meaning that a credit is an offset against your tax liability. If you don't have enough tax liability to take advantage of the credit if it's not refundable, well, that's the way it goes. If it is refundable like the Earned Income Tax Credit, then Uncle Sam pays you.

Again, lower income people without a lot of tax liability being served better through the education tax incentives in the tax code. The expansion of the Pell Grant Program, I mean we went really very quickly from somewhere around 5 and a half or 5 and three quarters or a little bit less than 6 million students in a couple of years up to 8 million recipients in the Pell Grant Program. Again, a large percentage of them as well as the dollars for community college students somewhere around 40 percent of the people and a little bit just slightly less than 40 percent of the dollars for students attending community colleges. Again, that's the effort around really the access part of this, but we also, again, in keeping with the President's goal; it's not just about access to post secondary education, but it's also about success at the other side. Again, that degree, that certificate.

I mentioned briefly also out of the stimulus legislation, the State Fiscal Stabilization Fund, \$54 billion roughly or something like that, but again a large part of that for K12 for states, local school districts. That's fine. We know we have issues in that K12 educational pipeline, but also there was a portion of that, I think it was somewhere around a little bit less than 20 percent of that amount, 18 percent or something like that to governors for their use, which could include some support for higher education in the state. Again, a lot of the legislation was written such that it did provide a lot of flexibility for – I'll call them grantees – but basically for the states, both on the K12 and the higher education side.

What's more interesting and for us going forward, there was within that stimulus money, a set aside of about \$4.5 billion for the Secretary of Education to essentially use as he saw fit; basically a very large discretionary pool of money. The intention that we had in the Education Department, the intention that the Secretary had was to use those funds for competitive grants to states; not all states. Again, this was competitive, so it's not a notion of all 50 states get something. They had to compete and there would be winner and there would be losers. Basically, to provide funding to drive educational reform at the K12 level, at the state and local school district level.

A significant thing here, I mentioned \$4.5 billion dollars or so in discretionary funding. I think the most we had, any of our prior Secretaries had at his or her discretion was a number of years ago. Secretary Page had a \$17 million discretionary fund. Again, you may have heard these, the Race to the Top Initiative, the Investing in Innovation in Institutions. Again, these elementary and secondary initiatives – we are working to drive education reform and improvement at that level. The reason I mentioned that in this context is that we are thinking about how we might take sort of a similar approach with higher education, post secondary education. Again, some competitive grant funding to drive to get toward the results that we are interested in at the college and university post secondary level.

We don't have anything on the table at the moment. The way the administration, the way the department advances its policy proposals is generally through the annual budget process. So, it's that first week in February every year when the President submits his annual budget request to the Congress. That's when will be sort of the next opportunity to see what the Education Department is thinking about in terms of funding innovating approaches at both the state and institutional level to help drive us towards achieving the 2020 goal. We, again, over the past couple of years, both our 2010, 2011 budget request – 2011 is still pending in Congress. We mentioned that at the general session this morning, but again real aggressive budgets. We got this past year a lot of what we had requested in our FY10 budget through the Healthcare and Education Reconciliation Act, the SAFRA portion of that, the move to 100 percent direct lending, and then the bulk of the savings associated with moving to 100 percent direct lending to fund additional increases in the Pell Grant Program and for some other purposes.

Now, we had a proposal for something we call the American Graduation Initiative which had a community college aspect to it, but the notion behind – it was the large money. I

mean it was \$10 billion or \$10.5 billion over 5 years, so a couple billion a year. Our approach was that we would have states and institutions competing for grant funds. Basically our idea was that we were looking for successful programs and initiatives, successful meaning demonstrating results at sort of more granular levels even below the state level, maybe within community colleges; but efforts to increase and expand and enhance persistence, completion, graduation, degree attainment, that kind of thing. And to identify those through a competitive grant process; those that are promising, have demonstrated results and would be scalable. Then we put some federal investment towards those smaller projects to ramp them up, to scale them up so that we could get the benefit of their ideas and actions and results at a broader scale. This is not unlike some of the efforts that are ongoing with some of the major funders of education, research and reform, and the foundation. Lumina comes to mind. Gates comes to mind. There are several others.

