

David L. Eisler and Scott Garrison

Addressing college student loan debt

Strategies for success

I am very pleased to have this final piece in the financial literacy series published in *C&RL News*. As regular readers will know, I have devoted a monthly column to colleagues who are engaged in financial education programs in their libraries to describe their programs here.

David L. Eisler, president of Ferris State University in Michigan, was one of the presenters at the ACRL President's Program at the 2014 ALA Annual Conference and coauthor of this piece. Eisler, along with Scott Garrison (library dean at Ferris State, and moderator of the ALA Annual Conference program) offer some data and some strategies for how we can continue with our financial education efforts in the college and university setting.

I am optimistic that the programs that have been highlighted, as well as the strategies noted here, will spur more action across our campuses, and I look forward to hearing more about these efforts.

I am also grateful to 2014–15 ACRL President Karen Williams for enabling the space for my column during her presidency.

—*Trevor A. Dawes, ACRL Past-President*

The challenge of college student loan debt is well documented in the popular, financial, and academic media. During the past decade, borrowing for full-time undergraduate students has increased by over 50%.¹ In 2009, student loan debt became the largest type of debt owed by American households

after home mortgages, surpassing credit card debt.² In 2012, 1.3 million undergraduates in the United States graduated from college with student debt. Today it is estimated that our country's outstanding student loan debt may be as large as 1 trillion dollars.³

Clearly, both the number of students with debt and the amount those students are borrowing are accelerating. In 2012, over 70% of students graduating from four-year colleges had student loans. That same year the average education debt load for a graduating senior was \$29,400, a 25% increase of nearly \$6,000 per person, in just four years.⁴ This occurred with federal Pell Grant investment at a historic high. Add to this the high percentage of full-time college students who work, many as much as 40 hours or more per week. The simple reality is that even with federal support, increased working hours, personal contributions and savings, students and their parents cannot cover the costs of a college education.

Those who work with students recognize that this is only a partial picture of college loan debt. An analysis of the Survey of Consumer Finances by the Pew Research Center looked at households with heads under 40

David L. Eisler is president of Ferris State University, e-mail: daveiseisler@ferris.edu, and Scott Garrison is dean of the Ferris Library for Information, Education, and Technology, e-mail: scottgarrison@ferris.edu

© 2014 David L. Eisler and Scott Garrison

years of age. College-educated households with student debt showed an average indebtedness of \$137,010 as compared with \$73,250 for those without student debt. The added debt was in higher vehicle and credit card loans, placed on top of the loans accumulated during college.⁵

There are major economic effects of these increases in student debt. Some fear that debt levels may begin to impact student choices for majors and careers. The majority of borrowers paying back their student loans are now in their 30s or older, with 42% between the ages of 30 and 50, and 17% older than age 50.⁶ Student debt is becoming a burden that some graduates will carry through much of their working lives. It also appears that people with student debt are less likely to start businesses of their own, and there may also be a negative impact on home ownership.⁷

It is worth remembering that these data are for students who graduate from college. For students who do not graduate, student debt is coupled with lowered earning potential and perhaps long-term unemployment or underemployment, creating a future that is even bleaker.

There is a growing national call for colleges and universities to act on this problem. Regrettably, with few exceptions, these calls focus on college costs alone, which creates a partial and misleading picture. Increased debt results from many factors: decreases in state funding for public institutions, reduced endowment returns, and the highly people-intensive nature of delivering a quality education. Additionally, aggregate debt statistics include data from for-profit institutions, where both debt load and the percentage of students with debt is much higher. However, higher costs also result from institutional spending practices, enrollment patterns, and the tendency on the part of some colleges and universities to direct funding to merit rather than financial need. The problem is systemic and complex, and although now in the public eye, in reality these patterns have been a growing part of higher education for the past two decades.

