Lumina Foundation FOCUS™

Fall 2010

The cost quandary

Hard times intensify the nation's urgent need for college graduates

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On the cover: Joe Williams of Watervliet, Mich., entered Lake Michigan College in 2009, after losing his job as an air conditioning installation specialist. Now, at age 46, Williams is working toward a long-deferred goal: a career in nursing.

PRESIDENT'S MESSAGE

It's a scene that is being played out with increasing frequency around kitchen tables all over this country: Would-be students representing every racial and demographic group — from young teens to working adults in their 50s — gather with their loved ones to address a life-altering question: "How are we going to pay for college?"

These days, that question isn't just a personal or family issue; it reflects an urgent national need. Economic experts have made it very clear that, in order for individual citizens to prosper and for the nation to compete in the global marketplace, Americans must significantly increase their level of postsecondary attainment.

The need is both immediate and ongoing.

In the short term, experts say, the economic recovery is lagging because too few workers possess the advanced skills and knowledge that the 21st century workforce demands — skills and knowledge that can only be developed in high-quality postsecondary programs. Put another way, our ability to retool and "up-skill" workers to meet the new demands of the marketplace could and should play a bigger role in stimulating economic growth.

And looking toward the future — likely for decades after the current recession is behind us — our nation's ability to remain economically competitive will rest squarely on our ability to educate and train workers who are adaptable, highly skilled and intellectually nimble.

In fact, the latest forecasts from noted labor economist Anthony Carnevale show that, by 2018, at least 60 percent of jobs in the United States will require some level of post-high-school education. This clearly presents a huge challenge, as Census figures show that, in 2008, less than 38 percent of working-age Americans (those 25-64 years old) held at least a two-year degree.

Lumina Foundation has embraced this challenge by committing itself to an ambitious national goal. Stated simply, we want 60 percent of Americans to hold high-quality degrees or credentials by 2025. This so-called "Big Goal," established nearly two years ago, is gaining momentum and being adopted enthusiastically by many other organizations, including policymakers in several states and at the federal level.

And yet, even as momentum builds for this vital goal, the reality of rising college costs acts as a roadblock to progress. Individual Americans, squeezed by job loss and economic uncertainty, struggle to find the funds to help them prepare for their future. Colleges and universities, pinched by budget shortfalls, impose tuition and fee increases that serve to cloud that future even more.

This issue of *Lumina Foundation Focus* examines that dilemma: how to ensure college affordability at a time when increasing college attainment is more critical than ever. The stories on these pages take that dilemma and put it in genuinely human terms. For example:

- You'll read about Joe Williams, a 46-year-old southern Michigan man who, after losing his job as an air-conditioning installer, is now pursuing a degree in nursing.
- You'll meet recent four-year college graduate Summer Jones, who pushed herself through an arduous accelerated program at a small college in Alabama, in part to save money.
- You'll read about Gerardo Tellez and Jazmin Barrena, both children of farm workers in Southern California's San Joaquin Valley who face huge financial hurdles as they begin their hard-earned college careers.

These students — and millions more 21st century students, all over the country — represent our collective future. By exploring the financial challenges they face, and by sharing the stories of the people and programs that help these students address those challenges, we hope to make that future a little brighter ... for all Americans.

Jamie P. Merisotis
President and CEO
Lumina Foundation for Education

Students face ever-higher

College costs are rising, but so are the stakes for postsecondary attainment

By Steve Giegerich

Name a fruit or vegetable, and Gerardo Tellez has picked it. Cotton, too. And onions ... onions are the worst. Picking onions means crawling on hands and knees through the sun-baked California Central Valley to dig the crop, tossing the bulbs into 150-pound burlap bags, and then hoisting bag after bag onto the harvest wagons.

"The sun burns your back, and the work breaks your back," Tellez says.

He should know. Tellez was 6 years old when his divorced mother, Eufemia Tellez, first snuck her son onto the fields south of Bakersfield. At the time, neither of them was even *thinking* about saving for college — or about college at all. Working the onion fields was about survival, pure and simple. Tellez needed the extra income from her son to help cover household expenses. And it was never enough.

Gerardo Tellez and his mother, Eufemia Tellez.

financial hurdles

That explains why, at age 10, Gerardo Tellez moved into the more lucrative construction trade. Recruited by a relative, he helped out with homebuilding duties before gravitating to the pick-and-ax work that left his hands hard and callused.

He was a tough kid in other ways as well. His father left the family when Tellez was 3. As with many impoverished young men who lack a male role model, Tellez' fists and bravado drew the attention of gangs as he approached puberty.

One evening around dusk, a group with whom he'd recently exchanged words and punches flashed a 9 mm handgun as Tellez and his mother approached on a Bakersfield street. It was a turning point.

"If anything happens to my mom, I'll be responsible," Tellez thought. "Why should she have to pay for all the bad things I've done?" Tellez shoved his mother into their truck, jumped behind the wheel and sped away. He was 13.

The prospect of joining a gang faded. The simmering rage didn't. Spurred by wrenching poverty and utter hopelessness, Tellez took his anger to a Bakersfield boxing program. Barely 130 pounds, he was tossed into the ring with opponents far heavier, older and more experienced. At the end of each day, he'd lift his battered body from the canvas and head home from the gym in the exact way he'd arrived — by running or walking the five-mile route.

Eventually, the tables turned. "I learned the ropes," he says. "I started beating up the kids who used to beat me up." He moved from sparring into competitive matches, winning his first bout. Tellez still recalls the celebratory pizza he shared with his family afterward as "one of the happiest moments in my life." An opponent broke his jaw a month later.

Fearing the financial consequences for a family without health insurance, Tellez told no one. For the next three weeks, he staved off hunger with milk drawn through a straw while easing the pain with massive doses of Tylenol. And he kept fighting... until his horrified mother discovered the truth and hauled him to a doctor. The diagnosis was blunt: He could continue boxing, risking permanent damage to his jaw and his brain — or he could use his head in a more constructive manner.

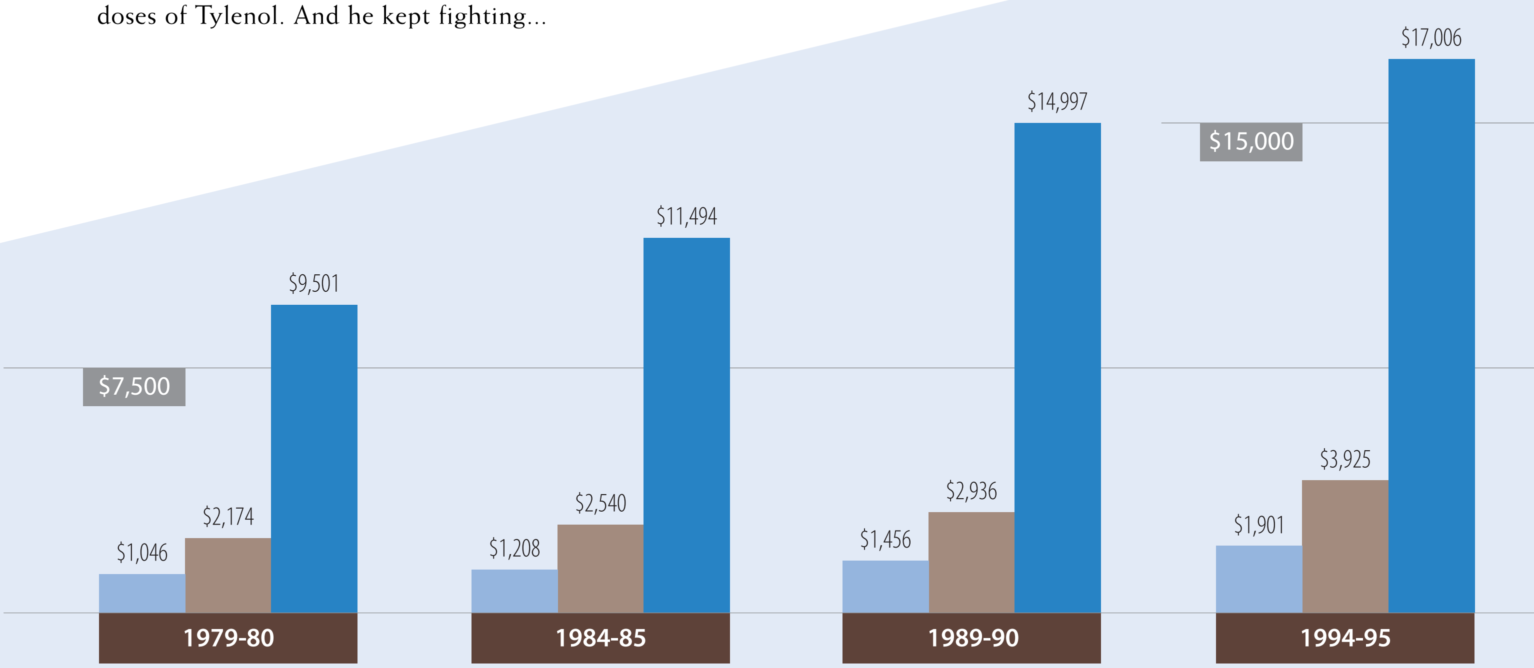
That's when Tellez abandoned his goal of winning an Olympic medal in boxing and dedicated himself to a new objective: a college education.

