

Chapter 4

Financing A College Education: Are Students Too Dependent On Borrowing?

Sheri S. Williams and Frank Newman

America's college students and their parents have drifted into borrowing as a way to finance the high costs of a college or university education. Although as many as 60 to 70% of students may be employed at some point in their college career, the hard reality is that student employment is no longer the core means of financing an education. A typical case in point is Brandeis University where students are switching to increased indebtedness as much as they can in order to pay their bills at registration (L. Watson, personal communication, 1990).

Student aid as a whole has seen a clear shift toward loans. Originally, loans were seen as a small part of financial aid. Loans filled in the gaps when other forms—primarily work, savings, and grants—didn't cover everything. Yet in the last decade alone, the percent of aid in the form of loans has risen from 40 to 49% (Hansen, 1990). There are several reasons for this dramatic change. One is that we are in a period of time in which college students are seeing sharply rising costs. Tuition and other basic student charges have increased well in excess of inflation. Inflation in the costs of books, equipment, federal regulations, new construction, lowered teaching loads, more administrative functions, and growth in faculty salaries have all contributed to the rise.

At the same time, federal assistance to students is declining. Grant aid fell from 56 to 48% of all available aid during the 1980s (Hansen, 1990). It is not surprising then, in this atmosphere of rising costs and declining aid, that students and their parents are finding themselves under added pressure to borrow a bigger and bigger share of the overall costs of college. While there are some distinct advantages to student loans, there is no question that loans are a burden which students will have with them when they graduate.

Decreasing the Debt

We need to find more effective ways to help students and their families avoid the consequences of double-digit debt upon graduation. The problem lies in two tasks. One is shifting the nation's policy focus from loans to grants. If we believe that Americans in all walks of life should be saving more, then we should rethink our system of student aid. Starting students out in their post-college life with large loans—as a matter of government policy—hardly encourages the concept of savings. Also, loans don't generate the values which we want students to develop. Students learn that college is to be viewed as a way to a high income, not to a satisfying career or a life of service. An overreliance on student loans

serves neither our college students nor the public well.

The second task is to increase the earning potential of college students, particularly in the service sector where wages are routinely low. Some progress is being made. For instance, the Department of Education now provides for partial forgiveness of student loans for those students who serve as paid employees of a tax-exempt service organization (D. Bumpers, personal correspondence, June 15, 1990). Yet even this strategy has its drawbacks. Remember that the federal government currently subsidizes loans while encouraging work at the minimum wage. Clearly, much more needs to be done by all sectors of society—public, private, and non-profit alike. It is easy to say there is a need for meaningful work and service, but the question is how do we go about creating more opportunities to meet the need? It is here that we should focus the conversation.

Raising the Value of Work

There will always be a handful of entrepreneurial students who understand the value of working while learning. However, student employment is not as widely valued as it should be by parents or even by the students themselves. (In contrast, business leaders, in a recent survey, saw work experience as more valuable than high grades.) Work is commonly viewed as an alternative for those who are ineligible for traditional sources of grants and aid, or as a way to rescue students who are on the brink of dropping out. Thus work has become a supplement to, rather than an integral part of, the college experience.

Such attitudes toward work are hard to explain in a nation that has traditionally embraced the work ethic. Yet there seems to be an assumption today that work will divert students from the real task of learning. This fear is ungrounded. Part-time work does not interfere with academic work. In fact, there is sufficient evidence that students who work are more likely to persist academically than non-workers (Van de Water & Augenblick, 1987).

Work needs to be seen as part of the total educational process—as a way to round out the student's personal, educational, and career development. With better access to information about how to succeed in college while working, students will be more likely to match their personal learning needs with the needs of the workplace. (Strategies for student employment are collected in Hawes, 1985.)

Changing Expectations

Before any change in attitude toward work can occur, educators themselves must stop underestimating the ability of the student to carry out challenging work and study assignments. College professors across the country expect far too little from the undergraduate student. On campus, where the norm is the lecture, professors tend to view the student as incapable of reflection and initiative. When this happens, the student's worth and potential are diminished.

Educators are not alone in their doubts about the capacity of college students to manage work and study. Business also needs to expand its expectations of the college student. While some businesses are beginning to recognize the benefits of hiring college students, few know how to take advantage of this ready source of workers. At the Education Commission of the States, we are pushing to hire more interns who are pursuing advanced degrees. The result has been a steady infusion of bright people from diverse backgrounds who bring new perspectives to the organization. For business, students can be a smart source of potential employment. (See, for example, student employment statistics in *Business Week*, 1988.)

Adding a Reflective Component

There is one more issue that needs to be raised. We need to enhance the student's work experience by adding a learning component to the job. When work is coupled with a reflective component, the benefits of student employment are greatly enhanced.

Notable examples of successful work and learning experiences need to be publicized more

broadly—such as the experiential program at Goddard College in Plainfield, Vermont, which brings students under the influence of mentors who would otherwise be unknown to the student. Other prime examples include the federal college work-study programs at institutions like Hahnemann University in Pennsylvania and Monterey Peninsula College in California. In addition to these initiatives, we also need to recognize efforts like the program in Greeley, Colorado, where a hospital is offering to pay nursing students' college tuition in return for a commitment to work at the hospital.

Such programs provide students with benefits that extend beyond the temporal goal of building a portfolio. (For a profile of employed students, see McCartan, 1988.) When students are employed in meaningful work, they learn important workplace skills and attitudes like teamwork, responsibility, leadership, and good citizenship—skills that are too infrequently rewarded in the college classroom.

Opportunities for employment in the public and private sectors are so much in need by today's college students. We need to do all we can to raise student employability and lower the huge debts that college students must now shoulder to earn a college degree.

References

Business Week. (1988, February 19). More than ever, a college degree offers a competitive edge, p. 20.

Hansen, J. S. (Ed.). (1990). *College savings plans*. New York: College Entrance Examinations Board.

Hawes, G. R. (1985). *The College Board guide to going to college while working*. New York: The College Board.

McCartan, A. (1988, September/October). Students who work. *Change*, p. 10.

Van de Water, G., & Augenblick, J. (1987). *Working while studying: Does it matter?* Denver, CO: Education Policy/Planning Services.

Sheri S. Williams

At the time of this article, Sheri S. Williams was an Intern to the President at the Education Commission of the States (ECS). Prior to ECS, Dr. Williams served as Regional Vice President for the National PTA, working to secure policies for the welfare of child health, safety, and education.

Frank Newman

Frank Newman is President of the Education Commission of the States (ECS), a compact of states created to assist state political and education leaders in developing and implementing effective state education policy. Prior to his appointment at ECS, Dr. Newman was a Presidential Fellow at the Carnegie Foundation for the Advancement of Teaching and served as President of the University of Rhode Island. He developed a series of publications known as the Newman reports while he chaired two task forces established by the Secretaries of Health, Education and Welfare. His most recent publication is *Choosing Quality: Reducing Conflict Between the State and the University*.