

## **You Can Afford College, Even In Tough Economic Times**

**By Nancy Oliver Gray, president of Hollins University**

For families with children in college now or planning to attend college next fall, the national recession is making the challenge of paying for a college education even more daunting. In a recent survey of over 2,500 high school students by MeritAid.com, almost fifty percent indicated they are more apprehensive than ever about affording college at all. Fifty-seven percent are thinking about attending a less prestigious college due to cost and sixteen percent are suspending their search for a college altogether because they believe they can't afford tuition.

Parents of current or prospective college students have every right to be concerned. But they should also know that among the dark economic clouds, there are silver linings when it comes to affording a college education.

First, financial aid is on the increase. The College Board found that while tuition at four-year institutions rose less than one percent over inflation in 2007-2008, financial aid topped inflation by 5.5 percent during the same period. College students received record amounts of financial assistance last year: more than \$143 billion, including grants, loans, work-study programs, and tax credits.

Second, for those families who need to bridge the gap between what they can pay and the cost of tuition and other fees, federal loans are an increasingly attractive alternative to private borrowing. While the credit crunch is limiting the availability of private loans, the accessibility of federal loans will not be affected by the economic downturn. A new benefit of federal loans begins in July 2009, when the payment borrowers are expected to make will be proportional to their income. As Lauren Asher,

associate director of the nonprofit Project on Student Debt, said, “You can now count on having a loan payment that won’t put you in the poorhouse.”

Third, when looking at value and cost together, private colleges remain a bargain, even in the current economic climate. Students from middle and low-income families who automatically assume those institutions are out of their price range might be surprised to learn that private colleges are affordable because generous need-based and merit scholarships are available. What’s more, costs are offset by financial aid packages that generally far outpace those offered by public universities. With such additional advantages as smaller class sizes, greater one-on-one attention from professors, and a stronger likelihood of getting the classes needed to graduate in four years (unlike many public universities where earning an undergraduate degree can take longer), private colleges are a mainstay of quality and affordability.

Families worried about paying for a college education should keep in mind these “don’ts”:

- *Don’t fall prey to “sticker shock.”* When they see the tuition price listed by many colleges, many people assume that’s what they are going to pay out-of-pocket and instantly rule out those schools. But thanks to financial assistance, few families pay the list price. The College Board reports the average net tuition at private colleges after grants and tax benefits are factored in is more than \$10,000 less – and rising at a slower rate – than the “sticker” price.
- *Don’t delay completing the Free Application for Federal Student Aid (FAFSA).* Most colleges use the FAFSA to determine student financial assistance. The sooner the FAFSA is submitted, the better the chances of getting a generous aid

package. If a family's financial situation changes during the course of the academic year, the college can make adjustments to provide more money immediately rather than waiting until the next school year.

- *Don't be a stranger to the campus financial aid department.* College financial aid officers are a tremendous resource for finding money for college from both the institution itself and the community at large, and in helping families navigate the maze of applications and deadlines. If you are interested in a private college, talk to the campus financial aid office about opportunities for assistance.

With each day seemingly bringing more bad news on the economic front, it's important to remember that the dream of a college education doesn't have to be delayed or set aside altogether. Help is out there for students and their families.

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