
Tuition 101: Higher rates don't add up

College students are in for a tough lesson when loan rates rise and they have to pay more for less

BY MYRA BATCHELDER AND JENNIFER WHEARY

Myra Batchelder, left, is a program associate and Jennifer Wheary a senior fellow at Demos, a nonpartisan policy organization in Manhattan.

June 27, 2006

When student loan interest rates are reset for a year on Saturday and the overall cost of a college education goes up by thousands of dollars, students and their parents should demand to know why they are paying significantly more for school these days and receiving substantially less.

Tuition at public universities, when inflation is taken into account, has nearly tripled since the 1980s, according to the College Board. This leaves students with no choice but to rely increasingly on credit to finance their education. Students in New York are no exception. The most recent increase in SUNY tuition, for the 2003-2004 school year, was 28 percent. On average, New York students now face some of the highest loans in the country - with interest rates rising almost 2 percent in the coming year.

While tuition and student indebtedness continue to rise, quality of education, access to full-time faculty and any guarantee that a college diploma ensures financial stability are evaporating. This imbalance is cause for concern - and action.

Almost two-thirds of college students graduate with loan debt, the U.S. Department of Education says. Students borrowed more than \$60 billion from the federal government for the 2004-2005 school year alone, according to the College Board. The typical student at a public university graduates with \$15,500 in debt. The typical student attending a private, nonprofit university ends up borrowing almost \$20,000.

But this record debt does not cover all the necessary costs of college. More and more students are using high-interest credit cards to help pay for school. Estimates suggest that the amount of credit card debt among the average college student has tripled since 1990. Today, about one in four college students is using credit cards to finance his or her education.

As students go deeper into debt to pay for college, they should be worrying about where their money is going. At many universities, the number of teachers on campus has decreased while class size has gone up. Students have less access to faculty and less individualized attention during their time at school.

New York, the largest state university system in the country, is doing particularly poorly on this front. Loan debt has risen steadily within the state. The typical New York student carries about \$21,000 in

student loan debt, well above the national average, according to figures from the National Center for Education Statistics.

Although New York's students are paying more, they are getting a lot less. SUNY's enrollment has grown by 44,000 in the last decade. At the same time, the number of full-time teaching positions at its state-operated schools - which do not include community colleges - has been reduced by 1,200. SUNY's state-operated enrollment now stands at more than 205,000, served by fewer than 11,000 full-time faculty. Most are being taught by adjunct professors, part-time lecturers and graduate assistants who may have less experience.

In May, the SUNY Board of Trustees approved a new financial plan that will allow the campuses across the system to hire an additional 380 full-time professors. But the plan also anticipates a statewide enrollment increase of 7,700, so the positive effects will be limited.

Having fewer professors means enrolled students have less interaction with faculty and often need extra time to graduate because there is no one available to teach required courses. It also means that many qualified students are being turned away from their dreams. According to the United University Professors, last year 7,500 community college students were denied admission to the SUNY four-year school of their choice because of lack of faculty to teach them.

Once students do graduate, they find that their high-priced college degrees far from ensure financial stability.

Many recent college graduates are forced to take temporary jobs that provide no benefits. Roughly 33 percent of people ages 18 to 34 lack health insurance. This is a higher figure than is found in any other age bracket. With contingent workers making up 16 percent of the labor force and rising, this trend can only get worse.

With fewer good jobs available upon graduation and increased financial pressures, many students are becoming more selective in their career choices. They seek higher-paying jobs and avoid ones in public service, where their talents are sorely needed. Students are also more likely than ever to interrupt their education, to take much longer to finish or to drop out altogether.

We need to change our approach if we want college graduates to have opportunities and options. Increasing the portion of federal student aid devoted to grants, rather than loans, is an important step. Supporting student loan forgiveness for public service is another. Giving employers incentives to offer living wages and benefits would also help.

Although we may not be able to eliminate student loan debt, we can make going into debt for a degree more worth it, rather than less.

Copyright (c) 2006, Newsday, Inc.