

the institute for
college
access & success

Addressing the Affordability Crisis – Policies that Can Help

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Roadmap

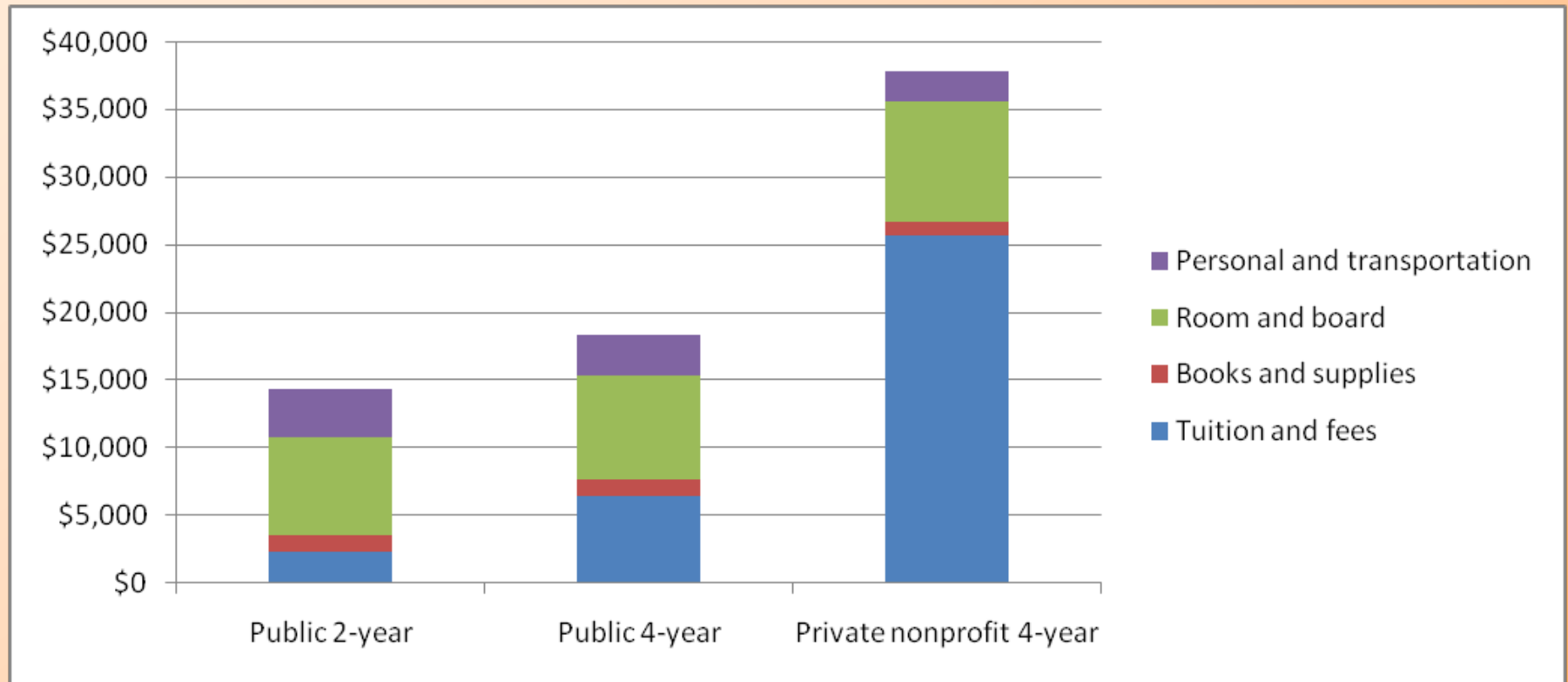
- **More about affordability**
 - Focus on community colleges
 - Student debt and loan default
- **How you can help**
 - Protect the federal Pell Grant
 - Better target state grant programs
 - Make sure colleges offer federal student loans
 - Support data policy to better track affordability issues
 - Spread the word about tools to increase affordability
- **Resources**

Enrollment at Community Colleges

- Low-income students and students of color are more likely to attend community colleges than other types of colleges.
- About half of Latino undergraduates attend community colleges.

