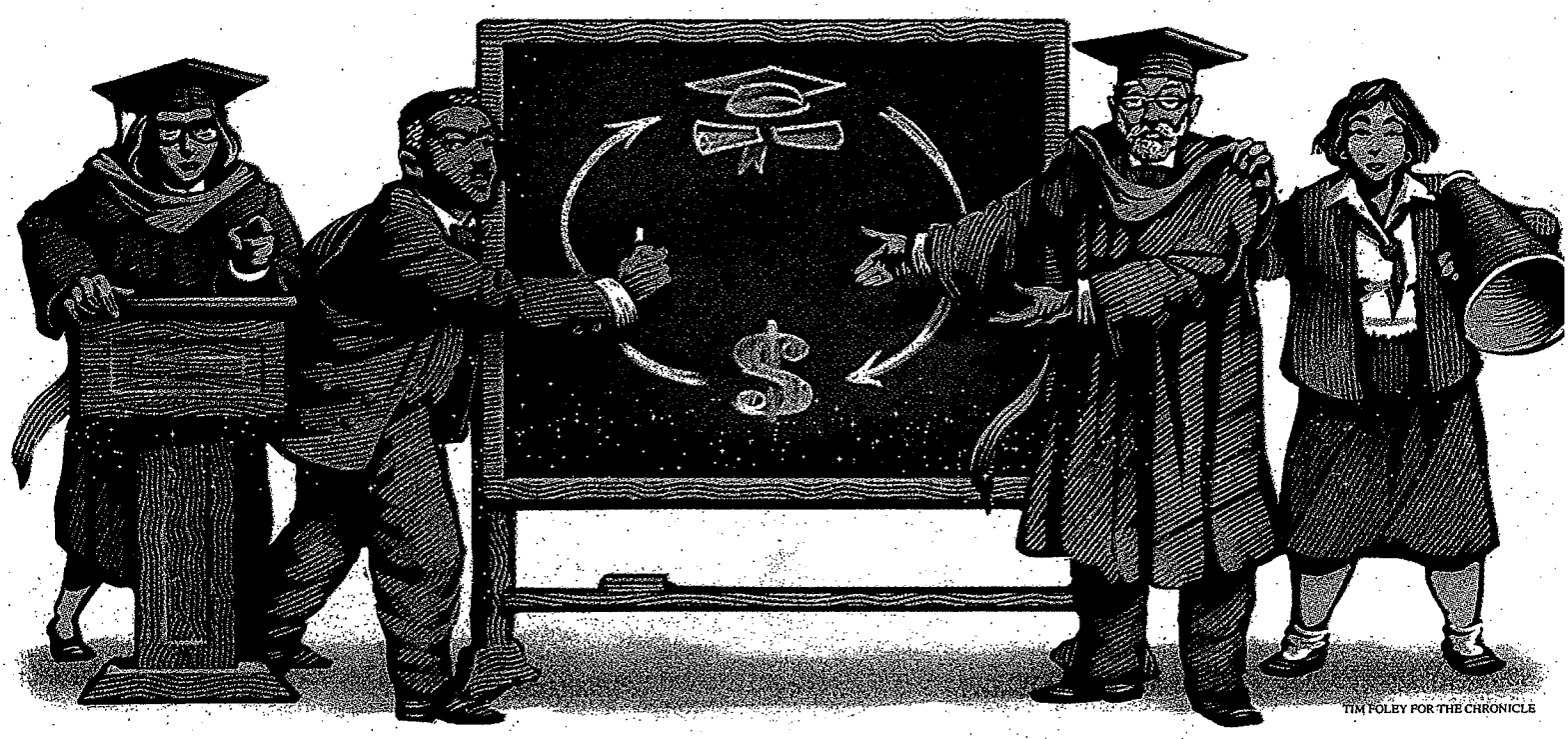
COMMENTARY



TIM FOLEY FOR THE CHRONICLE

For Government, an Investment Worth Making

Federal Aid Is Key to an Educated Work Force

By David L. Warren

FEDERAL FINANCIAL AID for the nation's neediest students may be on the chopping block. Congress is planning to cut spending by $100-billion this year, and the administration has been working overtime to tighten its budget request for the 2012 fiscal year. When "everything is on the table" is the mantra on *both* sides of the aisle, we must pay serious attention, because federal student-aid programs are not exempt.

