C1 – Informing the People

LINK: Pell Grant forms are complicated.
Richard Kahlenberg, The Atlantic – January 12, 2015

These numbers are encouraging for two reasons. First, it suggests that some lowincome students may be lured by the simplicity of "free." **Although many disadvantaged students may have already attended tuitionfree in the past—the maximum Pell Grant amount exceeds the average tuition at community colleges—navigating complicated financialaid forms has proven notoriously difficult for struggling families. Introducing a bright word that everyone can understand—"free"—is a big step forward and appears to encourage participation.**

LINK: Poor people don't know how much college costs.
Sara Goldrick-Rab, assistant professor of educational policy studies at the University of Wisconsin-Madison, Community College Research Center – February 2007

Both the quantity and quality of college financing information that families receive differ by social class: economically advantaged students learn about college and how to pay for it from a variety of sources, while poor students often have to rely on their high school counselors, largely because most persons in their circle of influence (e.g., family members, close friends) did not attend college (Cabrera et al., 2005; McDonough, 1997). **As a result, disadvantaged parents are less likely to feel they can predict the cost of college, and empirical evidence indicates that they make more errors in their cost estimates when they do provide them** (Avery & Kane, 2004; Grodsky & Jones, forthcoming). **One study of parents of eleventh graders found that those who indicated that they were knowledgeable about the costs of attending a specific two-year college and were willing to estimate those costs overestimated the actual costs by only about five percent.**[10] **In sharp contrast, parents who estimated the costs of attending a two-year college after reporting not possessing information about those costs overestimated the actual costs by 228 percent** (Grodsky & Jones, forthcoming). **There is a strong sense among researchers that such inaccuracies in cost estimates act to discourage some students from any form of college attendance** (Avery & Kane, 2004; Glenn, 2004).

IMPACT: A promise of aid increases the likelihood of preparation and enrollment.
Edward St. John, professor of education at Indiana University, with The Education Resources Institute and Lumina Foundation for Education – October 2004

Preparation: Analyses of the effects of expected student aid and information on preparation for college would need to control for impact of background (e.g., family income, parents' education, and ethnicity), school characteristics (e.g., locales and curriculum options), goals/aspirations, and prior achievement in middle school preparation. To inform public policy relative to the social contract, such studies must consider the effects of policy variables on equalities/inequalities in preparation across racial and income groups, with appropriate statistical and logical controls. There are a few well-designed studies that meet this standard, and a few more such studies are in preparation. The studies to date focus on Indiana's Twenty-first Century Scholars Program (Musoba, 2004; St. John, Musoba, Simmons & Chung, 2002; St. John, Musoba, Simmons, Chung, Schmit & Peng, in press) and the Washington State Achievers Program (St. John & Hu, 2004). These studies indicate that **providing a guarantee of aid improves the chances that lowincome students will prepare and enroll.** In addition, analyses of funding for state grant programs reveal that merit programs were negatively associated with high school graduation rates (St. John, Chung, Musoba, Simmons, Wooden & Mendez, 2004), further indicating that **information on aid influences preparation.**

IMPACT: Everyone earns more, even after factoring in cost.
Jorge Klor de Alva, president of the Nexus Research and Policy Center, and Mark Schneider, president of the American Institutes for Research – October 2013

Even after factoring in the costs that graduates incur when earning the degree, **the associate's degree is a good investment: with a median net gain during a 40-year work-life of more than $259,000 compared with that of a high**

school graduate in the state where the community college is located. This translates into an annualized median rate of return of more than 4 percent.

As graduates earn more, they pay more in taxes. In turn, taxpayers also benefit, gaining on average $67,000 in additional tax revenues from a graduate of a median community college. But the range here is also substantial, from a net gain of $27,000 drawn from graduates of schools with a starting salary at the 20th percentile to more than $100,000 drawn from graduates of schools at the 80th percentile

C2 – Resting Easy

INHERENCY: Students are having to take out more loans to finance their education.
Alicia Dowd, assistant professor of education at the University of Massachusetts Boston, and Tarek Coury, University of Oxford – 2006

The AACC's position against loan increases is consistent with the historic public financing of community colleges, which has traditionally placed a minimal burden on students. However, a recent report demonstrates that community colleges are generally affordable today only when students take loans (Kipp III, Price, and Wohlford, 2002). **Federal statistics also show that larger percentages of community college students, particularly those who are financially independent of their parents, are borrowing to finance their education** (Berkner, 2000; Berkner, Berker, Rooney, and Katharin, 2002). **With increases in tuition, a significant shift in the burden of financing a community college education from states to individuals has already occurred** (Merisotis and Wolanin, 2000). Therefore, it is important to evaluate the effects of borrowing among community college students on academic outcomes, such as persistence and degree attainment.