Again, that was what we were very hopeful of achieving. When the SAFRA legislation was passed last March, we came about this close to getting it. It kind of fell out at the last minute and really for some procedural reasons having to do with the way reconciliation, budget reconciliation bills are, the process that they take through the Congress. We are sad about that. We didn't get our American Graduation Initiative, our \$2 billion per year over 5 years, but we did get \$2 billion spread out over 4 years for an existing program, the Trade Adjustment Act. Basically, that's a program that is currently authorized, that exists, that's in the Department of Labor. As you see there, it's basically a program where community colleges compete for funds. Well, it's community colleges and other institutions of post secondary education to help them develop, offer, improve education and training programs suitable for workers, other individuals who are eligible for Trade Adjustment Assistance.

Again, the notion here a little bit more narrowly focused than what we were thinking about, but again persons who have been adversely affected by local employment conditions. Maybe a large local employer has closed, relocated, not quite kind of the General Motors example in Flint, Michigan, but on kind of a smaller scale there. Again, that idea so that as the local labor market and local economy changes to have federal support, federal investment to help the education providers, education and training providers, and in particular community colleges to help develop these programs for retraining these individuals.

Again, it's the notion around completion of degree certificates and other industry-recognized credentials. It's also more of a short term focus, two years or less, very common obviously at the community college, but again develop these programs that do lead to, as we say, the high quality jobs with family-sustaining wage rates. So, we are moving in that direction. Again, as we said with the American Graduation Initiative, we're kind of looking for things that work. So this investment here through the TAA Program, where we want to incentivize those evidence-based projects to build career pathways with businesses, partner with businesses, advance basic skills for individuals, and support new programs, new courses, new ways of ensuring that our citizens in need of worker retraining are able to achieve that.

Again, as I mentioned, this is a program that the Department of Labor has responsibility for. We have worked closely with them over the past several months to develop this program. There will be shortly – it hasn't happened yet – but the Department of Labor will be issuing a notice, Federal Registered Notice solicitation of grant applications to move that program forward. Again, it's \$500,000.00 a year over the next 4 years.

What else are we doing? In early October the President launched a new initiative – you see it there – Skills for America's Future. Again, the notion here is to expand innovative strategies and improve the skills of America's workers. Again, these kinds of efforts, they start with kind of a big splash. Hard to get much of a bigger splash than the President to sort of talk about your stuff. Again, the notion here is to build high impact partnerships among post secondary education and training providers, industry, labor unions, etc. in all 50 states. Again, this is in support of the President's goal and our need to increase by about 5 million students the number of community college graduates over the next 10 years. That's nice. We have an initiative. We have some words around that, and the President has spoken to it. What's next?

Well, as I mentioned a few minutes ago, we have the initiative announced. Now, what do you do? Well, we will be indicating what we will do when we announce our policy proposals. When do we do that? When the President releases his budget request. Again, there is not a lot for us to say about this at the moment other than to remind everyone that you don't have a circumstance where the Whitehouse kicks off an initiative and then you don't do anything. So there will be more on this obviously in a few months. Coincidental or again with that same theme, earlier in the year the President asked the Vice President's wife, Dr. Jill Biden – I'm sure you all know that Dr. Biden has been a community college professor for years, I guess more recently in Delaware. I guess when her husband got housing in Washington, D.C. transferred or was able to secure employment at Northern Virginia Community College. I don't know. I've never been a college faculty member, but that notion of employment mobility does have some appeal. So we are all happy that she was able to locate more locally.