Quickly approaching action on budget proposals in the nation's capital means this is a critical time for low-income students. The White House is preparing to deliver its budget for the 2012 fiscal year to Congress in mid-February. At the same time, Congress is considering what levels of government support will go into place when the current spending plan expires, on March 4. The higher-education community, especially college presidents, must make the case to Congress now about the importance of federal-aid programs for needy students.

Those programs have historically enjoyed broad bipartisan support. Helping students who are prepared and willing to work hard to pay for college has always been

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seen as a sound federal investment, regardless of which party controls Congress or the White House. And lawmakers know that studies demonstrate that federal student aid pays back the nation with an educated work force, fewer burdens on social services, higher tax revenue, and economic growth.

But for too long, higher-education leaders have assumed that policy makers understood the value of how student-aid programs work together. These programs create a package ensuring that qualified low-income students have the same access to a college education as their wealthier classmates do.

It is imperative that college and university presidents take the time now to personally educate members of Congress on the facts about student-aid programs, starting with these:

- The programs do not duplicate one another. The three grant programs—Pell, Supplemental Educational Opportunity Grants (SEOG), and LEAP state grants—forge a partnership among the federal government, states, and institutions to provide adequate aid for the lowest-income students. Even if those students receive the maximum Pell Grant ($5,500), they still need the additional aid provided by SEOG and LEAP. At an average award level ($736 for SEOG and $1,777 for LEAP), many low-income students receive at least $2,500 on top of their Pell Grants to help pay for college. Additionally, the Perkins Loan Program gives financial-aid administrators the flexibility to provide some needy students with low-cost, secure, government-backed loans, rather than expensive private loans.
- There is neither a plethora of higher-education programs nor a history of unlimited program growth. With the notable exception of Gear Up, which serves low-income students, there have been no major new federal programs created for higher education since 1972.
- Rates of tuition increases at private nonprofit colleges are down. Inflation-adjusted, out-of-pocket, net tuition dropped by 11.2 percent over the past five years. College and university administrators are cutting spending, curtailing employee benefits, and freezing new hires. While tuition rose 4.5 percent at private nonprofit colleges this year, institutionally provided student aid increased 6.8 percent. That jump in institutional aid is on top of a 9-percent increase last year.
- Colleges and universities are doing their part under incredible economic stress. They are struggling to keep up with the demands of constantly upgrading education in response to the largest continuous explosion of knowledge in human history, and they are doing it with less outside support because of state cuts and a decline in charitable giving.
- It costs colleges and universities a significant amount of institutional funds to educate a student, even one who receives a full federal-aid package. Contrary to popular belief, increasing the Pell Grant does not drive up costs, allowing colleges to charge more. Federal studies conducted under Republican and Democratic administrations have found no conclusive evidence that federal student aid drives up tuition.

Even if students receive the maximum Pell Grant, they still need aid provided by SEOG and LEAP. These grants all work together.

- Campuses are big drivers of local economies. Strong local economies usually have a college or university close by. They create jobs, and students keep the local businesses going. Local colleges help support the rest of the town's cultural life through theater, athletics, or an arts center. Members of Congress need to better understand the relationship between a college's economic health and the local economy.
- A bachelor's degree pays for itself by the time the traditional graduate reaches the age of 33. College graduates earn higher salaries and are more likely to keep their jobs in bad economic times. From 2008 to 2009, the unemployment rate for college graduates rose from 2.6 to 4.6 percent; the rate for high-school graduates rose from 5.7 to 9.7 percent. While 8 percent of high-school graduates 25 and older lived in households getting food stamps in 2008, only 1 percent of those with bachelor's degrees did so.

No one questions that reducing the federal debt is a critical policy objective. But as policy makers undertake this difficult task, they must keep in mind that a highly educated population is crucial to our national security and our competitiveness in the global economy. Financial aid gives needy students the opportunity to make long-lasting contributions to our national, regional, and local economic stability and growth. It is the responsibility of every college and university president to reach out to his or her elected officials to tell this story. The stakes are too high—for America's students and for the nation's future—not to act immediately.

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