Strategies to reduce student debt

There are clear actions that colleges and universities can take. These begin with acknowledgement and ownership of the problem, and engaging the entire university community—governance boards, faculty, staff, administrators, and students—in analyzing, addressing, and solving the challenge. This combined action creates awareness of both the seriousness of the problem and the institutional commitment to address it. However, this is a process that is not without challenges and drawbacks. Some will fear that a discussion of costs that draws the attention not only of current students and their parents, but also attracts the attention of potential students, will impact enrollment. As awareness of the problem grows, it can, and likely will, affect student attendance patterns.

Careful study of the problem suggests several approaches. Student loan costs include much more than the cost of attendance. In reality, these are funds that students use for living expenses during their college years. As a result, no single factor will reduce student debt more than reducing the time it takes a student to earn a degree.

Improvements in advising, scheduling, encouraging students to take more credits, and managing carefully to limit “creep” in how many credit hours are required per degree, will do the most to reduce student debt. For institutions with significant numbers of students receiving Pell grants, this effort dovetails well with new satisfactory progress requirements and limitations on Pell funding.

A second effective strategy is to limit cost to students. In this it is useful to consider the net cost of attendance, which is educational and living costs minus financial aid and the scholarship support students receive. A commitment to reallocate funding to increase need-based financial aid, together with increased donor support for need-based scholarships, will certainly make a difference. However, for this to reduce debt, financial support will need to increase more rapidly than tuition and associated costs.

A third strategy is to increase the financial literacy of students, potential students, and their parents. Despite significant national media attention and awareness efforts that address the topic of student debt, study after study on student debt and college costs shows there remains a significant educational challenge for students and families.

For example, in a recent survey by the Credit Union National Association, 48% of people did not know how much their children would need to borrow for college.⁸ While people understand that student debt is a problem, they do not understand its financial impact on their future. Without this understanding they are less likely to make sound financial choices.

Student debt can be a catalyst to increase financial literacy efforts both inside and outside the classroom on college campuses. Some successful approaches include sessions for students and parents during orientation. College admissions and financial aid web pages can connect students and their parents to the many resources available for student debt analysis. These special efforts should be directed to prospective students, especially those with greater financial need, current students with significant debt, students whose debt is increasing at a rapid rate, and to students who are not making satisfactory progress on degree completion according to federal and other requirements. An effective approach (employed at Ferris State University) is to use students trained in financial literacy to help their peers as personal counselors. Combined efforts do work in raising awareness and in helping students and their families make good financial choices.

Recent efforts by ACRL under the leadership of 2013–14 President Trevor Dawes provide some excellent approaches to nurturing financial literacy.⁹ Given the many partnerships librarians develop across campus, libraries can be a major catalyst for awareness efforts. Students connect with libraries both as a result of academic assignments and as places where they spend much of their time learning and interacting outside class, thanks

in no small part to the increasingly ubiquitous collections, space, and technology resources libraries provide.

Also, university libraries employ significant numbers of students who can act as liaisons to the broader student body. Libraries, therefore, have a wide variety of ways to reach students, including rich physical and digital content and media, student employees, and physical public spaces that are aligned increasingly toward lowering barriers to students' success. Many campuses are fortunate to have library facilities that are equipped to handle events from small to large, on an extremely wide range of topics, including financial literacy.

For libraries willing to be involved in tackling the problem of student debt, it is important they build a strong relationship with their campus financial aid office. Financial aid officers will have a deeper understanding of student debt, seeing on a daily basis the financial challenges students face trying to remain in school. This and other partnerships can be extremely effective, especially in working on a shared activity, such as the national Money Smart Week and other programs highlighted in Dawes' libraries and financial literacy education series during the past year.

Student debt is not any one person or group's problem. Rather, it is a problem for everyone in higher education and in society, and one that we must all help solve. It is the most considerable threat to the "American Dream" faced by this generation of students and their families. The opportunity and promise of a college degree ceases to exist if potential students cannot afford it, or at best it is greatly diminished if in earning their degree students are saddled with a debt burden that will restrict their potential for decades to come.