It never crossed his mind how much it might cost, or where a kid mired in poverty since birth would ever get that kind of money. On the first day of his junior year at Bakersfield's Foothill High School, Gerardo Tellez stopped the class cold when he strolled into the International Baccalaureate (IB) home room.

"We were like, 'What's he doing here?'" recalls Jazmin Barrena. Along with others in the class, Barrena had begun the advanced curriculum as a ninth-grader. To the kids in her circle, Tellez was a gang-banger, a hothead, a young man who neither acted nor dressed the part of an academically serious student.

"They thought I was in the wrong class," says Tellez. He laughs at the memory, but he wasn't laughing then. His classmates were dead-on in their assessment of his reputation. They had no idea, though, that the image masked impressive intelligence. Despite the distractions on the streets and the poverty that had forced him to work almost non-stop since first grade, Tellez maintained a "B" average or better through his first two years of high school.

His energy now funneled into learning, Tellez flourished in the academically challenging International Baccalaureate courses. He fit in with his classmates, identified the college he wanted to attend and set long-term goals: UCLA, then medical school. One day, the 11th-grader decided, the world would know him as ***Doctor*** Gerardo Tellez.



The dream was almost derailed before it began. Unable to pay the mortgage, Eufemia Tellez was evicted from her home, along with Gerardo and his 5-year-old sister. Their belongings dumped at the curb, the family spent the next four months, through the Christmas holidays and beyond, rotating between the overcrowded homes of two of Eufemia Tellez' older sisters, homeless shelters and the family car.

Gerardo crammed his schoolwork — for the most intensive courses he'd ever taken — into school hours and the break between the afternoon bell and the start of wrestling practice. "I couldn't do it at home because I didn't know where home was going to be that night," he explains.

Against all odds, Tellez remained on track for UCLA through his junior year, except for one unmet requirement in math. He plugged the math gap that summer with a pre-calculus course at Bakersfield College. The new routine required his presence on campus, for class time and studying, until 3 p.m. Unable to afford the text and workbook, Tellez spent much of that time copying course material in the library. From the library, he headed for the onion fields, 45 minutes away.

Exhausted by the crushing routine, Tellez stopped eating. His weight plunged below 120 pounds. At school, classmates took seats as far as possible from the student who reeked of onion. When he finally scraped together $200 for the textbooks, Tellez stood at the bookstore checkout and resisted the urge to weep.

He passed the course. In the fall, guided by Foothill's counselors, Tellez filled out his financial aid application, applied to UCLA, and started to pursue the scholarships and grants he'd need to pay for an education on the Westwood campus.

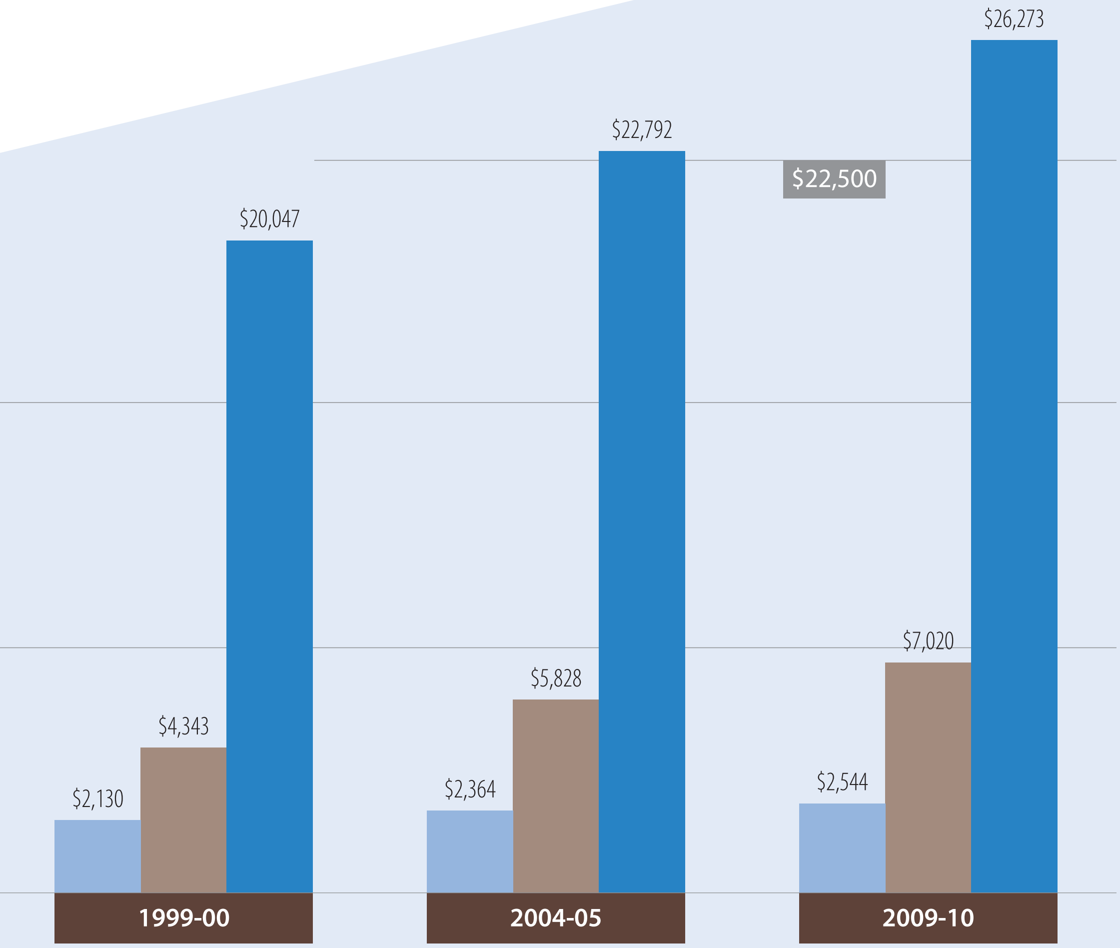
On March 15, the 57,700 seniors that applied for freshman admission to UCLA learned of the school's decision. Tellez wasn't one of them. Fearing rejection, he waited three days before checking his e-mail to see if he was among the 13,000 that had made the cut (about 4,800 follow through with enrollment).
His mother's joy upon hearing the news — her son was going to college! — soon turned somber. How much? she asked.