Affordability at Community Colleges

Despite low tuition and fees, the total cost of attendance at community colleges can be substantial.



Calculations by TICAS on data from the U.S. Department of Education, Integrated Postsecondary Education Data System (IPEDS), 2008-09 Student Charges. <http://college-insight.org>.

Affordability at Community Colleges

- Community college students have the lowest financial aid application rates.
- Hundreds of millions of grant dollars are left on the table in California.
 - In 2007-08, an estimated 500,000 California community college (CCC) students were likely eligible for federal or institutional grants but did not apply for them.
 - If *all* of the likely Pell-eligible CCC students had applied for federal aid, up to one-half billion more dollars could have flowed into California in 2009-10.

Calculations by TICAS on data from the U.S. Department of Education, National Postsecondary Student Aid Study (NPSAS), 2007-08. Projections based on application rates of Pell-eligible students in 2007-08.

Affordability at Community Colleges

- Community college students are just as likely to need financial aid as four-year college students.
- Community college students are the most likely to have “**unmet need**” after receiving financial aid.
 - Of those with documented need, 80% at community colleges still have need after receiving financial aid.

Affordability at Community Colleges

- Community college students are less likely to receive state grants, institutional grants, and work-study than students attending other types of schools.
- Only 13% of community college students take out student loans.

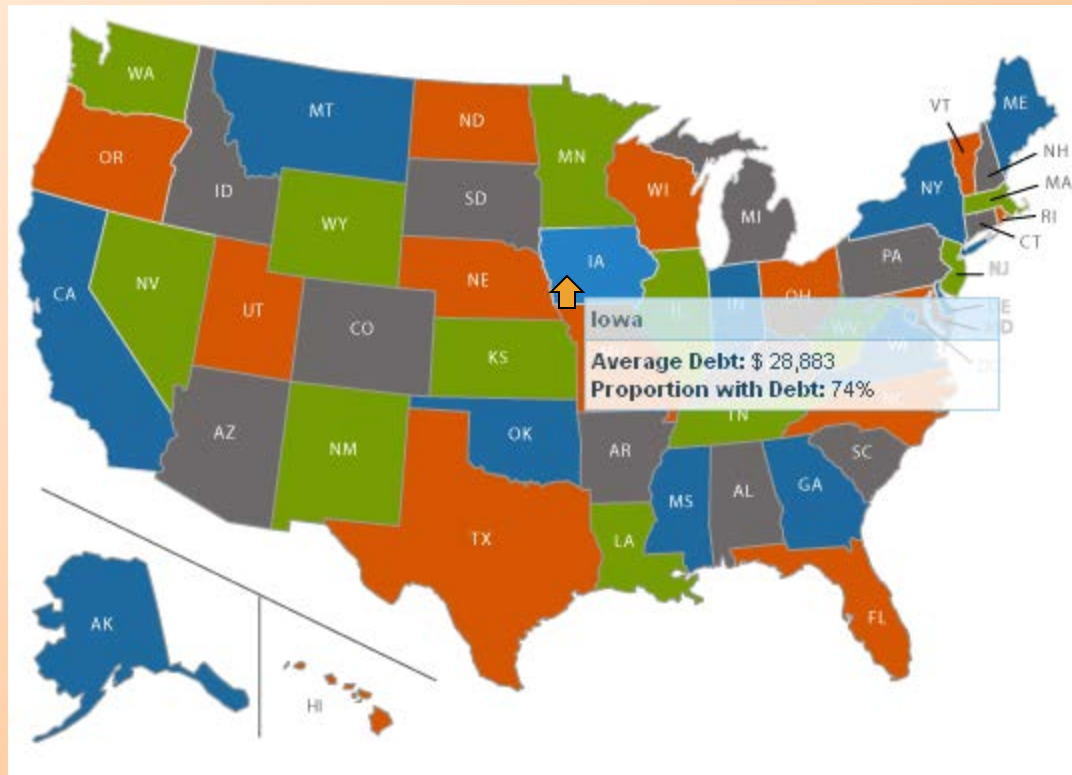
Student Debt

- About two-thirds of students graduating from four-year colleges have loan debt.
- The Class of 2009 graduated with an average of \$24,000 in student loan debt.