INHERENCY: Loan-takers average $10,000 in debt.
Claire Zillman, Fortune Magazine – January 14, 2015

And many community college students—even with that itsy, bitsy $3,347 annual tuition bill—are opting for loans. The average community college student owes $3,700, according to the Center for Education and the Workforce at Georgetown University, which crunched numbers from the Department of Education. (The DOE most recently surveyed debt total by institution type in 2009.) **If you remove from the equation the students who decided not to take out loans, the average debt load for community college students is $10,000.**

IMPACT: Students are 15% less likely to enroll if they have debt.
Alicia Dowd, assistant professor of education at the University of Massachusetts Boston, and Tarek Coury, University of Oxford – 2006

The delta p statistics for Model 1A indicate that for a 'typical' student, as defined by the median and modal values of the predictors, **taking a loan reduces the probability of persistence by)0.15 from the estimated persistence probability of 0.52.** The delta p statistics for Model 1B indicate that for the typical student a change in the loan amount of $500 lowers the probability of persistence)0.03. **A unit change of $1000 has a)0.05 effect**11. The magnitude of these effects on persistence was also estimated separately based on the Model 1 results for independent and dependent students with otherwise typical characteristics who take loans. Dependent students who take loans still have a greater probability of persistence (0.56) than the base value, but that probability is reduced from 0.70 for dependent students without loans. **Independent students who take loans are estimated to have a low probability of 0.37 of persistence.**

IMPACT: Debt increases the likelihood of bankruptcy.
Dora Givecha, UNC Greensboro, and Jeffrey Thompson, Federal Reserve Board – October 18, 2013

Outstanding student loans increase the probability of being denied credit, with $10,000 in debt raising the probability by six percentage points (Column 1). **The same amount of debt raises the probability of experiencing bankruptcy in the last ten years by seven percentage points** (Column 2) and having a period of being significantly late paying bills by two percentage points (Column 3). For each of these outcomes, higher levels of educational attainment and residence in a county with relatively high average income diminish the probability of experiencing distress, while being female or having a disability (of either the respondent or the spouse) exacerbate it. County-level unemployment raises the probability of being denied credit and having late payments, but decreases the probability of bankruptcy.

IMPACT: Individuals would otherwise be burdened with debt.

Jeffrey Selingo, editor at large for the *Chronicle of Higher Education*, *College (Un)bound* – 2013, p. 51

Excessive borrowing is the biggest problem facing higher education, and it hurts everyone. For graduates, it means a decade or more of making choices with that debt hanging over their heads, governing the types of careers and jobs to pursue, when to get married, when to buy a house, and when to have kids. If the students overborrow, it's likely that the parents did, too, or they are helping out with the payments now. Research from the Federal Research Bank of New York shows that Americans aged fifty and older still owe $139 billion in student loans. More than 15 percent of those loans are delinquent.12 Some were loans taken on by people who went back to school later in life, but **many were loans they signed or cosigned for their children and grandchildren. Student loan debt is now an intergenerational problem, with ripple effects throughout the economy and social policy.**

IMPACT: Looming debt is cyclical.

Joseph Stiglitz, professor of economics at Columbia University, *The Price of Inequality* – 2013, p. 118-119

There may be another factor at play that is decreasing mobility and that, over the long run, will decrease the nation's productivity. **Studies of educational attainment stress the importance of what happens in the home. As those in the middle and at the bottom struggle to make a living—as they have to work more to get by—families have less time to spend together. Parents are less able to supervise their children's homework. Families have to make compromises, and among them is less investment in their children** (though they wouldn't use those words.)

C3 – Investing in the Future

INHERENCY: Countries have an obligation to be proactive in labor policies.

Joseph Stiglitz, professor of economics at Columbia University, *The Price of Inequality* – 2013, p. 329-330

Of course, **government needs to** do more than just increase total demand; it has to **help individuals change sectors, from where they were needed yesterday to where they will be needed tomorrow.** These "active labor market policies" have proven effective in several countries, especially in Scandinavia. Cutbacks in government spending for such programs will not only lower total income by lowering demand but also lead to a higher level of natural unemployment, if such a thing exists. **State funding cuts in higher education**—which have been especially large in science, engineering, and health care fields because these fields are especially expensive to teach—**mean that some jobs in these fields are going unfilled, and the cuts disproportionately reduce the ability for the poor to receive more training and get good jobs.**[57]

LINK: People are more adaptable.

Jeffrey Selingo, editor at large for the *Chronicle of Higher Education*, *College (Un)bound* – 2013, p. 63

Among public institutions, community colleges like Wake Technical have been hit the hardest. With more than eight million students, **community colleges make up the largest type of college in the United States**, although they remain almost invisible to the media and the public. They educate their students on about a third of the resources of public four-year colleges. **Their programs tend to be closely aligned to the local and regional economy, and they offer programs that can quickly train people for new jobs. In other words, they are key to filling the skills gap that keeps millions of jobs begging for workers.**

IMPACT: Demand will be huge by 2018.

Anthony Carnevale, Nicole Smith, and Jeff Strohl, Georgetown University Public Policy Institute Center on Education and the Workforce – June 2010

Adjusting our numbers for all of those factors, **by 2018 we end up with a shortfall of workers with Associate's degrees or better of about 3 million.** At current rates, degrees conferred would have to increase by about 10 percent a year to eliminate the shortfall—or the economy would need to slow its demand for higher education in its workers.