Tellez hesitated and then replied: "$30,000 ... a year."

His mother, her own education extending only through middle school, waited herself before responding, Tellez recalled.

"Then she said, 'You're not going.' She didn't say it in a bad way, but in a sad way. And then she said, 'Where are we going to get that kind of money...?' "

The upward climb of college tuition and fees



Private Not-for-Profit Four-Year

Public Four-Year

Public Two-Year

Sources: 1987-88 and after: Annual Survey of Colleges, the College Board, weighted by full-time undergraduate enrollment; 1986-87 and prior: Integrated Postsecondary Education Data System (IPEDS), U.S. Department of Education, National Center for Education Statistics, weighted by full-time equivalent enrollment. This table was prepared in October 2009.

A nationwide lament

It's a refrain that echoes through households across the nation, haunting parents who face far less financial pressure than that confronting Eufemia Tellez.

An Education Trust study released earlier this year found that young people in households with an annual income below $30,000 constitute 20 percent of the college population. Yet, only 13 percent of those students find their way to the campuses of public research universities.

A 2010 report by the Advisory Committee on Student Financial Assistance indicates a larger, even more disturbing trend. The study, commissioned by the U.S. Department of Education, shows that the "initial enrollment rates" at four-year institutions among "academically qualified" low- and moderate-income students dropped from 54 percent to 40 percent between 1992 and 2004.

Still another study — this one by Andrew Gillen, research director for the Center for College Affordability and Productivity — argues that fundamental flaws in the financial aid system all but guarantee that enrollment rates among students from poor families will continue to plummet.

According to Gillen's research, overall enrollment drops 5 percent for every $1,000 hike in tuition — and he says things won't improve unless institutions move in an entirely new direction. A good starting point, he suggests, might be a comprehensive re-evaluation of merit-based aid coupled with cutbacks on non-academic perks such as luxury dorms that benefit just a small percentage of students on any campus. The savings, Gillen says, could then be passed along to students who might not otherwise be able to afford a college education.

Despite the alarms raised by Gillen and others, it's clear that the educational community hasn't exactly turned its back on the nation's neediest students. In fact, the last three decades represent an era of unprecedented institutional, nonprofit and governmental aid directed toward students across the socioeconomic spectrum. Case in point: The increase in the maximum Pell Grant (from $5,350 to $5,500) and the significant modifications in the student loan programs embedded in the financial aid system this past July.

Those adjustments came soon after simplification of the Free Application for Federal Student Aid (FAFSA) — long the bane of college applicants and their parents, rich or poor.

> "As prices rise, who is most affected? Low-income people. And many of them are going to say, 'I just can't afford it.' "
>
> *Richard Vedder, Ohio University economics professor and director of the Center for College Affordability and Productivity*

Richard Vedder, an Ohio University economics professor and director of the Center for College Affordability and Productivity, says the academic and professional benefits reaped by low- and moderate-income students since the 1970s are undeniable. Vedder praises the Pell Grant program, which he says has had huge success in helping low-income students overcome poor academic preparation in their homes and sub-par scholastic training in their urban and rural public school districts.

At the same time, he bemoans the institutional response to the subsequent demand for access: Steep hikes in tuition, fees and other costs to attend all types of institutions — public and private, two-year and four-year.

With budgets tightening during the worst economic downturn since the Great Depression, most experts say these cost hikes are destined to continue for years to come. "As prices rise, who is most affected?" Vedder asks rhetorically. "Low-income people. And many of them are going to say, 'I just can't afford it.' "

Lindsay McCluskey, president of the United States Student Association — which keeps a close eye on the affordability issues affecting its constituency — concurs. "Overall, the picture is pretty grim in terms of college affordability," she says. "Most of the (aid) programs are not keeping up in terms of cost."

The College Board's annual *Trends in College Spending* report supports McCluskey's contention. In 2009-10, the average annual cost of tuition and fees at public, four-year schools rose 6.5 percent to $7,020. The College Board said students attending private nonprofits paid, on average, $26,273 for an education in 2009-10, 4.4 percent more than they did the previous year.

Keep in mind that these are *last* year's figures. The College Board released its 2009 trends before public institutions throughout the nation raised tuition and fees even more for the 2010-11 academic year. For Gerardo Tellez those hikes were huge — a 32 percent increase at California's public institutions.

Still, the counselors and staff at Foothill High School stepped up when Tellez belatedly made a college education his top priority at the start of his junior year. They enrolled the troubled 16-year-old in the IB program, nurtured his progress and seized every opportunity to reinforce the notion that he was, indeed, college material — UCLA material, to be precise.

At Foothill, a school where fewer than 10 percent of the students come from a home where a postsecondary degree hangs on the wall, the role of guiding seniors to

Joan Herman, head guidance counselor at Foothill High School in Bakersfield, Calif., works tirelessly to increase her students' college chances. "We do a lot of hand-holding," she admits. "If we don't do it, (the students) aren't going to get there."

college falls almost solely on the shoulders of the counseling staff.

"We do a lot of hand-holding, and I know it's frustrating (for the staff)," says head counselor Joan Herman. "But it's what we have to do because, if we don't do it, (the students) aren't going to get there."

The effort ratchets up at the beginning of the 12th grade, when parents are invited to join their child at the mandatory one-on-one meeting where counselors review academic records and post-commencement plans with every graduating senior. Every student who is even *considering* college receives a brief tutorial on the process of gaining admission to the institutions best suited to his or her goals. Not surprisingly at a school where 70 percent of the students qualify for free or reduced lunch, the conversation almost always turns to cost.

Even when times were good in other parts of California or the nation, the letter inviting parents to the college counseling conference never drew much of a response, says Herman. Working for minimum wage at back-breaking jobs in the farm fields of the San Joaquin Valley, Foothill seniors' parents simply can't

The 'simplified' aid-application process

Fall - Spring of Senior Year | **January-March of Senior Year** | **4-6 Weeks After Submitting FAFSA** *(2-3 weeks for online submissions)* | **March-April of Senior Year**

Student applies to colleges
Student assembles and submits college applications, including test scores, transcripts, recommendations and essays.

Student submits FAFSA to government
Student and family provide detailed demographic and financial data, and list up to six schools to receive FAFSA data.

Student receives SAR
The SAR provides the student's EFC and states whether he is eligible for a Pell Grant. If so, a dollar-amount estimate of Pell eligibility is provided.*

Student learns aid eligibility
Student learns the total amount of federal aid (Pell Grant, Stafford Loans, work-study) and school-specific aid (scholarships and loans).

Government processes FAFSA
Processing service calculates the family's expected contribution (EFC) and sends a Student Aid Report (SAR) to the student and schools.

Colleges receive applications and admit students

Schools receive SAR and assemble aid package
Financial aid offices use the EFC, the school's cost of attendance, and other information to design a package of federal, state and institutional aid, which is then sent to accepted students.

* The dollar-amount Pell estimate is available immediately to students who file the FAFSA on the Web or use the online "FAFSA4caster."
Source: Information for this graphic was provided by Judith E. Scott-Clayton, assistant professor of economics and education at Teachers College, Columbia University. An earlier version was published in "Complexity and Targeting in Federal Student Aid: A Quantitative Analysis," a paper Scott-Clayton co-authored in 2007 with University of Michigan Associate Professor Susan M. Dynarski, then with the Kennedy School of Government at Harvard University.

afford to take time off from their jobs, or are too exhausted at the end of the day to attend.

The handful who do accompany their children learn about FAFSA, as well as the various state and federal grants, scholarships and financial aid packages available to low-income students. Parents and students are also encouraged to attend school-sponsored Financial Oversight Nights and are urged to keep the lines of communication open.

