

HB 435 – Senate Education CommitteeTestimony by Sheila Stearns, Commissioner of Higher Education

I rise in support of HB 435.

As many of you know we have been working very hard this past year on a set of initiatives to grow Montana's economy. This process has involved the Governor's office, legislators, business leaders, and hundreds of citizens from around the state. Senators Ryan and Barkus were closely involved and we thank you for your participation and support.

Of the initiatives we have given a priority, probably the largest is to remove the barriers our students face in accessing postsecondary education in the state.

The data is irrefutable. In today's economy a worker must have education beyond what we can provide in high school if he or she expects to earn even an average wage that keeps up with inflation. On average, a worker with at least some postsecondary education – one year certificates, AA or AAS degrees, bachelors or advanced degrees – earn 60% more than those with a high school diploma or less.

Today, Montanans face increasingly high postsecondary education costs relative to income levels. In 1994 Montana's average in-state tuition was \$27 below the western states region average but by 2004

it was \$703, above that average. Montanan's now pay a 40% higher share of their income for resident tuition than the other western states' average. This is not as much of a barrier if this higher tuition is combined with high tuition assistance, but Montana's need-based aid averages just \$62 per student compared with \$238 for the region.

HB 435 takes a significant step forward in making postsecondary education more affordable, and in particular providing additional need-based aid for our students. We are thankful that the Governor has given a priority to start lowering this barrier for our citizens.

I would ask the committee to consider one issue. As of last Friday when HB2 finished in Senate Finance and Claims, the funding for this scholarship program has been cut in half from about \$3 million to \$1.5 million. Of course, we hope this funding can be restored. But if the funding stays at the current level we ask this committee to consider providing guidance on how to implement the funding cut. We have basically three choices: cut the scholarship amounts in half, cut the scholarship numbers in half, or eliminate certain types of scholarships. Each option has implications for administrative costs, education policy, and the political coalition needed to maintain support for this important bill. My staff and I are certainly available for questions at this hearing, but also to work with this committee after the hearing on developing the best way to modify this legislation.

Thank you.