Addressing and solving student debt requires sincere, long-term institutional commitment. Building awareness requires resources, both in terms of money and human capital. It will force difficult conversations, discussions, and decisions about institutional priorities and cost. It is, however, a deeply compelling issue

(continues on page 391)

performances (welcome or not) to continue, and where they can go to study if they are disturbed. If this is not enough, in the past, staff at the reference desk encouraged students to leave a note in the library's suggestion box. This seems to take care of most complaints, and there seem to be more students listening to a concert or a rehearsal than appear to be hostile to it.

Concerts have been held at the Library of Congress since 1925. In this era of redefining the role of the academic library, one of the oldest types of cultural programming is still attracting audiences and members of the campus and wider community. Perhaps your library can also establish "...one of the campus's outstanding treasures."⁷

Notes

1. Video of the UCLA New Music Ensemble performing David Lang's "I Lie" is available at https://www.youtube.com/watch?v=zR_bjs9aSIWg and a performance of Hildegard

von Bingen's "Ave, generosa" is at <https://www.youtube.com/watch?v=RJzeD4HHnxs>.

2. Michael Dean, et al., "A Strategic Plan for the UCLA Department of Music: University of California, Los Angeles," Fall 2012, retrieved from www.senate.ucla.edu/.../UGC/.../5AProgressReport_Music_Spring2013.pdf.

3. Information on the Music at the Rotunda series is on the UCLA College Library website at www.library.ucla.edu/libraries/college/powell-music-dances.

4. Elisabeth Le Guin, "Welcome," *Jubilate: Motets and Canzone from Baroque Italy and América* concert, Los Angeles, California, November 21, 2009.

5. Deborah A. Robertson, *Cultural Programming for Libraries: Linking Libraries, Communities & Culture* (Chicago: ALA, 2005).

6. Bonnie Biggs, "Quiet Study Area: No Applause Between Movements," *C&RL News* (1991): 17.

7. Joseph Nagy, e-mail message to author, June 13, 2012. *zn*

("Addressing college student loan . . ." *cont. from page 376*)

that can engage and unite an entire college or university community, both on and off campus. Simply put, the face of the student debt challenge is the face of a particular student who we know, a student who is struggling because of this problem.

For the benefit of that student and many thousands of others, we must reduce student debt.

Notes

1. Christina Chang Wei and Laura Horn, *Federal Student Loan Debt Burden Of Non-completers* (Washington: National Center for Education Statistics, 2013).

2. Richard Fry, "Young Adults, Student Debt, and Economic Well-Being," Pew Research Social & Demographic Trends, www.pewsocialtrends.org/2014/05/14/young-adults-student-debt-and-economic-well-being/ (accessed May 30, 2014).

3. American Student Assistance, "Student Loan Debt Statistics" (2014), accessed May 30, 2014, www.asa.org/policy/resources/stats/.

4. Institute for College Access & Success, "Quick Facts About Student Debt" (2014), accessed May 30, 2014, http://projectonstudent-debt.org/files/pub/Debt_Facts_and_Sources.pdf.

5. Ibid.

6. Richard Fry, "Young Adults, Student Debt, and Economic Well-Being," Pew Research Social & Demographic Trends, pewsocialtrends.org/2014/05/14/young-adults-student-debt-and-economic-well-being/ (accessed May 30, 2014).

7. American Student Assistance, "Student Loan Debt Statistics" (2014), accessed May 30, 2014, www.asa.org/policy/resources/stats/.

8. Jonnelle Marte, "Many Blind To College Loan Needs," *Boston Globe*, www.bostonglobe.com/business/2014/05/24/many-blind-college-loan-needs/cQ7BoYPUPk1DaB5cWHX6kL/story.html (accessed May 30, 2014).

9. ACRL, "ACRL President Trevor A. Dawes' Presidential Initiative" (2014), accessed May 30, 2014, www.ala.org/acrl/acrl-president-trevor-dawes-2013-14-presidential-initiative. *zn*