Herman's task is admittedly challenging, but she is motivated by the memory of a student she worked with in a previous job as a counselor at Bakersfield College, the community college that serves the region. The student, a recent high school graduate and first in her family to enroll in college, overcame her initial fears and successfully navigated the application process. Her next stop: financial aid. A helpful admissions clerk at Bakersfield directed her to the building with the blue pillars. The financial aid office, she advised, was right inside the door.

The student stepped outside. Every building in sight had blue pillars.

"She went home, and it was five years before she showed up on campus again," Herman recalls.

From the moment she took over Foothill's guidance department eight years ago, Herman says, she has made it her singular mission to clearly delineate those blue pillars for kids like Gerardo Tellez.

Price tag pressure

In its survey, the Advisory Committee on Student Financial Assistance found that young students are less likely to apply to college if they are supported by parents who categorize themselves as "very concerned" about the price tag attached to higher education. That price tag — and the concern — loom especially large in low-income households.

In 2007, the committee survey shows, the price of a four-year public institution constituted 48 percent of the average household earnings in low-income households. In middle-class households, college expenses accounted for only 26 percent of household income. No wonder, then, that colleges and universities, policymakers and education advocates have formed a chorus behind Eufemia Tellez to ask: Where are young people like Gerardo going to get that kind of money?

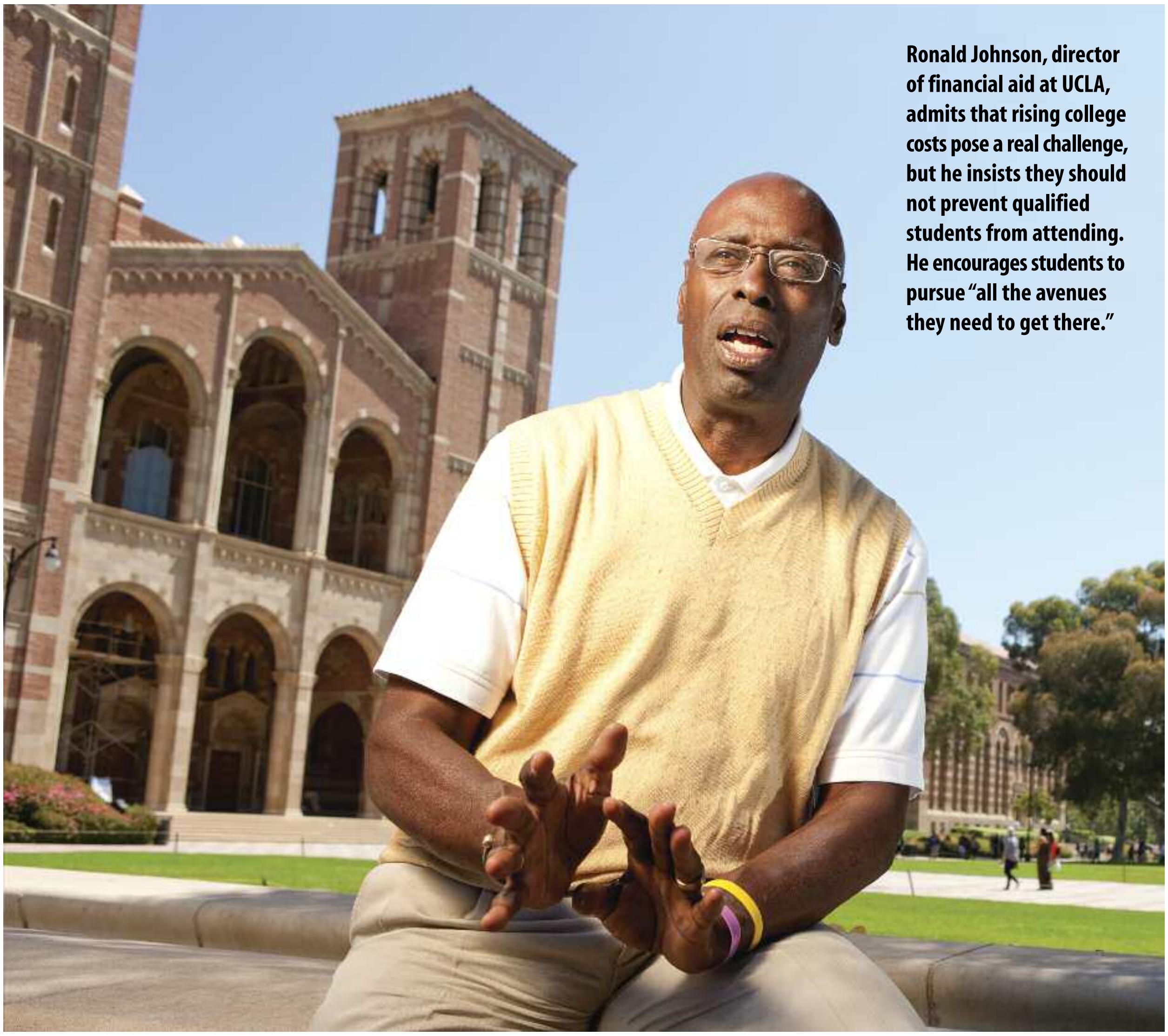
There are two schools of thought on the matter.

On one side are researchers who extrapolate data to issue dire forecasts about the future of affordable education. The 2010 report from Education Trust, for example, reaffirms an earlier Ed Trust survey that identified cost — as much as academic preparation — as the factor that most discourages low-income students and minorities from attending college.

"What we found, then and now, is that low-income students are underrepresented at flagship universities," says co-author Jennifer Engle. "Even highly qualified low-income students are going to less selective schools, or not going at all."

The counselors, administrators and faculty in the trenches are no less apprehensive. And yet, heartened by the number of low-income students they've helped move into higher education, they manage to cling to a thread of cautious optimism.

Ronald Johnson, director of financial aid at UCLA, sees a correlation between the rise in the percentage of low-income applicants turned away and a K-12 system that has encouraged more participation from students who were once steered away from attending college. The more liberal distribution of financial aid, Johnson



Ronald Johnson, director of financial aid at UCLA, admits that rising college costs pose a real challenge, but he insists they should not prevent qualified students from attending. He encourages students to pursue "all the avenues they need to get there."

argues, has skewed the data by encouraging more low-income students to apply. To Johnson, qualified students fail to make it to college only because they lack motivation or because teachers and counselors have failed to recognize and nurture their potential.

"It's because they have not pursued all the avenues they need to get there," Johnson says. "They haven't received appropriate counseling or put value into filling out the application process. It's people who have self-selected out of the process." Johnson says.

Officials agree that the disconnect for poor students almost always occurs at the counseling level.

Nicole Slabaugh of St. Joseph, Mich., never doubted she was college material. "I could have gotten into college academically," she says. "I knew I could handle it." What she couldn't handle was the price. "Money was definitely an issue," she insists. "Without financial aid, I couldn't go to college."

Though not legally emancipated from her parents, Slabaugh moved in with a grandmother in middle school and remained there until she had graduated from a southwestern Michigan high school. Things started to get complicated when she reached the line on the FAFSA that asked for documentation of parental finances. Unsure of how to proceed, Slabaugh asked the school counseling office for assistance — more than once, actually.

"They kept looking at me like I didn't know what I was talking about, so I did it on my own, Slabaugh recalls. "Since I didn't have any guidance, I had to pick a parent. So I picked my dad (her parents are divorced) because he's paying child support."

> "We should be paying a lot more attention to associate degree (attainment) rates than to bachelor degree rates."
>
> *Education analyst Arthur Hauptman*

That set the dominoes tumbling. Her father, like many a Michigander, had just lost his job; so had her mother. Slabaugh couldn't understand why it made a difference, anyway. After all, six years had passed since she'd lived with either of them.

