

How Can Families Afford College Today?"
44th Annual Conference
Eastern Association of Student Financial Aid Administrators
May 17, 2010

I am delighted to be with the Eastern Association of Student Financial Aid Administrators today — you are a very special group of people. I would like to thank President-Elect Neville Brown, one of Eastern Connecticut State University's own, as well as current President Barbara Miller and everyone else associated with the Association for inviting me to your 44th Annual Conference. It is always good to be with people with a history and a tradition, and I am very impressed with the scope of your organization — with members from Maine to Washington, D.C. and even the Virgin Islands and my homeland of Puerto Rico!

As the people in this room know from experience, it takes everyone on campus to recruit and help our students succeed. That includes the faculty, the custodians, the food service staff, and everyone else on campus, especially you! Most students cannot afford to go to college without some form of financial assistance, whether it be Pell Grants, loans, work-study employment, or other institutional support. Helping families to find the resources, not only to start college but to graduate, has become an increasingly daunting task.

Even at our private institutions, where endowments allow for significant discounts in the net price of an education, families still must find resources to make up the difference.

Without your support and counsel for all the students you serve, many of our students could not step foot on our campus, yet alone walk across the stage on Commencement Day.

For all your dedication and commitment to educating our citizenry, I salute you. You are counselors, confidants, advisors, and friends. For some students, you are their parent figure — the one who is there and the one who understands and cares. I especially want to applaud the work of the Association, which provides invaluable professional development services for its members, public advocacy, and financial aid tools to students and parents — everything from how to fill out the dreaded FAFSA forms to sources of scholarships and other financial aid. But it is your goodwill, good works, and kind words that best support our students.

How to afford a college education has become an issue impacting the majority of American families seeking a college education for their children today. When I was in college more than 40 years ago, things were different.

Tuition was a fraction of today's rates, and there was more federal and state support of higher education, both in terms of operating budgets and financial aid support. We face an entirely different world today. The cost of higher education has risen faster than inflation over the past several decades. State budgets continue to provide lower levels of support for higher education. With a slow recovery from the current recession, many families are out of work and/or deep in debt.

The American Association of State Colleges and Universities held a policy seminar two months ago in Washington, D.C., and I want to share with you some of the data that was provided at that meeting. It goes to the heart of the purse string issues facing American families these days as they seek ways to send their children to college.

According to research data from Communication Works, Inc., the public's view of higher education is not very good. In 2000, 45 percent of the public felt college was available, but only 31 percent felt it was needed. In 2009, only 28 percent of the public felt college was available, and 55 percent felt it was needed. In addition, 54 percent of the public think we can reduce costs

and still maintain quality. It gets worse. In 2007, 43 percent of the public felt we cared about students, and 52 percent felt we cared more about ourselves. Those aren't great numbers, but they have gotten worse in only two years. In 2009, 32 percent of the public felt we cared about students and 60 percent felt we were in this for ourselves.

Take this all together and you can see a grim picture. The public feels higher education is important, but they don't think it's affordable and they don't trust us to focus on their children.

Worse, despite all the budget cuts all of us are enduring, they think we can do more with even less.

Diane Jones, former Assistant Secretary of the Department of Education, had more information at that AASCU seminar in March. While the data I just shared with you is about public opinion, these figures are about student financial aid and current economic realities.

This year, Pell grants went up from \$14 billion to \$25.4 billion, using money from President Obama's stimulus package. However, this is a one-time shot, so next year's students won't be as fortunate. Students are allowed to borrow more money, adding to a level of indebtedness that is burdening American families to the breaking point. The average consolidated loan is now \$74,106, and the average student has \$23,200 in debt; mind you that's all students, not just students at the point of graduation.

Only 20 percent of 2009 graduates are currently employed. In 2007, that figure was 51 percent, a modest number, yet 2½ times today's figure. Recent college graduates have tons of debt but no way to start to repay their loans.

At the same time that families are feeling ever more stressed about affording a college education, our institutions are struggling as well. None of us have been immune. Private institutions, who can't depend on public tax dollars, have seen their endowments take huge losses in the financial markets. Our public institutions are seeing 10 percent, 20 percent budget cuts and astronomical tuition increases in some states. Other states are grappling with everything from layoffs to discussions of eliminating tenure as supposed solutions to the financial situation they are facing. At the same time, the scrutiny we receive from legislators, the news media, and others is unabated.

What can we do? I have five suggestions for you today, things we are already doing, that we have to do more of, or do better. Most of these suggestions are helpful or relevant whether your institution is private or public, and they all represent ways in which we can shore up the walls of higher education while continuing to serve the families who depend upon us.

1. Control our costs. We have to begin here. The rise in the cost of higher education has outpaced inflation for years and whether or not we can make a justification for that fact, no one is listening. As you heard from the public opinion data I provided, the majority of Americans think we care more about our own jobs than we do about our students and they think we can cut costs while maintaining quality.

Now I know that all your institutions, like mine, are suffering from revenue shortfalls, and that the solution to our financial problems, and hence the relief we need to provide to students and parents, cannot come from budget cuts and cost-control measures alone. But we need to find opportunities to save money when we can, and we need to make a big deal about it when we do.

