University students in US face higher tuition and loan debt

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Public universities in the US will raise tuition by an average of 8 percent this year, according to the American Association of State Colleges and Universities. This hike comes on top of a 10.5 percent tuition increase last academic year and a 13 percent rise in 2003. The tuition increases also coincide with cuts to need-based aid programs for low-income students.

Tuition increases vary by school, with some students facing hikes of 20 percent or more. In some states, this trend has been building since the late 1990s, exacerbated by the more recent state funding shortfalls and recession. States have sought to balance their budgets—often made worse as a result of tax cuts—by cutting spending on education and Medicaid, the two largest state-funded programs.

Since 2000, cuts in tuition aid programs and a 35 percent increase in public university fees have combined to price many low-income students out of higher education. The tuition increases, rising at some schools by double-digit percentages each year, far outpace general inflation, as well as the 4.7 percent increase recorded by the Higher Education Price Index, which measures the relative cost of goods and services specific to the functioning of universities.

Working class students who do choose to attend colleges have few means of offsetting the increases in school costs beyond borrowing heavily from loan programs and relying on high-interest credit cards. The College Board reported that an estimated 25 percent of students may actually be financing their educations with credit cards. Students in graduate and postgraduate programs, in particular, fall back on private lenders. A report by the American Council on Education (ACE) found that almost half of all graduate degree recipients in 2004 used credit cards for school expenses, carrying a median balance of $3,900.

More than two-thirds of low- and middle-income undergraduates completed school with federal loan debt. Statistics from the US Department of Education indicate that nearly three-fourths of all independent students with annual incomes under $20,000 left college in debt. They had a median debt of $19,130, more than any other income group.

Meanwhile, the federal matching funds for the Leveraging Education Assistance Partnerships (LEAP) Program has declined in worth by a third, reducing grants specifically designed for and targeting the neediest students. At the state level, the percentage of grants awarded on the basis of need has dropped by 15 percent in the past decade. Likewise, institutional grants increasingly focus on criteria other than financial need, concentrating award money at the top of the income distribution. This is most keenly felt at private institutions, where awards are commonly handed out on the basis of criteria that minimizes or excludes financial need.

The *World Socialist Web Site* spoke with a number of university students around the US who described some of the problems they face in funding their education.

Jennifer, a senior elementary education major at Eastern Kentucky University, requests the maximum Stafford loans every semester and works two work-study positions paying $5.40 and $6.50 an hour. Work-study jobs are generally low-paying positions provided by the university to students on the basis of financial need. “It still doesn’t even come close to covering all my tuition expenses,” she told the WSWS. Tuition for out-of-state students at EKU is currently $6,500 per semester.

Although she has been paying her own rent and utilities for the past year, Jennifer is not technically considered “independent” because of her age, and is therefore ineligible for many forms of student aid. “I’m one of those who aren’t eligible for grants because of my parents’ income. They’re supposed to help but they can’t,” she said, noting that her grandparents help to cover the shortfall. She added, “My mom and step-dad are I guess what you’d call middle class or lower-middle class, but they have a house payment, my little brother to take care of, and they have a lot of debt themselves.” She expects to have a debt of at least $18,000 by the time she graduates.

Like most large universities in the state, EKU has upped its tuition even while streamlining staff and programs. In the spring, the student body was upset by a proposed 12.8 percent increase for 2005-2006, and outraged when, without consultation, the Board of Regents instead implemented a 23 percent hike, with a $400 increase every semester thereafter.

Graduate students have also been affected by tuition increases, even those who work full-time to help pay bills. Londa is an EKU student in her first year of graduate school. She works as a full-time high school English teacher and commutes an hour each way to attend classes. While she managed to pay the $680 per graduate course out of pocket her first year, she still carries an undergraduate loan debt of $11,000. After she attained her bachelor’s degree and secured employment, the loan repayment plan kicked in, requiring her to pay $257 per month, which was about a quarter of her starting salary. She quickly decided that she needed to go back to school in order to defer her loan payments and eventually earn more as a teacher.

After a year, Londa is ambivalent about the prospect of managing her debt, which has already accrued $900 in interest. Her husband, also a teacher going back for a master’s degree, has another $25,000 in student loan debt. “I just feel like we’re never going to pay it off, and there’s no way of getting help to pay for it,” she told the WSWS.Even with two full-time incomes, Londa and her husband struggle to pay their $700 monthly mortgage bill and transportation expenses, and beginning in August, the fee for graduate students will increase to $800 per class. “Right now we just have to scrimp everywhere else in order to save for that,” she said. “How are people going to get higher education with the way things are going?”

Alie, a public service graduate student at the private Marquette University in Wisconsin, has her tuition covered by a fellowship. Her program also pays a stipend in exchange for her part-time work in a related occupation. Her husband, a recent master’s degree recipient, works full-time at a local public school. Together the two bring in approximately $33,000 a year, which is enough to pay rent, gas and occasional daycare for their young child. In the fall, however, repayment of her husband's $15,000 loan will begin, and next year the first payment of Alie's own debt will come due, expected to total $14,000.