Enrolling in a four-year institution straight out of high school was by then out of reach both logistically and financially. Slabaugh turned her attention to Lake Michigan College (LMC), the community college serving the region from a main campus in nearby Benton Harbor and several satellite locations throughout the region.

There, she found answers; she also found a champion in the form of Anne Tews, LMC's chief financial aid officer.

These have been busy times for Tews and for her peers in financial aid offices at two-year schools throughout the nation. Since the onset of the recession, community colleges have been an oasis for displaced workers seeking training for new professions. They've been joined on the two-year campuses by cash-strapped high school graduates seeking a more affordable alternative to four-year schools for the first two years of postsecondary education.

This has led to a 24 percent increase in enrollment at the nation's 1,200 community colleges from 2007 to 2009, according to the American Association of Community Colleges. In fact, it's now common to hear of two-year institutions doing something once considered unimaginable: turning students away.

In its survey, the College Board found that students enrolled in community colleges saw a one-year tuition and fee increase of 7.3 percent, putting the average cost at $2,554. LMC was no exception. The school announced this spring that tuition for its approximately 7,000 students will rise by 7 percent in the 2010-11 academic year.

The increase, the first in five years, will keep Tews even busier — if that's possible.

In just one year — from the 2008-09 academic year to 2009-10 — the amount of Pell Grants flowing out of Tews' office rose from $3.5 million to $7.3 million. During the same period, the total amount of student loans processed by her staff more than doubled, from $2.1 million to $4.6 million. LMC, like most community colleges, has very little money it can offer in grants to help students get through school.

Education analyst Arthur Hauptman blames state legislators for the dearth of need-based aid flowing to tax-supported community colleges. Public four-year colleges get the bulk of higher education appropriations "because it's more prestigious," Hauptman says. "That's (typically) where the legislators went to school. We should be paying a lot more attention to associate degree (attainment) rates than bachelor degree rates."

Fortunately for Nicole Slabaugh, Anne Tews was paying attention. Slabaugh's circumstances changed the moment Tews uttered the words "dependency override." Within days, Slabaugh had landed a Pell Grant thanks to the override, which opens a financial door for non-dependent students. An $800 merit-based scholarship followed. Now a sophomore majoring in art and education, Slabaugh next hopes to move from LMC to Grand Valley State University, outside Grand Rapids.

She doesn't see financial aid as an obstacle the next time around. For one thing, the FAFSA is much simpler because of recent action at the federal level. And, thanks to her part-time job in Tews' office, Slabaugh now has a good grasp of how the financial aid process works. "Now I know it like the back of my hand," she says.

Nicole Slabaugh (left), a sophomore at Lake Michigan College (LMC), found her path to college blocked until she met Anne Tews (right). Tews, LMC's financial aid director, helped Slabaugh navigate the aid process and now supervises Slabaugh, who has a work-study job in the financial aid office.

Joe Williams (left) set something of a speed record when he enrolled at Lake Michigan College in September 2009. During a visit to the Benton Harbor campus the day after classes had started, Williams met with admissions specialist Louis Thomas (right), took two hours to fill out the paperwork and started classes the next day.

A long-deferred dream

Given Joe Williams' experience with LMC, the only thing surprising about Slabaugh's story is that it took days rather than hours for her aid package to come together.

The idea that he might one day work as a nurse first came to Williams nearly 30 years ago, when he was a teenager growing up in southwest Michigan. As often happens, life sort of got in the way. First, there was his decision to leave high school prior to graduation and his marriage at age 18. Also, though he felt drawn to the career, he struggled with the persistent cultural perception about the health-related job. "(Nursing) was predominantly a female field, and that was sort of a sore spot," recalls Williams, now 46.

Instead, Williams gravitated to construction, became a heating and air conditioning specialist, moved his family from Michigan to Florida and eventually earned a GED. The marriage fell apart. As he neared his mid-40s, Williams returned to his hometown of Watervliet, population 1,750, in the heart of southwest Michigan's fruit belt. It was an inopportune time to be jobless in Michigan — a state whose unemployment rate had hit 10 percent at the end of 2008 and has been rising steadily since. But Williams' timing was perfect in one respect: It allowed him to pursue a goal long deferred.

He began by checking out the nursing program at a small, private four-year university in the area. He found it too expensive and a bit too intimidating for someone who'd been out of school for nearly a quarter century. One morning in September 2009, almost on a whim, Williams headed for the central Lake Michigan College campus, 12 miles southwest of his home in Watervliet. It was the day after the start of fall semester classes when he entered the office of admissions specialist Louis Thomas.

"He came in and started asking a lot of questions about the process, what fields he could go into," Thomas remembers. "He kept grilling me, asking really good questions. I gave him the best information I could. We talked about trending careers. Then we talked about nursing." Thomas handed Williams an application, a financial aid form and a course catalog. In the six years he's been with LMC, Thomas has seen applicants take weeks, sometimes months, to complete the multistage enrollment process. Williams did it in two hours and started classes the next morning.

"The student makes all the difference," Thomas says. "Joe, being an adult, was able to pick up what needed to be done very quickly. He knew where he was in life. Kids don't always know to follow all the steps. But overall, it usually works in the end. It just doesn't work as easy as it did with Joe."

It worked because Williams, admittedly "not a computer-age guy," found a counselor who was able to walk him through the electronic process that made a college education financially feasible.

After he graduates from LMC next spring, Williams wants to continue his education beyond an associate degree. He knows the decision will require him to take on more school-related debt, but he's fine with that. "It's an investment in myself," he says.

Not everyone sees it that way — especially students from low-income households.

Counselors and administrators say there has been some recent progress in making college more affordable for poorer students. They cite the 1.1 percent reduction in the interest rate on federally backed Stafford loans and recently enacted provisions meant to modify the role of private lenders and, ideally, reduce interest rates. But no matter what steps state and federal legislators take to make the lending process less painful, loans remain the third rail of financial aid. And, like it or not, all but the wealthiest students feel the jolt when forced to borrow.

"I don't want to take out student loans, but I'm going to have to," says Nicole Slabaugh, echoing the sentiment of every student interviewed for this story. "I don't have any choice."

The most recent Project on Student Debt study shows that students graduating from public universities in 2008 departed with an average debt of $20,200. That's 24 percent higher than the debt load incurred by the Class of 2004 ($16,850). The average debt of a 2008 graduate of a private nonprofit, meanwhile, was $27,650 — a 29 percent increase over 2004. Overall, the project found that 62 percent of public university graduates and 72 percent of students who graduated from a private, nonprofit institution owed on student loans upon leaving school in 2008.

There can be little argument that a five-figure debt constitutes a lot of money. But Jason Delisle urges perspective. "Even in low-income cultures, when someone buys a $20,000 car on credit, people say: 'Good for you,' " says Delisle, director of the Federal Education Budget Project for the New America Foundation. "But when someone graduates from college with a $20,000 debt, they say: 'Oh, my God!' There's an incredible bias in our culture when borrowing $20,000 to buy a car is considered healthy and borrowing $20,000 to go to college is considered risky."

Delisle has a point. But his argument loses some steam if you walk through the neighborhoods that make up the Foothill High School district in Bakersfield, Calif. Few late-model cars are parked in front of those modest homes.

Jazmin Barrena, Gerardo Tellez' classmate at Foothill High, didn't think much about cost as she studied her way to the top of her class (fourth overall). "I didn't worry about it much at all," she acknowledges. "My objective was to get in (to UC-Berkeley) and figure it out later."

