

February 12, 2013

**Testimony before the Senate Committee on
Education and Workforce Development
in Opposition to SB 11 and SJR 1
by Steve Buckstein**

Good afternoon, Chair Hass and members of the Committee. My name is Steve Buckstein. I'm Senior Policy Analyst and founder of Cascade Policy Institute, a public policy research center based in Portland.

I oppose [SB 11](#) and [SJR 1](#) for several reasons.

First, as Professor Richard Vedder, author of the book "Going Broke By Degree: Why College Costs Too Much," [says](#), higher education prices are rising rapidly because of the predominant role of third-party payments, including federal and state support for institutions and students. "When some else is paying a lot of the bills, students are less sensitive to the price, thus allowing the colleges to care less about keeping prices under control."

So, rather than help keep college costs and student debt levels down, Treasurer Wheeler's proposal will likely do just the opposite.

That would be bad enough, but it will be worse because even if the investment assumptions for his proposal work out, taxpayers will be on the hook to repay hundreds of millions of dollars of bond principal, plus interest decades into the future.

Worse yet, there is [evidence](#) that more government funding of higher education actually translates to slower state economic growth. That's likely because individuals know their needs better than politicians do, so leaving the money in private hands produces better economic results.

Further, academics such as [Charles Murray](#) and [Carl Bankstron](#) join [Dr. Vedder](#) in arguing that four-year degrees aren't what they used to be, and that state funding may simply waste precious financial and human resources.

All that said, if increasing the percentage of Oregonians who earn two- and four-year degrees is a good goal, you should step back and look at efforts in other states to significantly reduce the cost of those degrees. Arthur Brooks [recently noted](#) in the *New York Times* that one idea gaining traction is the [\\$10,000 college degree](#), which public universities in several states are moving toward right now. That's \$10,000 total direct costs for four years. According to Brooks, this "is exactly the kind of innovation we would expect in an industry that is showing every indication of a bubble that is about to burst."

In conclusion, whatever the value of a college degree to an individual, it's becoming clear that state funding of those degrees is likely to cost taxpayers more than they gain. I urge you to reject both SB 11 and SJR 1.

Thank you.