



Price of education is likely debt

By Mary Beth Marklein, USA TODAY

FAYETTE, Ala. — When Elisha McKinney graduated this spring from Bevill State Community College, she became the first in her family to earn a college degree. Now, as she takes online summer classes toward a bachelor's degree, she marks another first that she hopes also will be her last: She took out a student loan.

"I did everything I had to" to avoid borrowing money, says McKinney, 34, a married mother of three who worked full time while also a full-time student. "I'm nervous."

That sentiment is typical here in the Appalachia Mountain foothills, where many students are "raised to be very cautious about going into debt," says Neal Morrison, interim president of Bevill State.

But as the costs associated with going to college have increased, loans have gotten harder to avoid. The number of Bevill State borrowers is still small: less than 3% of students last year. But it has climbed steadily, from zero in 2001 to 148 in 2006.

That trend line is creating a dilemma for Morrison and other community college presidents, who have long preferred students not take on debt. Like many two-year colleges, Bevill State has opted out of a federal loan program.

The American Association of Community Colleges, which represents 1,200 two-year institutions, says most colleges that don't participate in the program base the decision on "overwhelming concern for the serious consequences of debt and default for students." Of particular concern are students who take remedial classes, for whom dropout — and default — rates tend to be higher.

There's a hitch for participating colleges, too: If too many students default, the college could be barred from other federal aid programs. That's a concern at schools such as Bevill State, where more than half the student body qualifies for federal Pell Grants for low-income students.

Though most students have access to federal loans, a study released in April found that about 25% of 1,078 two-year colleges don't participate. Alabama is surpassed only by Georgia in the percentage of community college students who can't access federal loans. In Georgia, 60% are affected; in Alabama, 51%.

A main attraction of the federal loan program is its relatively low interest rate and minimal fees, says Robert Shireman of the non-profit Project on Student Debt, which conducted the study. He says non-participation leaves students with a meager array of options. They can take out private loans, which are riskier and more expensive. They can work — or work more. They can use credit cards. Or they can quit school.

Now, with some of the biggest lenders, such as Citibank, cutting back on service to community colleges, Shireman says federal loans are even more important.

In response to the loan climate, last month the community college association collaborated with another group to offer a program to help member schools navigate federal loan programs.

"We want to be sure that when a college wants to make loans available to its students, that capital is available," says David Baime, a vice president of the association.

At Bevill State, which ended participation in the federal loan program in 1989, Morrison says he's reconsidering. "It's getting to a point now that every college is going to have to look at some type of loan system."

Some good news: Though default rates were high in the early '90s, the Project on Student Debt found high default rates and sanctions to be relatively rare today.

Still, among schools that offer federal loans, some do so reluctantly. Wallace State Community College, about a two-hour drive from Beville State's main campus, joined the federal program in 2003 after tuition increased 35% over the previous fall.

Today, the average Wallace State student graduates \$14,000 in debt — a "heart-rending statistic," says president Vicki Hawsey.

Of those students who completed a community college degree in 2003-04, 33% had student loans; the average amount was \$9,061, according to an analysis of federal data by the Project on Student Debt.

At a time when a college degree is increasingly the surest ticket to economic security, some students acknowledge that debt may be inevitable.

"It would be better if we could save up," says Samantha Sherer, 23, of Nauvoo, a waitress who enrolled this summer at Beville State. She says she and her husband "already have a truck payment and all those other bills, too."

But she has long aspired to teach math and coach volleyball. "Now that I've worked my tail off (in service jobs), I realize the importance of an education."