Calculations by TICAS on data from the U.S. Department of Education, National Postsecondary Student Aid Study (NPSAS), 2007-08, and the Peterson's Undergraduate Financial Aid Dataset, 2009-10. Averages are for students who received BAs at public and private nonprofit 4-year colleges in 2009. For more information see these TICAS publications: *Student Debt and the Class of 2009* at <http://projectonstudentdebt.org/files/pub/classof2009.pdf> and *Quick Facts About Student Debt* http://projectonstudentdebt.org/files/File/Debt_Facts_and_Sources.pdf.

Student Debt

- For state-by-state data on student debt, see http://projectonstudentdebt.org/state_by_state-data.php.



Student Debt at For-Profit Colleges

- Students at for-profit colleges are the most likely to borrow.
- At for-profit colleges, low-income and minority undergraduates are about *three times* more likely to borrow federal student loans – and *four times* more likely to borrow private student loans – as their counterparts at public or private nonprofit colleges.

Latinos at For-Profit Colleges

- 13% of Latino undergraduates attend for-profit colleges.
- 77% of Latino undergraduates at for-profit colleges took out federal student loans, vs. 22% at public or nonprofit colleges.
- 41% of Latino undergraduates at for-profit colleges took out nonfederal student loans, vs. 8% at public or nonprofit colleges.

Student Loan Default Rates

Type of College	2-year Default Rate
Public	7.2%
Non-profit	4.6%
For-profit	15.0%

U.S. Department of Education. "Institutional Default Rate Comparison of FY2007, 2008, and 2009 Cohort Default Rates." <http://www2.ed.gov/offices/OSFAP/defaultmanagement/instrates.html>. The default rates in the table above reflect borrowers entering repayment in FY2009.

Higher Default Rates Not Just Due to Student Demographics

Type of College	6-year Default Rate, Controlling for Student Demographics and Completion
Public 4-year	4.8%
Public 2-year-or-less	6.0%
Private for-profit	12.2%

Charles River Associates for the Career College Association, "Report on Gainful Employment," April 2010, and communications with author Professor Jonathan Guryan. Calculations from the Beginning Postsecondary Students Survey: 1996 cohort and 2001 follow-up. Default rates after controlling for race, gender, persistence and completion, Pell grant receipt in 95-96, family AFDC receipt in 94-95, parent or own income (if dependent), and dependency status.

Protect the Federal Pell Grant

- More than 9 million Americans depend on Pell Grants to go to and complete college.
 - Most Pell recipients have family incomes of \$40,000 or less.
 - 40% of Latino undergraduates rely on Pell Grants to attend college.
- The maximum Pell Grant only covers about one-third of the cost of attending a public 4-year college – a smaller share of college costs than in the 1980s.

U.S. Department of Education, "Fiscal Year 2012 Budget Request: Student Financial Assistance," p-13, projection of Pell Grant recipients 2011. Calculations by TICAS on data from the U.S. Department of Education, Office of Postsecondary Education, "Pell End-of-Year-Report," 2009-10, Table 71. Calculations by TICAS on data from the U.S. Department of Education, National Postsecondary Student Aid Study (NPSAS), 2007-08. Calculations by TICAS on data from the College Board, *Trends in College Pricing 2010*, Table 5a and FinAid.org, Pell Historical Figures.

Protect the Federal Pell Grant

- Some have proposed cuts to Pell Grant awards and eligibility. However:
 - The program is not “unsustainable” - program costs are actually expected to *decline* in the coming years.
 - 40% of recent Pell Grant growth was due to the economic downturn, not to policy changes.
 - When America’s economy needs more students to complete college - and more are struggling financially to do so - we should be investing in those students, not cutting the financial aid programs that make it possible for them to work their way into the middle class.

