Congress should help students get through college

By Hamid Shirkani

Last month, the House of Representatives, under the leadership of the Democrats, approved legislation to cut student loan interest rates by half over a five-year period. This was done despite opposition from the White House and without consideration of its detrimental impacts. The legislation is now in the Senate. I strongly suggest the Senate consider whether this is the most appropriate use of federal funds.

The College Student Relief Act will save the average student with $13,800 in debt $4,400 in interest over the life of the loan. The average undergraduate student incurs approximately $17,500 in loans. Democrats argue that the act will ensure greater access to college by making it more affordable.

Early cost estimates of the act hover around $7 billion over five years. While these costs would largely be borne by lenders and loan-guarantee agencies, nearly one-third of the money would come from savings from reducing federal subsidies private lenders receive on federal loans. This essentially redirects federal subsidies to college graduates, not to students struggling to meet the costs of college today.

While I applaud efforts to increase college access, there are numerous other ways to do it more effectively.

- For instance, why not raise Pell Grants, which cover only 44 percent of tuition for those who can least afford college? Funding for Pell Grants was lowered from $13.6 billion in 2004-05 to $12.7 billion in 2005-06. As tuition continued to increase, the average Pell Grant per student dropped from $2,474 to $2,354. The Democrats have pledged to raise Pell Grants, but the subsidies from the relief act would provide immediate assistance and much greater access if put toward this program.
- Why not address the fact tuition increased substantially in the last five years, outpacing inflation, family income and the cost of health care? Rising tuition costs have increased the burden on students at all income levels. Tuition and fees at four-year public colleges increased 6.3 percent, or 2.4 percent when adjusted for inflation, over the past year.

The average cost of tuition for a four-year public college or university is $5,836 per year. Private four-year college tuition increased 5.9 percent, or 2 percent when adjusted for inflation, over the same period, rising to an astounding average of $22,218 per year.

While cutting interest rates will help those who qualify for these loans, they do not address the burden on the ever-increasing number of students who are just slightly too affluent to qualify for federal loans or Pell Grants, but not making enough to afford college on their own. These students fall into a funding gap where they are forced to take private loans, work, or not attend college at all.

- Why not provide funds for early college high school programs? Research shows that getting children motivated to want to attend college and preparing them to do so in high school increases the number of students who enroll in college and complete their degrees.

Fewer students than ever actually complete their college degrees. On average, of 100 ninth-graders, only 68 will graduate on time from high school, only 40 of these will immediately enroll in college, only 27 will enroll for their sophomore year, and only 18 will graduate from college within six years.

While the number of students enrolling in college is expected to increase, the majority of this increase will be among low-income and minority students. These populations tend to be underprepared for college coursework, which requires remediation at astronomical costs.

In the California State University system, the nation’s largest public higher education system, 38.2 percent of last fall’s incoming freshman class needed remedial math, and 45.2 percent needed remedial English. This costs taxpayers an estimated $30 million annually. Surely, addressing remediation issues is money better spent than lowering interest rates.

The Democrats’ ideas for higher education reform give lip service to problems that are much deeper and more complicated than one legislative mandate can solve. Secretary of Education Margaret Spellings’ Commission on the Future of Higher Education has studied several of the issues important to higher education and proposed reforms. While not everyone agrees with the commission’s recommendations, they should serve as a starting point for discussion. A bipartisan approach to shaping the future of our educational system is necessary -- not a mad dash to throw money at selected programs to win voter approval in the next election.

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Mod Bee 2-4-07