Barrena did all right for herself once the financial aid numbers came together. The Pell Grant — when combined with state and institutional grants, scholarships and work-study — essentially constitutes a full ride. Tuition, fees, housing and books are covered. She's good to go, except for nagging incidentals.

And, make no mistake, the incidentals do nag. Transportation to and from school, for example. (A one-way Amtrak ticket, Bakersfield to Berkeley, goes for about $80.) And then there are extras such as football tickets, the occasional restaurant dinner with friends, toiletries and other expenses incurred by college students. The supplemental costs mean that Barrena, like Nicole Slabaugh, had little choice but to get a loan. By most standards, the $2,000 Barrena expects to borrow for her first year at Berkeley is far from indulgent. Barrena, though, views the overall price of a Berkeley education from another perspective: that of her father.

A field worker, Juan Barrena leaves his Bakersfield home before dawn each morning to support his wife, Ilva, and four children. Ilva's contributions to the household budget ended four years ago when her youngest

"There's an incredible bias in our culture when borrowing $20,000 to buy a car is considered healthy and borrowing $20,000 to go to college is considered risky."

Jason Delisle, director of the Federal Education Budget Project for the New America Foundation

daughter, Sandra, suffered acute renal failure. Ilva now stays at home to help with Sandra's daily dialysis treatments as the 10-year-old awaits a kidney transplant.

Jazmin Barrena departed for Berkeley in mid-August, humbled that the cost for each year she spends on campus will represent twice her father's annual salary. She's understandably apprehensive about any amount she'll owe upon graduation.

At the other end of the spectrum are students, at all income levels, who treat college loans as debts that never come due. In 2007, according to the Project on Student Debt, 4.3 percent of four-year public university graduates and 3.6 percent of the graduates of private four-year nonprofits walked away from their obligations within two years. (The well-documented default rate for students at for-profit institutions is 9.8 percent.)

Federal guidelines stipulate that institutions risk forfeiting the right to provide financial aid if the default rate among graduates averages 25 percent or more over three years or hits 40 percent during a single calendar year.

A handful of Historically Black Colleges and Universities (HBCUs) in Texas faced such a possibility in the mid-1990s, when default rates among their graduates averaged 30 percent or more over a 10-year span. Most of the HBCUs' students were in the low-income bracket and were the first in their families to attend college. Eighty percent were being supported by Pell Grants, and 78 percent had secured loans to pay for their education, according to an Education Sector report on the crisis. Had the government prevented these institutions from providing financial aid, there is little doubt they would have gone out of business.

One key component of the complex solution to this crisis was the introduction of "financial literacy" counseling. Bronte Jones — former assistant dean of financial services at Huston-Tillotson University in Austin, Texas, and now treasurer at St. John's College in Annapolis, Md. — helped develop the counseling policy.

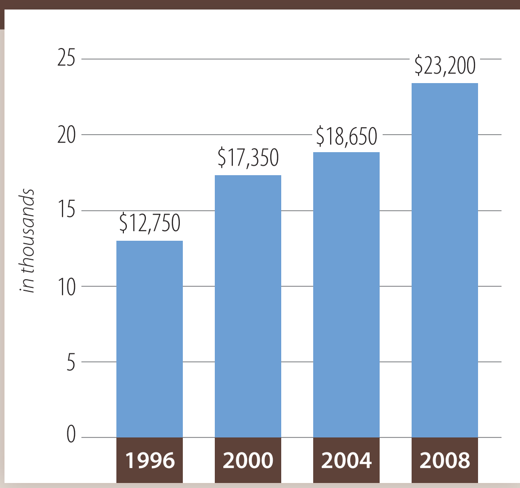
"A lot of first-generation students are not necessarily raised in an environment where they see responsible money management," Jones explains. "They can't process what it means to take out a loan. They don't realize that if they drop out, six months and one day later, they are responsible for paying that money back."

Today, Texas HBCUs are far from alone when it comes to preaching the gospel of fiscal responsibility. The same lesson is being delivered at schools such as Lake Michigan College. Given the amount of money distributed by her office, Anne Tews says it made sense for LMC to add financial counseling to its admissions protocol.

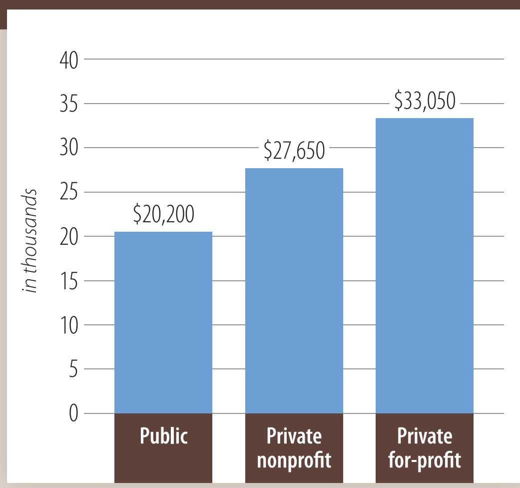
And with prices rising and recession-ravaged incomes declining, the higher ed community is considering other methods to keep college affordable for those who can least afford it.

Andrew Gillen of the Center for College Affordability and Productivity favors "Super Pell Grant(s)" that would bridge the gap between the amount awarded through traditional aid and the actual cost of attendance; this would eliminate loans to high-need students. Meanwhile, the Advisory Committee on Student Financial Assistance is floating the idea of a "National Loan Experiment" that would link interest rates, repayment schedules and other contingencies to family income. For his part, Richard Vedder credits simplification of the FAFSA form for removing some of the fiscal obstacles between poor kids and college. But he doesn't believe the changes go far enough. To foster real reform, Vedder suggests — not completely tongue in cheek — that the U.S. Department of Education eliminate the FAFSA entirely.

Growth in average debt for four-year college graduates*



Average debt for four-year college graduates in 2008



*Average debt for 2000 and 1996 reflect re-weighted data released by the U.S. Department of Education in December 2009.
Source: "Quick Facts about Student Debt" from The Project on Student Debt.

Though financial aid covers the full cost of her education at UC-Berkeley, first-year student Jazmin Barrena still expects to borrow $2,000 this year for incidentals — and even that modest amount is a source of concern. Her father, a farm worker in Bakersfield, supports a wife and four children, including Jazmin's 10-year-old sister, who is awaiting a kidney transplant.

Chemistry Professor George Williams works with Judson College student Summer Jones, a biology major who took full advantage of the Alabama college's "Two/Ten" program. Jones, who earned her bachelor's degree earlier this year, did so in just two years and 10 months, saving her at least $13,000 in college costs.

If time is money, speed up

As policymakers, legislators and education advocates continue to debate affordability, a trend is emerging at some colleges and universities to directly address the cost issues affecting their students. The institutions are doing it by speeding up the traditional academic timetable.

The accelerated degree is nothing new. Self-motivated students have long managed to cram undergraduate degrees into fewer than four years. Now, with an eye toward cutting the price of education, colleges and universities are getting into the act by actively promoting the option of earning a three-year baccalaureate. Depending on the cost of the institution, Bankrate.com estimates a three-year degree program has the potential to shave from $10,000 to $50,000 off the price of a college education.

Southern New Hampshire University and the University of North Carolina-Greensboro are among the most recent schools to join the three-year vanguard. The newbies could do a lot worse than to borrow a page from tiny Judson College in central Alabama (enrollment: 330). An all-female, Baptist-supported school 75 miles southwest of Birmingham in rural Marion, Ala., Judson has been moving students on and off campus in three years since the mid-1960s. Check that: The "Two/Ten" plan gets students on and off campus in exactly two years and 10 months.

The opportunity to save students a few bucks was one factor that drove the 1965 decision to adopt what is also known as the "Judson Option." The other factor was a desire to halt the all-too-common occurrence of Judson students leaving school — for other institutions or non-educational pursuits — after the first year.

