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Pay more interest to student loans

By Jenna Ashley Robinson

Raleigh

Congress is accusing credit card companies of preying on college students. The House Financial Services Committee held hearings this summer on legislation intended to rein in these companies. Bills in both houses — part of a larger anti-credit-card-company bill — would require students without jobs to be at least 21 years old before they can qualify for credit cards, except with the written approval of parents or guardians.

Ten years ago, I was one of the student "victims" lawmakers are trying to protect. I got my first credit card when I was an undergraduate — sold at N.C. State University's Brickyard along with a free T-shirt.

But my credit card debt was nothing compared with the debt I accrued in the form of government-backed student loans.

Critics such as the lawmakers from Missouri who proposed the credit-card restrictions, Rep. Emanuel Cleaver and Sen. Claire McCaskill, ignore the fact that student loans are as easy to mismanage as credit cards. And the long-term consequences can be much worse.

When I graduated from college, I had about $300 on my credit card, but a college-loan debt of $14,000.

According to Student Monitor, a market-research survey, the average credit-card balance of students who don't pay their entire bills each month is $452. But seniors graduating from North Carolina schools leave with an average of $17,760 in debt, according to the Institute for College Access and Success.

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IN OTHER WORDS, THE EFFECT OF TOO-EASY COLLEGE LOANS far exceeds that of credit cards for most students. Only 41 percent of students have credit cards, and most (65 percent) pay off the full bills each month, Student Monitor says. In contrast, this survey, reports that nearly two-thirds of the students at four-year colleges and universities graduate with student loan debt.

College loan money doesn't seem real: It's like a credit card that has no minimum monthly payments (you don't start paying back until you are out of school) and a ridiculously high limit. So my classmates and I spent our college-loan money getting the ultimate college experience. We wanted it all: Greek life, study abroad, the designer jeans, Matchbox Twenty concerts, and off-campus apartments. And we got it all.

When I applied for a student loan, the aid office (and the forms I filled out) led me to believe that I would be loaned the amount of money that I needed. In reality, I received far more.

The College Foundation of North Carolina terms need-based financial aid "the difference between the total cost of attending a specific college program and a family's ability to pay that cost using standard formulas." But those formulas fail to account for other sources of income, from part-time jobs to scholarships. The federal student loan application (FASFA), which students use to apply for need-based aid, requires only that students report their past earnings and assets, not any scholarships that go straight to the school or their current employment.

Moreover, the formulas used to calculate the cost of attendance (COA) encourage students to borrow not only for the necessities of attending college, but also for luxuries. In addition to tuition and fees and room and board, the COA includes allowances for books, supplies, transportation, loan fees and miscellaneous and personal expenses, including an allowance for the rental or purchase of a personal computer, plus "reasonable" costs for eligible study-abroad programs.

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STUDENT LOANS CAN BE USEFUL, allowing students who could not otherwise afford college to attend. But should government really be subsidizing debt so that students can buy the latest technology or spend a year in Paris?

I didn't spend my excess money on a year in Paris — but I did take a semester abroad at the University of East Anglia, where I took few classes and fulfilled no credits toward my major. Instead, I saw shows in London, traveled the countryside and spent a ten-day spring break in Paris. I could have easily afforded a less luxurious six months in England using only savings from my part-time job, but student loans were easy to obtain.

The critics are right, to a point. Students rarely think about future ability to repay loans — I know I didn't. Students don't understand finances well enough to decide how much to borrow, get a good rate or even spend wisely. But instead of badgering credit card companies, Congress should look closer to home. Federal student financial aid creates far more debt for students than credit card companies.

Jenna Ashley Robinson is campus outreach coordinator for the Pope Center for Higher Education Policy in Raleigh.
Duke researcher wins top U.S. award

THE ASSOCIATED PRESS

DURHAM — Robert J. Lefkowitz, Howard Hughes Medical Institute investigator at Duke University Medical Center, has been named a recipient of the National Medal of Science for contributions to the biological sciences.

Lefkowitz is being honored for research into the largest, most important and therapeutically accessible receptor system that controls the body's response to drugs and hormones. He has been a member of the Duke faculty since 1973.

President Bush announced the award Monday and will present the medal, the nation's highest honor for science, at a ceremony Sept. 29 at the White House.
Private student loans tougher to find, but families do have options

Your child will be a college freshman this year, and you're a little apprehensive. Will she pass Econ 101? Eat her vegetables? Come home for Thanksgiving with an anarchist boyfriend and a full body tattoo?

For some parents, though, such worries are eclipsed by a more immediate concern: paying the bill for the coming semester.

In recent months, several large lenders have stopped providing private student loans, stranding families that were counting on private loans to cover some of their costs. Last week, Education Finance Partners, the fourth-largest private lender, announced on its website that it had ceased operations. Borrowers who had been approved for loans from the company have been forced to look elsewhere for money.

Earlier this month, Wachovia stopped accepting applications from undergraduates for private student loans. In late July, the Massachusetts Educational Financing Authority, the largest provider of student loans to Massachusetts residents, suspended its private loan program. The lenders said the credit crunch has prevented them from raising capital to issue private loans.