At my own institution, we have created a program called "Eastern Works-\$mart." It's patterned after similar grassroots suggestion campaigns and every suggestion is considered.

We also have worked hard at the administrative level to find cost efficiencies. This past year, we found \$550,000 in savings from employee suggestions, as well as even greater savings from institutional-level initiatives in the areas of information technology, printing, and energy conservation.

What is key to the program is that everyone feels empowered to part of the solution and we celebrate our successes.

2. Improve our strategies for graduating students on time — that means in four years!

We talk a lot at our institutions about graduation rates, and we should. Not only are graduation rates a measuring stick used by policymakers and college rankings, but they are the ultimate measure of our success — are students graduating on time from our institutions? One way to help students and their families afford college is by doing everything we can to get those students out the door in four years. If you calculate the cost of each additional year someone is at school rather than in the workforce, the total amounts to more than \$75,000 a year. That figure includes additional tuition/fees, interest on loans, and delayed earning potential.

How can we encourage and help students graduate on time? It's not hard to figure out, but we need to make these investments, because everyone benefits — students, their families, and our own accountability rates. It means better advising, greater course availability, encouraging full-time course loads, and stronger academic support systems such as tutoring and early warning systems. Given that many of our institutions have a significant percentage of first-generation college students (Eastern's is historically about 50 percent), we have a moral obligation to ensure that these students graduate, and do so with the skills they need to be gainfully employed, able to manage their own personal finances.

At Eastern, for the first time, students will be wearing a tassel of the University's colors at this weekend's Commencement to signify that they are graduating in four years.

We are changing the culture and now students are beginning to use the language and are asking how they can ensure that they will graduate in four years.

3. Provide aggressive financial literacy training for our students and their families. We know that family and student indebtedness is increasing. In fact, some of the data regarding debt among young people is alarming. Credit card debt among the 18-24 age group has increased 104 percent in 10 years, yet almost a third of that cohort continues to have a credit card in their own name. What is even more disturbing is the fact that 68 percent of college students say they have had no discussion at home about managing credit card debt.

But there is good news here; national data shows that financial literacy at a young age results in better saving patterns and financial management in later years.

It is incumbent upon all of us to ensure that every student understands their financial responsibilities and how to practice sound financial management. If we do, the data suggests we can have a positive impact on their habits and their ability to manage their money.

Universities are providing financial literacy training in a number of ways. They start even before students begin as freshmen. They provide workshops and information to them during orientation the summer before their freshman year; the information sessions are mandatory, in many cases, for all incoming students. At Eastern, we also have workshops for upperclassmen, presented by the Connecticut Society of CPAs, that include tips on how

to managing money, how to budget, future planning and saving, and the use (and abuse) of credit cards.

Another program we offer through our residence halls deals with credit ratings and provides information for first-time home buyers. In addition, the Housing Office will be creating an ongoing financial literacy series that will be implemented in the residence halls beginning in the fall semester to assist students in becoming even more financially aware.

Students also receive entrance counseling for their Stafford Loans when they are first-time borrowers and exit counseling when they leave or graduate. Finally, we have a high profile link on our website to the Connecticut Department of Higher Education, which has excellent online resources to support students in their quest for financial literacy.

4. Increase our own private fund-raising. For the private institutions in the room, you need no guidance or counsel from me on this topic.

But I would tell my colleagues in the public sector that your development office must be a critical partner of the financial aid office if we are to help families afford college in the current environment. That means enhancing your estate/planned giving programs, grant writing, and alumni giving. In addition, your annual fund — the base of your fundraising — needs to grow to provide proof to leadership donors that faculty, staff, parents, and other annual fund donors are doing what they can to advance our institutions. We have asked many people to endow a scholarship, and they are doing it now more than ever.

At my own institution, despite the economic doldrums, we gave out a record \$350,000 in competitive scholarships to 276 students at last month's Scholarship Reception, a 42 percent increase over a year ago.

When donors see this level of commitment and hard work on the part of your Development Office, it serves as inspiration for other donors to support your students. We had a donor speak to the audience at our Scholarship Reception, but the target audience is the students who are receiving the scholarships.

5. Lobby public officials.

Higher education is constantly under attack in the press. Keep in mind only 28 percent of our adult population has a college degree. The other 72 percent also pays taxes to support our public institutions, and the news media has plenty of opportunity to make them feel they aren't getting their money's worth. Some of the public's displeasure is leveled at private institutions as well.

We need to continue to stress the value of a college degree, not only in economic terms, but also in terms of having the educated citizenry we need to maintain our democracy. And we need to fight for affordability and access for those who otherwise face the real prospect of being priced out of a college education. We need to protect access and insist on it! A "take no prisoners" attitude is needed. We all benefit from a better attitude toward higher education among our citizens and their support is critical.

Conclusion

In conclusion, clearly affording a college education is not easy for American families these days, especially those in lower-income and middle-income brackets. They are concerned, and they have trust issues with us.

Our response must be to control our costs, make our case, find alternatives to traditional financial support for our students, teach them financial management skills, and get them out the door on time.

I cannot tell you how much I respect the people in this room for all they do to help our students afford their education and succeed. Let me tell you a brief anecdote about my own experience in my senior year in college.