

5-31-2007

Board of Regents Meeting

Max S. Baucus

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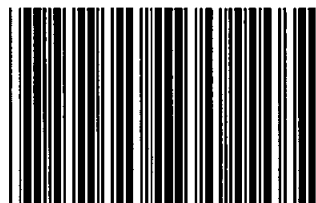
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(2) Subject* **Statement for the Board of Regents Meeting**

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* "required information"



BAUCUS

**Statement for the Board of Regents Meeting
Chairman Max Baucus
May 31, 2007**

Good afternoon. Thank you for inviting me to the Board of Regents meeting in the great Miles City. I am honored to be part of the discussion on the future of higher education in Montana. You all are to be commended for your efforts.

As Montana's Senator, one of my favorite things to do is visit with students from schools all across Big Sky country. From Eureka, Belgrade, Chinook, to Ekalaka, I've had the honor of meeting with thousands of students over the years.

Though our conversations are always different, one issue that often comes up is the cost of college. This is an especially important topic with high school seniors.

No matter where they are from, the story is often the same. They've grown up in a small Montana town and did well in school, but the cost of college seems like an insurmountable obstacle.

I can't tell you how many exceptional students I've met. They excel academically, enrolling in as many honors courses as their schools offer. They are active in extracurricular activities - sports, music, drama. They are invested in serving their communities by volunteering on the weekends and during the summers. Add all this to great test scores, and you've got a very attractive college student.

The University of Montana, Montana State, Carroll, Rocky, or University of Great Falls, would all compete to have these bright motivated students enrolled in their student bodies.

These great students come from solid families, with hard working parents. Unfortunately, the sticker price of college is just too much to handle. With average cost of tuition in Montana over \$5000, the total cost of going to a public university is over \$10,000 when room and board is added.

For a family only making \$35,000 a year, spending this much money on college is just out of reach Sending a child to college is a huge sacrifice. For parents that did not go to college understanding the value of spending thousands of dollars on a college degree might seem difficult.

In addition, the saying, “A bird in the hand is worth 2 in the bush,” often rings loud in the ears of students. Many of whom can go out and get a construction job paying on average over \$20 an hour.

But this proverb doesn’t apply to going to college. Though you can’t see the benefits immediately, going to college can reap rewards for each student, and for the country as a whole for years to come.

Today, having a college degree is even more valuable than it was 30 years ago when I first began in the Senate. In Montana, an individual with a college degree makes over \$14,000 more a year than someone with only a high school diploma.

Over a lifetime, a person with a college degree will earn almost \$1 million more than someone with only a high school diploma.

Providing access for more students to go to college is essential for America's economic success.

America faces a world more integrated, more interdependent, and more competitive, than ever. It is our challenge to succeed in this new environment. It is our challenge to create an economy in which investment in our youth is our greatest asset — not our heaviest burden. It is our challenge to leave our children and grandchildren with a world that is better than the one that we inherited.

We must meet this challenge.

And to meet this challenge, we begin with addressing education in a new way. We must change the way that we look at education. Back in Washington DC, my colleagues tend to look at our education challenge like a multiple choice test. They want to choose between a few simple options – more science and math college classes, more high school AP classes, or better teachers.

But the answers are not as simple as “A,” “B,” or “C.” We must look at our challenge as if it were a math proof. We must think through every step, to reach the end result. The process is as important as the outcome. The outcome must be appropriate for today’s needs.

But the outcome must also be appropriate for the needs of the future.

100 years from now — even 10 years from now — our society will be very different from what we see today. If we find the right solution, our students will excel in school. If we find the right solution, our graduates will be ready to enter the workforce. And if we find the right solution, America will retain its economic leadership.

But if we look only for simple options, we may never reach a solution.

Over the past 2 years I've been working on developing these solutions. I've been working on a process toward solving the proof.

This process began by spending time with the students. And spending time with folks like you. This process is about listening to needs and working on solutions.

This process continued when I brought everyone together – over 2500 people - to an Economic Development Summit I coordinated in Butte. In Butte, we heard about the need to improve our federal education funding. We heard about the need of businesses to prepare a competitive workforce. And we heard about the need of the K-12 system to help coordinate with the universities to get kids ready for college.

Yet, going to college is becoming less and less affordable for all Americans. Nationwide college costs for tuition and fees have risen 35 percent over the last five years.

That is unacceptable. Each time we see tuition rise, one more hard-working student stops dreaming about the reality of going to college.

We're lucky here in the Montana that tuition is capped for the next two years. But that doesn't help the student who still can't afford it today. It's that student that I am trying to help in my education bill.

Only half of graduates from low-income families go straight from high school to college. The Pell Grant, the major source of grant aid for low income students, has remained stagnant for years. The value of the Pell grant to offset the cost of college has declined. Once at 60% of cost, the Pell Grant now only covers 36% of the cost of going to college.

Since grant aid hasn't kept up with the rising cost of tuition and the Education Committee hasn't been able to increase the Pell Grant in recent years, I've been working to use the tax system to address this gap. Specifically, I want to use the tax code to fill the gap.

Unfortunately, there are too many education tax incentives. It's confusing to figure out which one best suits each individual taxpayer.

Currently, there are 3 main education tax incentives that students and families can use to pay for college. These are the Hope Scholarship Credit, the Lifetime Learning Credit and the Qualified Tuition Deduction.

The Hope Scholarship Credit is a tax credit of up to \$1650 for tuition and fees incurred by students in their first 2 years of post-secondary school.

The Lifetime Credit is a tax credit of up to \$2000 for tuition and fees incurred by students at any stage of their post-secondary education.

The Qualified Tuition Deduction is a deduction of up to \$4000 for tuition and fees incurred by students at any stage of their post-secondary school education.

I'm trying to simplify the tax code to make it easier for students and families to figure out how to get more money for college. By combining all these into one education credit our goal is to make these credits more user friendly.

Yet, simplification only helps one set of folks. Under current law education tax incentives help people pay for college who have income tax liability. The tax credits aren't helpful to those most in need - low income students – with no income tax liability.

There is a way to make tax credits available to low income students. We can do this by making some of the credit refundable.

If a credit is refundable, a taxpayer can receive a tax refund for payroll taxes that they are liable for. Because the payroll tax applies to the first dollar earned, individuals that earn even a few thousand dollars can benefit from refundable credits.

So students will be able to get money up front for school. They won't have to take out thousands of dollars in debt to go to school. They won't graduate with so much debt that they are limited in their career paths.

Whenever I talk to students, I always emphasize the value of public service. Yet, students saddled with debt often cannot afford to take one of the most important public service jobs – that of a teacher.

The average student graduating from college has \$15,500 in debt. Our Montana students incur even more debt and borrow an average of \$17,000 to attend public colleges and universities. This is twice what they borrowed ten years ago.

I am working on a proposal for students to be able to live debt free after a period of service. My proposal will ensure that students are not limited in their career choices because they couldn't afford their college tuition bills and turned to lenders for financing help. My proposal will place great value on public service.

The process of putting this bill together has been a challenge – like an algebra proof. But my aim has always been simple – what’s the right answer for Montana and America.

I’m want to help the mother of 2 in Kalispell who wants to go back to school to provide a better life for her kids. The father in Butte who wants more technical training to apply for a promotion. And the high school student who looks at the sticker price of college and just stops studying because he doesn’t have parents who can help pay for his “expected family contribution.”

Providing access to a high quality education is the most important thing we can do for our youth. If we don’t do something, it is estimated that over the next decade, 2 million college-ready students will not go to college because they can’t afford it.

I can't let that happen. And as Chairman of the Finance Committee, I'll work to ensure this doesn't happen.