Better Target State Grants

- More than one in four state grant dollars are not awarded on the basis of need.
- In California, state grants will no longer be available at colleges with high loan default rates.
- Illinois recently began a pilot program to use its MAP grants to incentivize transfer –community college students get a larger grant once they transfer to a 4-year college.

NASSGAP. *40th Annual Survey Report on State-Sponsored Student Financial Aid, 2008-09 Academic Year*. California Senate Bill 70 (SB70), passed on March 24, 2011. Illinois Student Assistance Commission

<http://www.collegeillinois.org/home/monetary-award-program-pilot.html>.

Federal Loans First

- Federal student loans are safer and more affordable than other forms of borrowing.
- But not all community colleges offer federal loans.
 - More than 1 million community college students in 31 states are enrolled at colleges that do not offer federal loans.
 - Nationally, 8% of Latino community college students do not have access to federal loans.
- Colleges can do more to help students avoid private loans.

TICAS. 2011. *Still Denied: How Community Colleges Shortchange Students by Not Offering Federal Loans.*

TICAS. 2011. *Critical Choices: How Colleges Can Help Students and Families Make Better Decisions about Private Loans.*

Data Policy

- To better understand how particular groups of students are affected by the affordability crisis, we need better data on:
 - Affordability by race/ethnicity and income (e.g., net price, student borrowing)
 - Outcomes by race/ethnicity and income (e.g., graduation and transfer rates, loan defaults)

Tools and Options for Students

- **Net price calculators** can help students make more informed decisions about college by providing early and individualized estimates of college costs, taking into account financial aid.
 - Available on all college websites by October 29.
 - Schools should make their calculators easy to find, use, and understand.
 - For more information, view our report:
http://projectonstudentdebt.org/files/pub/adding_it_all_up.pdf

Tools and Options for Students

Estimated Cost of Attendance ?

Tuition & Fees ?	\$	39,995
Room & Board ?	\$	11,010
Books & Supplies ?	\$	930
Transportation ?	\$	775
Personal Expenses ?	\$	1,450
Estimated Total Cost of Attendance	\$	54,160

Estimated Grant Aid ?

Pell Grant	\$	5,550
Grant or Scholarship	\$	34,610
Estimated Total Grant Aid	\$	40,160

ESTIMATED NET PRICE ? **\$ 14,000**

Estimated Self Help ?

Student Loan	\$	12,000
Student Work	\$	2,000
Estimated Total Self Help	\$	14,000

ESTIMATED REMAINING COST ? **\$ 0**

Example of **net price calculator** results that are easy to understand and compare

Tools and Options for Students

- **Income-based repayment (IBR)** caps students' monthly loan payments to a percentage of their discretionary income.
 - Forgives remaining loan balances after 25 years (or 10 years if student works in public service)
 - Visit <http://IBRinfo.org> for more information

Resources

- **Cohort Default Rate Resource Page:**

http://projectonstudentdebt.org/CDR_resources.vp.html

- Look up loan default rates by school and state
- View trends and compare sectors
- Look up loan repayment rates by school

- **Student debt by state:**

http://projectonstudentdebt.org/state_by_state-data.php

- Look up student debt by school and state
- View our report, “Student Debt and the Class of 2009”

Resources



College InSight

from the institute for college access & success

Higher Education Data
for Researchers and
the Public

home

spotlight

topics

explore all data



College InSight puts higher education data at your fingertips. Browse and compare information about **affordability**, **diversity**, and **student success** in three ways:

spotlight

Start with a college, state, or type of school - view a snapshot of important data and a relevant comparison.



topics

Start with a topic that interests you, then dig deeper to see how specific colleges, states, or school types compare.



explore all data

Build your own table with any combination of colleges, variables, or years in the College InSight database.

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