At any rate, the President did ask Dr. Biden to convene the first ever Whitehouse Summit on Community Colleges. Again, this is another spotlight to highlight the critical role that community colleges play in the development of our national workforce and support of our expanding economy. So, that first summit was again a lot of spotlights. A lot of interest occurred in that first week about two months ago now. I think it was the first week of October. It was a day long event, and actually my boss, Martha Kanter – you all know Martha Kanter was Chancellor President of De-Aza Foothills Community College, the first community college president to have one of the top leadership positions within the education department meaning Secretary Deputy, Under Secretary.

Again, we were excited when Dr. Kanter was nominated. We have continued to be excited over the past year or so as we have worked with her pretty much on a daily basis. Again, the purpose of the summit brought together employers, faculty, presidents, philanthropists, students, again to talk about innovations and partnerships that might be

forged and again to drive this sector especially towards a greater persistence completion and graduation rates. Again, that was a one day thing. That was great. What's next? Again, as I say, there will be obviously some – maybe not so obvious to me, but obvious to me – some policy proposals coming forward in the next several months. That was really just the first step again in a longer process. So the longer process will involve additional – I don't know if we really call them conferences – but more like listening towards them.

I'm not sure if this will be like in the fall the Secretary gets on a bus and drive around and the school districts are listening to her, back to school. I don't know if people will be riding a bus around, but I do know that there will be continued conversations. In fact, there is one tomorrow back where I live. I live in Maryland. If any of you are there and going home this evening or have friends in Maryland, there is the Maryland Association of Community College. They had a meeting this week and tomorrow is the final session. Under Secretary Kanter again will be providing remarks at the closing of their meeting. Again, as we say, the summit was about beginning this conversation and again here is a continuation of that conversation. We anticipate more of that over the next several months. Again, we are committed in the department to using our fiscal and human resources to support the efforts at community colleges to provide high quality education and training to our students; again, pointing to the President's 2020 goal.

A couple of final thoughts. I don't know many – probably a number of people in the room are familiar with the Fund for the Improvement of Post Secondary Education, FIPSE. It is a program that is administered in my office, in the Office of Post Secondary Education. The way to think about FIPSE is it's a public foundation. It has very broad statutory authority, so generally the way we think about it again as a public foundation that whatever crazy idea you think you have that might get funded, tell us about it, and maybe we will. That's the near 40-year history of the program now, but because of that broad statutory authority of kind of – here's some money; do some good stuff with it – we also can target some of that program money to the sort of specific kinds of initiatives, specific kinds of outcomes, specific kinds of experiments that we want to learn more about. We call those Special Focus Competitions. I mean we make up the rules. We make up the priorities. We invite colleges and universities and others to apply for grant funding under sort of these conditions, and this is what we're looking to accomplish through this grant program.

So for the past couple of years we have held, again, on our own, these special focus competitions around innovative strategies and community colleges for working adults and displaced workers. So, again, it's a little bit repetitive here, but basically we are looking, continue to look, have looked – we've done it twice now – to fund projects that propose innovative strategies that benefit working adults and other displaced workers who are pursuing degrees or credentials in community colleges. Again, we're looking for those kinds of projects that provide activities, that fund activities, that improve academic remediation, provide tutoring, academic and personal counseling, helping with application, registration, enrollment, course selection and scheduling, delivery of

instruction, support services related to child care, transportation, educational costs like textbook rental, and career counseling, those kinds of things.

Again, you think about those – those are really – well, I did mention admissions and enrollment, but basically the rest of it is about helping to get students kind of through the post secondary education pipeline. Again, this is another way that we are looking for some promising practices at local levels, at institutional levels that maybe in the future we can scale up, ramp up, provide additional federal investment to broaden the results and the outcomes of these efforts.

I think the last thing I want to talk about is what we call the Committee on Student Success. We talked a little bit earlier about graduation rates and the measure that we use in the Education Department, familiarly known as the IPEDS measure. Again, first time full year students. That's the cohort; that's the denominator. What happens to them at various points in the future? There is certainly recognition and in this case by the Congress because this is actually an advisory committee that was authorized by the Higher Education Opportunity Act to look at different ways of measuring student success, degree attainment completion at community colleges. Everybody knows that community colleges have widely varying missions and the current performance measures that we have in place, basically the IPEDS rates just don't capture the successes for the goals that many individual students have for themselves. So, the idea here is to have a group of experts, we've named them and they've agreed to serve. We actually did have the first meeting in Washington on October 20. So their charge is to examine sort of the current way we calculate these kinds of student successes for community college, and think about ways and recommend ways that those might be improved upon or some different methodologies that might be employed in the future.