"When I got here, it was a finishing school," recalls George Williams, who joined the chemistry faculty in 1966. "People used to say, 'Send your daughters to Judson for their first year (of college) to take the edge off.' "

The college's ad hoc historian, Williams reaches into a file cabinet and produces documentation — a yellowing, typewritten page — that proves the Two/Ten did, in fact, improve student-retention rates. In 1960, his paper shows, Judson graduated 33 students. Eight years later, 82 young women received their diplomas, including the first three who earned their degrees in two years, 10 months. At the program's peak in 1978, nearly 70 percent of the school's graduates were enrolled in the Two/Ten. In 2010, six graduates took advantage of the option.

The college's 1968 yearbook, the *Conversationalist*, outlined some of the potential benefits for students. "…Many use the fourth year, and the hundreds of dollars saved, for graduate study; others, for an earlier start in their career, or an earlier marriage," it noted.

Williams shared the yearbook entry with this year's Two/Ten students. "We got a good laugh out of it," says 2010 graduate Summer Jones. Jones was bound for the University of Alabama-Birmingham until her mother heard about Judson in a radio advertisement. A biology major, Jones was drawn by the reputation of the college's science program. She arrived on campus aiming to earn her degree in three and a half years, but switched to the Two/Ten after her first semester.

As a Two/Ten student, Jones took a full load of credits from September through the beginning of May. Then came the fun part — a regimen that packed the remainder of her coursework into the "short-term" semesters held each May and June, after the traditional academic year had ended.

"The hardest two months of my academic career," recalls Jones.

Clearly, it is no pursuit for the academic faint of heart. "To do the three-year program, you need to know what you're doing and stick with it," says Jennifer Hoggle, chair of the equine science department and coach of the school's championship equestrian team.

It was arduous. But Jones stuck with the Two/Ten, receiving her degree in biology. And, as advertised, she departed Judson two years and 10 months after her arrival. She plans to use the money she saved by averting a fourth year at Judson to help fund the next stage of her education: the nursing program at the University of Alabama in Huntsville.

The savings were realized, in part, because Judson waives tuition when a Two/Ten student pays room and board to live on campus during the short-term semester. "It basically means they're getting free tuition for a year," says Joann Williams, an associate professor of business who joined the Judson faculty last year.

Jones estimates the tuition break, coupled with eliminating the cost of a fourth year, saved her $13,000 to $16,000.

"Young people, until recently, didn't have to focus that much on the economy. But the last two years have changed everything."

David Potts, president of Judson College

Jones' classmate, Audrey McCaghren, says the $10,000 she saved by taking the Judson Option will pay dividends for years. A college graduate at age 20, McCaghren plans to spend the remainder of the year working and volunteering in the health care facilities field. She says getting out early gave her the opportunity to earn money while gaining practical career experience. McCaghren, too, plans to attend nursing school.

David Potts, Judson's president since 1990, says students generally pay little attention to the financial advantages of the accelerated degree. "But the parents love it," he says with a smile. "They appreciate the economic value of it more than their daughters do." Still, he admits the economy has swung the pendulum a bit.

"Young people, until recently, didn't have to focus that much on the economy," Potts says. "But the last two years have changed everything — maybe for a long time to come."

Potts says the Two/Ten plan has little impact on the college's bottom line. Judson recovers the tuition revenue "lost" in that fourth year through sound fiscal management, support from the Alabama Baptist State Convention and the gratitude of its graduates, 55 percent of whom contribute to the alumni fund each year.

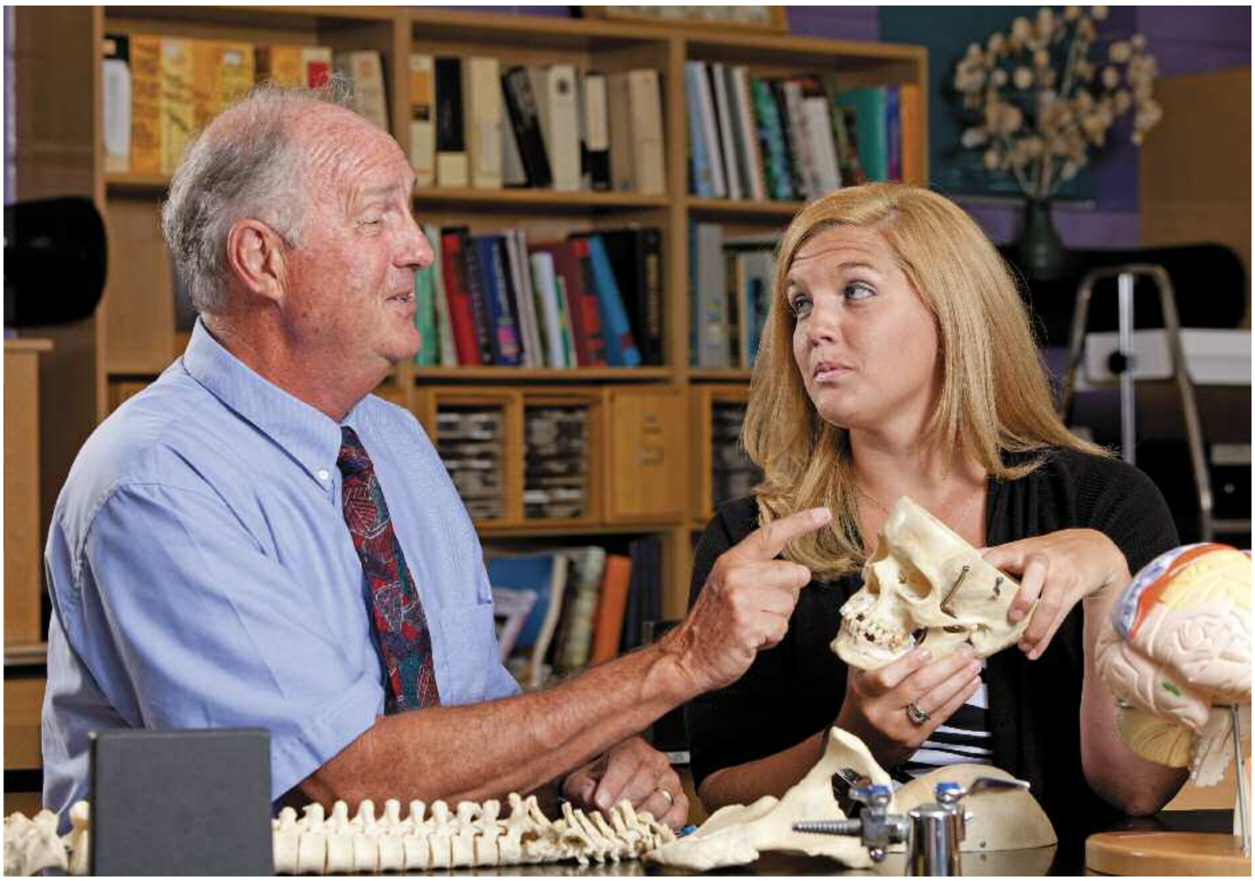
And Potts cites another group that deserves credit for keeping the books balanced: faculty members who teach two extra months of short-semester class time without demanding additional compensation. He chooses his words carefully when asked if instructors ever point out that the teaching load at Judson exceeds that of most other colleges and universities.

"Surprisingly, amazingly, no," he says. "(That) is a bridge this institution has already crossed."

From a business standpoint, says Joann Williams, the financial benefits of the Two/Ten option serve as an effective marketing tool for a school that, in many ways, runs counter to the norm.

"We are a small, faith-based, female-only institution in a rural community," says Williams. "That goes against all the trends. The trend is toward big institutions in large urban areas."