Alie and her husband are planning on be accepted by that time into an overseas postgraduate program, which would extend deferment. Even so, she said, "we probably aren't looking at financial stability any time soon."

Nationally in 2004, according to a recent brief issued by the American Council on Education (ACE), more than 60 percent of all undergraduate degree recipients completed their schooling with federal loan debt. The median amount borrowed was $16,432. This figure, under the standard 10-year federal repayment plan, would require a recently graduated student to pay $189 every month after expiration of the six-month grace period. In a stagnant job market this is a significant pressure for recent graduates, and many factor insufficient wages and prolonged deferment into the decision to return to school. Postponing debt, however, increases it. ACE reported that public university master's candidates of 2004 graduated with a median federal loan debt of $26,119.

Some California public universities have been granted increased funding relative to the past few fiscal years as part of a compact agreement between Governor Arnold Schwarzenegger and university presidents. In exchange for ending four years of cuts, California State University (CSU) and the university administrators agreed last year to focus on state-specified areas of "accountability," such as programs encouraging students to pursue particular fields in teaching and to perform community service**.**

For 2005-2006, both governing boards of CSU and the University of California (UC) approved 8 percent increases in system-wide undergraduate fees, pushing UC undergraduate fees up by $457, to $6,141 in the fall. According to the official state budget summary, fees for graduate students at both CSU and UC will increase "a moderate" 10 percent. UC graduate students will be paying almost $7,000 in fees per year**.** UC professional students studying law, medicine and dentistry will be paying fees of at least $15,000 per year.

Sammar is a second-year law student at the University of California at Davis. As an independent student, she is responsible for more than $21,000 in fees each year along with rent, parking and other expenses in an area with a formidable cost of living. "The [fee] increases are ridiculously high," Sammar said. "I had to work full time and go through a full first year of law school as well. It was tough. Considering the amount of debt I'll have to pay off, I really won't have a choice about what type of law I will practice or who I will advocate for." She estimates that she will graduate with between $70,000 and $80,000 in debt, mostly owed to federal loan programs.

Most professional students are in similar situations. The ACE brief reported that 89 percent of professional graduates had loan debt, with a median amount of $63,500. Such a debt under the standard repayment plan requires $730 each month. Additionally, many students seeking higher degrees borrowed the maximum amount in school loans and sought further funds through private bank loans.

East Carolina University is one of 16 constituent institutions under the budgetary control of the University of North Carolina Board of Governors, which has overseen a doubling in the cost of attending college over the last decade. While North Carolina has a constitutional mandate to assure access to higher education, shrinking state budget allocations and reductions in need-based grants are contributing to financial strain on students and their parents.

Tuition at East Carolina University rose by $300 last year, and again this year, to $2,000 for in-state and $7,100 for out-of-state undergraduates. Ashley, an ECU sophomore majoring in elementary education, has received a host of need-based grants as well as subsidized and unsubsidized Stafford loans and a Federal Perkins loan. Even so, the aid is "just enough" for in-state tuition, and she worries about the inadequacy of minimum wage in covering her finances. "Work study helps a little. But you need an extra job." The UNC Board of Governors has already stated that tuition at ECU will rise again in 2006-2007 by at least $300.

According to the system-wide student government association, more than half of students applying to North Carolina universities also apply for need-based grants and draw more heavily from loan programs while attending. Sherri, who is an ECU sophomore majoring in political science, described her financial situation as "bleak," but manages to pay her in-state tuition with grants, Stafford loans, and by working. Nevertheless, she has accrued considerable credit card debt by using it to purchase textbooks. She was exasperated by increasing tuition rates in conjunction with cuts to need-based aid. "It is terrible because I am not getting a work-study.... But a lot of people won't get it."

In Michigan, eight public universities recently announced tuition increases of between 7.5 and 19 percent for the fall. Although the state legislature is not expected to reach a decision on education funding until September, most are in consensus that funding for higher education will be cut for the fourth straight year. At the state's two largest schools, the University of Michigan and Michigan State, the latest increases will add an average of $500 in fees this semester for full-time enrollment.

J.D. hopes to be accepted into Kendall College of Art Design at Ferris University in Grand Rapids, Michigan. Although he has had some college classes, he works part-time as a server in a local restaurant and is currently two months behind on rent. A prior felony conviction makes it difficult for him to find better-paying work, however, and will likely also limit his eligibility for student aid. If he is denied federal assistance, J.D. may have to take out a private loan with a higher interest rate. "I think everyone should have a right to be educated and still be able to put food on the table," he told the WSWS. "After I get a degree I will have to pay it off for the rest of my life. I will always be in limbo. Plus, I may not be able to use my degree to support myself. I could be stuck doing the same work I was doing before."