Now, we have an interest in the Office of Post Secondary Education from a policy perspective, but this is actually an activity that is being run out of our National Center for Education Statistics, basically the folks that are responsible for, among other things, IPEDS. So they have a lot of experience over the past 15 years now I guess with the graduation rates survey. As the data collectors and aggregators, they've probably heard even more complaints about the current process than we have on the policy side. Again, the statutory requirement is for the committee to report out within 18 months of their first meeting. So they met for the first time this past October 20th, and so whatever October 20, 2010 plus 18 months is – that's when we'll see the final report from the group. They have, as I mentioned, met for the first time. They will be meeting additional times. All of this information related to the committee is on the web site. It's on the website of the National Center for Education Statistics, so that's nces.ed.gov. You just search for, as you see there, the Committee on Student Success and you'll get to the page on the NCS website that has this information.

Again, we're patiently waiting the results of that activity and to see what that committee comes up with to help us frame our responses around how we get to achieving the President's 2020 goal. So, I've probably chewed enough air now, about 50 minutes worth or so. If you have any questions, I'll be happy to take them. Let me put my

contact information up there real quick. There it is. So, I welcome questions now or if you think of one later you can always e-mail me. Our convention at the department e-mail address is first name dot last name at ed.gov. So Arnie.Duncan@ed.gov.

(Laughter) Yes, it is. So again, thanks a lot. We have microphones here.

Female: Just a question that you may not have the answer to, but are you aware of any particular resources that are being used that would provide data or other study background that suggests that the projects that are being launched or are planned for launch to support the President's goal are actually going to move the bar on how many students from low-income backgrounds go to college? Are there sources that you could recommend that we read?

Well, I think one of the places where you can go, as I mentioned FIPSE, they have funded a number of projects not unlike this in the past. Again, maybe not so much for community colleges. That's more recent, but some projects around increasing, as we say, persistence completion graduation. Now, the FIPSE website, which I think you can get to from the main department website, ed.gov, and then just put FIPSE in the search, and you get to the FIPSE page. They have a complete abstract online of the projects that they have funded over the years, and information on how you can actually get copies of performance reports and that kind of thing. That's one that comes to mind immediately from the program side.

I know that some of the, as we say, the funders, philanthropic groups that have been involved in this issue over the years – I know that Lumina, of course, comes to mind. They've had some activity in this area and I know that they periodically report on their grant making activities as well.

Female: Hell, Dan.

Hi.

Female: Related to the Whitehouse Summit, I understand that there was quite an extensive and illustrious group of invitees there, but I also understand there was only one person who was involved in student financial aid. Can you tell me what the objective was in the invitation list to only have that number of financial aid individuals, and will there be any possible followup that will allow for more inclusion of financial aid administrators in a similar summit?

Yup. Well, I think to answer your second question first, there will be these additional kind of listening sessions or regional tours; not terribly dissimilar from the one in Maryland. I should have mentioned that it's in Anna Arundel Community College tomorrow afternoon. I think the answer is yes. I know that in terms of the Whitehouse Summit, I mean it was a limited invitation list. There are obviously a lot of other concern areas beyond financial aid; curriculum, instruction, those kinds of things. So, I think

yeah by starting with a relatively limited invitation slots available, that there was obviously some limitations on who was able to attend. Again, as I say, the thinking is that over the next several months and well into the spring that there will be additional opportunities for broader participation within the conversation around community colleges.

Female: Thank you.

We still have two open microphones. All right, well if a great thought comes to you or maybe not so great, again, please feel free to contact me. Thank you very much.

[Applause]

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