Potts agrees, adding that there's no time like the present for Judson to trumpet a program that is as much a part of the school's culture as the rituals of single-gender education, faith and the equestrian team. "In the past we were able to show parents and students that (Two/Ten) was an effective way to attain a baccalaureate degree," he says. "But now, with parents losing their jobs and all the (economic) uncertainty, it's even more important that we make the case also for affordability."



Biology Professor Thomas Wilson helps Judson College graduate Audrey McCaghren "bone up" in preparation for her next academic challenge: nursing school. McCaghren, a college graduate at age 20 thanks to the Two/Ten plan, says she saved $10,000 by taking the accelerated program, which is also known as the "Judson Option."

Carol Coffin and her son Tyler review family finances in the continuing effort to find ways to fund Tyler's college education. "We live paycheck to paycheck," says Mrs. Coffin, an apartment manager in Watervliet, Mich. "We've been that in-between family that just does the best we can."

Stuck in the middle (class)

Never mind the merits of earning a degree in three years as opposed to four; Tyler Coffin spent the Michigan summer following his graduation from high school hoping he could somehow scrape together enough money to get to college *at all*.

By all rights, everything about the financial aid system should have worked in Coffin's favor. As valedictorian of Watervliet High School's Class of 2010, he had earned $2,500 in local scholarships and qualified for a $3,400 Pell Grant. In addition, his first-choice school, Western Michigan University, had offered another $3,000 in aid, and he'd qualified for about $5,000 in subsidized and unsubsidized federal loans.

Even more impressively, perhaps, Coffin could boast of doing something that long predates Pell Grants, federally guaranteed loans and other financial aid innovations: He'd earned and saved his own college money.

Still, it wasn't enough.

"We always told him that, if he saved and worked hard in school, he'd be rewarded for it," says Tyler's mother, Carol Coffin. "I feel guilty that I'd made all these promises for 12 to 13 years and there was a chance none of it would come true."

Neither rich nor poor, the Coffins fit squarely in the American middle class. "We live paycheck to paycheck," admits Carol Coffin, who manages an apartment complex. "We've been that in-between family that just does the best we can." Her husband Joe, an auto body specialist, works two jobs. Tyler's two older brothers both attended college. One earned an associate degree from Lake Michigan College; the other transferred to Brigham Young University after two years at LMC. The Coffins have sent three kids to college while struggling themselves to stay afloat in an economically ravaged state. Something had to be sacrificed, and that something was a savings account meant to fund Tyler's education.

A 2010 study by the Center for Social Development at Washington University in St. Louis found the ability of parents or students to reserve funds for higher education is a "strong predictor" of whether a young person will, in fact, attend college. The same report, citing data from student loan giant Sallie Mae, revealed that, among families with cash reserves, college ranked third among the most oft-cited reasons for saving — trailing only emergencies and retirement. That finding is borne out by the fact that, according to the study, two out of three families deposit money in college savings accounts, often in the tax-free 529 investment plans administered by 49 states and the District of Columbia.

Conversely, the center also points to the significant economic gap separating families that save for postsecondary education from those that don't. The center estimates that 80 percent of households with an income of $100,000 set aside money for college, a rate that

Part of the Coffin family's financial plan for college rests on Tyler himself. For a full decade, Tyler has manned a curbside produce stand, and this summer he also worked long days for a lawn care service. Still, thanks to tuition increases and cutbacks in state-based scholarships, he'll have to borrow $7,000 to finance his freshman year at Western Michigan University.

drops to only 32 percent in homes where parents earn less than $35,000.

To encourage more college savings among low- and middle-income families, the center recommends other states follow the lead of Maine, Utah, Alaska and Arkansas. Those states either coordinate 529 contributions with mandatory payments to the government or offer residents the option of depositing state income tax refunds directly into 529 accounts. Other savings-boosting proposals include:

- Providing tax incentives for employers to match their workers' 529 donations.
- Removing 529 plan balances from financial aid formulas (a policy already adopted by 17 states).
- Encouraging more states to match 529 contributions from low- and moderate-income families.

For Tyler Coffin, the Michigan kid who socked away money without the incentives offered by any 529 plan, the summer of 2010 was much like the nine summers that preceded it. This July and August, for the tenth straight year, Coffin set up an umbrella table in front of his home and tacked a hand-lettered sign on a nearby utility pole that read: "Tyler's Tasty Tomatoes."

As college neared, sales of his backyard produce provided Coffin with extra cash for fuel, hanging out with his buddies and other expenses that might have otherwise pulled resources from his education fund. The 10 or more hours he toiled each summer day for a local lawn care service thus generated the bulk of the $3,000 in his college savings account.

At home, work and play, the internal debate about where to spend that money dominated Coffin's thoughts as July slid into August. Leaning toward Western Michigan, Coffin still couldn't bring himself to commit officially to WMU. "I needed to see what was financially possible and what was best for our situation," he explained.

Western Michigan estimates the cost for a full-year resident student at its main campus in Kalamazoo at nearly $22,000. No matter how many times Coffin crunched the numbers, they just didn't go that high. Even with his parents kicking in what they could, the cost of his education at a state-supported university would remain out of reach unless he went into debt.

Finally, six weeks before the start of classes, Coffin pulled the trigger. He announced to his parents and friends that he was enrolling at Western Michigan. That very day, July 22, WMU's trustees raised undergraduate tuition for in-state students by 7.4 percent — the highest increase among 15 public universities in Michigan. Immediately, Coffin's tuition shot from $8,382 to $9,006.

A week later came word that a portion of the state scholarships awarded to Michigan's top high school graduates would be deferred due to budget woes. Gone was an additional $510 Coffin had counted on. With no other option, he again touched the third rail. The $5,000 loan he had reluctantly secured for his freshman year at WMU instantly ballooned to $7,000.

In short, Coffin's enrolled, but he's worried about the future. And his mother has added her voice to the growing chorus: "Where are we going to get that kind of money?"

> Only 32 percent of households with an annual income of less than $35,000 set aside any money for college.
>
> *Center for Social Development, Washington University at St. Louis*

Promise … and peril

For now — at least for young Gerardo Tellez of Bakersfield, Calif. — the answer to that question comes in the form of merit- and need-based scholarships: a Pell Grant and state and institutional aid for low-income students.

Foothill High School counselor Joan Herman is deeply troubled, though, about the long-term viability of that solution. She and others fear that the cobbled-together financial aid formula now supporting Tellez and tens of thousands more like him will soon collapse under the weight of California's budget crisis.

Tellez himself is philosophical about it. Wise beyond his years, he frames conversations about the present and future through the perspective of a challenging past.

"I have taken the difficult route," he says in his college admissions essay, "the route where nothing is easy and all is difficult in an effort for change." The route has brought him a long way — through hunger, through days in the fields, through nights sleeping in a car and morning showers in a truck stop.

It's brought him now to UCLA's Westwood campus — a trip that required his signature on a $7,000 loan just for the first year. He knows that debt will grow steadily for the next three years — and exorbitantly beyond that when he enters medical school.

Tellez admits he isn't yet sure *how* he will pay back that sum. Nor does he know precisely *how* he can repay his mother, who "suffered her entire life working as a farm worker…(who) has broken her back every day to give us the best she could," as he said in his college essay. "But I know I'll do it."

Steve Giegerich, a former education writer for the Associated Press and a onetime journalism instructor at Columbia University, is a staff writer for the St. Louis Post-Dispatch.

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Lumina Foundation for Education
P.O. Box 1806, Indianapolis, IN 46206-1806
www.luminafoundation.org

October 2010

GOAL 2025

Editing: David S. Powell • **Editorial assistance:** Gloria Ackerson and Kate Snedeker
Photography: Shawn Spence Photography • **Design:** IronGate Creative • **Printing:** Think Patented