

## Academic Sense

Education as opportunity:  
Our incomplete focus

By Karen Gross

It may surprise you that a college president would be writing a column on the business page. There's a good reason. Before becoming president of Southern Vermont College last summer I was a faculty member at New York Law School for 23 years. To my surprise, matters of financial literacy were very much on the minds of my students – so much so that when I introduced courses on the subject, they were invariably filled.

The financial aspects of being a student, or the parent of a college student – what it costs and how to pay for it -- are crucial challenges facing higher education today. A few months ago, in a report titled “Educational Inequality: Diminishing Equity in the Nation’s Premier Public Universities,” The Education Trust lamented the low levels of governmental support for low/moderate income students and the increase in merit-based aid for middle and higher income students. The report critiques the under-enrollment of qualified low/moderate income students in flagship public institutions. The report also observes the disparate impact of student indebtedness on low/moderate income families. Taken together, these factors make public educational institutions “engines of inequality.”

As accurate as the report is, the real story is even more complex.

As president of a small, private liberal arts college in Vermont dedicated to providing high quality, affordable education to first-generation college students, I think private institutions deserve some blame, too. Leaders of private institutions need to do more to insure educational access to all students; otherwise, we will cease to be gateways to opportunity. We have an obligation to low/moderate income students, too. Private institutions are not relieved of their social responsibilities – as current discussions within corporate America reveal.

It is also critically important to note that not all costs of education are covered in full by grants. Students, even those who have a free ride for tuition, room and board, are increasingly using credit cards to bridge the gap between financial aid and the real all-in expenses of becoming educated. These students emerge, then, with significant debt that does not appear in the usual indices. For example, the American Council on Education reports that the average indebtedness for graduates of 4-year private colleges (who live and eat on campus) is \$31,916. Credit card debt adds, on average, another several thousand dollars to that total.

Unlike student loans, which have a myriad of options for deferral, forbearance, income sensitive repayment plans and still somewhat reasonable interest rates, credit card debt has almost none of these attributes. Credit card nonpayment or slow payment can quickly

deflate that all important credit score that determines access to credit as well as prospective employment options and insurability. We graduate students with debt loads that impair their futures.

Finally, for students who do borrow at least some money to finance their education, we need job opportunities that pay enough to service the debt incurred. Otherwise, we may be providing educational access but we are failing to provide real and sustainable opportunity to repay debt and build a fiscally sound future for oneself and one's family – especially if the chosen work is in the public sector. Stated differently, not only is student debt hard to repay but also the size of the debt is affecting future success.

This is like the problem now occurring in the home lending market for underserved communities: we lend people the money they need to purchase a home because homeownership is critical to asset building in low-income communities. But, these homes are frequently foreclosed upon because the debt service is expensive and unsustainable over the long haul. The number of homes' purchased is not the right measurement if we are trying to determine asset-building capacity; home ownership retention for a period sufficient to create equity is a vastly better measure. We cannot replicate these unfortunate results in education. We cannot just measure who enters and then graduates from college as our measure of success. Instead, we have to look at whether graduates can navigate their financial burdens in the workplace of today and tomorrow and realize on education as the pathway to success.

For educational institutions to be true engines of equality, they need to do more than provide an entry strategy for low/moderate income students – as important as that is as a goal. They need to work on an exit strategy, too. Students need serviceable debt that opens doors and choice in the workplace. Otherwise, we will be regressing and not progressing.

As a matter of policy, it seems way worse to lose what one thought one had than not having had something in the first instance.

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