Though some lenders are still offering private student loans, "the list is shrinking," says Kevin Walker, chief executive of SimpleTuition, a website that allows borrowers to compare loan rates. Last year, he says, SimpleTuition featured 77 lenders on its website; now, it has only 16.

Even at this late date, though, families have options. If your lender has left you high and dry, here's what you should do:

- Contact the school's financial aid office. Financial aid administrators can help you find other sources of funding, including private lenders that are continuing to make loans, says Jerry Cebrzynski, financial aid director for Lake Forest College in Lake Forest, Ill. And if you're up against a payment deadline, most schools will give you a few more weeks, he says.

- Make sure you've maxed out on your federal student loans. Unsubsidized federal Stafford loans carry a fixed rate of 6.8% and have more flexible repayment terms than private student loans. This year, freshmen will be allowed to borrow up to $5,500 in federal student loans, up from $3,500 last year.

Unsubsidized Stafford loans are available to all full-time students, regardless of income. But to qualify, you must file a Free Application for Federal Student Aid, or FAFSA. If you haven't filed a FAFSA, you can speed up the process by applying online, says Kalman Chany, author of Paying for College WithoutGoing Broke. For more information, go to www.fafsa.ed.gov.

How the average family pays for college

| Source         | Proportion of Family Budget
<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Parent income/savings</td>
<td>32%</td>
</tr>
<tr>
<td>Student borrowing</td>
<td>23%</td>
</tr>
<tr>
<td>Parent borrowing</td>
<td>16%</td>
</tr>
<tr>
<td>Grants/scholarships</td>
<td>15%</td>
</tr>
<tr>
<td>Student income/savings</td>
<td>10%</td>
</tr>
<tr>
<td>Friends/relatives support</td>
<td>3%</td>
</tr>
</tbody>
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Source: Saving Money

Find links to previous Your Money columns at money.usatoday.com.

There are two types of Stafford loans: Direct Loans, which the government offers directly to schools that participate in the direct lending program, and Federal Family Education Loans, which private lenders offer and which
the government guarantees. Before applying for a FFEL loan with a lender, make sure the lender offers federal loans for your child’s school, Chany says. Though federal loans remain widely available, some lenders have stopped providing loans at specific schools.

> If Stafford loans won’t cover all your costs, consider applying for a Parent Loan for Undergraduate Students, or PLUS loan. Parents can borrow up to the amount of college costs, minus any financial aid the student has received. PLUS loans carry a fixed rate of 8.5%. That’s a lower rate than you can get on many private loans.

Yet while loans taken out by parents account for 16% of the average family’s college costs, only about 5% of them are PLUS loans, according to a survey released last week by student lender Sallie Mae (see box).

In the past, many parents opted for private loans because most private lenders let borrowers defer payments until after the child graduated. By contrast, PLUS loan borrowers were required to start making payments 60 days after the loan was disbursed unless they could show financial hardship. Starting July 1, though, PLUS loan borrowers have the option of deferring payments until six months after the child graduates. Deferral isn’t automatic, Chany says. Borrowers must request it. And interest will continue to accrue on the loan while it’s in deferral.

> Sign up for a payment plan. If you’re suffering from a temporary cash crunch, a tuition payment plan will give you some breathing room. Typically, you arrange to make monthly payments instead of paying a lump sum at the start of the semester.

You won’t have to pay interest, though you might be required to pay an administrative fee, usually about $50. You can get more information from your school’s financial aid office.

To suggest columns, e-mail: sblock@usatoday.com.
More colleges put focus on degrees

Enrollments up, but graduations are stagnant

By Mary Beth Marklein
USA TODAY

As colleges welcome a record number of students this fall, they are taking steps to ensure more students actually complete a degree.

College enrollments have been on the rise for decades, but the proportion of students who earn a bachelor’s degree within five years has stagnated at about 52%, down from 55% in 1988, says a report due this fall by the College Board, owner of the SAT. Some of those left behind eventually graduate, while others drop out.

Federal and state policymakers increasingly use graduation rates as one measure of a school’s effectiveness. Governors of several states, including Arizona, Ohio and Michigan, are vowing to produce more graduates to meet future workforce demands.

Colleges also are responding to families’ concerns that high tuition prices may not translate into a college degree, says Jerome Lucido, vice provost of enrollment at the University of Southern California. “We have to make sure that access to college is not an empty promise,” he says.

Most colleges offer support such as orientations for first-year students, about a quarter of whom don’t return for a second year. Now, colleges are expanding their efforts to other groups:

- **Sophomores.** Second-year students face key decisions involving their majors, yet they’re the “frequently neglected middle child,” says Jerry Brody, of Southwestern University in Georgetown, Texas. This fall, his campus will offer sophomores a class to help assess their strengths.

- A new welcome-back event today at the University of South Carolina will point sophomores toward options such as studying abroad. The campus loses 9%-10% of students in or just after their second year.

- **Males.** Seton Hall University in South Orange, N.J., plans this fall to sponsor a videogame tournament as one way to draw males “out of their rooms and into the community,” says Tracy Gottlieb, head of a campus retention committee. Males make up 44% of the student body and are a “fragile” population, she says. “Young men are less likely to be joiners. If they’re engaged, they’re happy. If they’re happy, they stay.”

- Connecticut College in New London is launching an effort to keep minority males by offering events that let them mingle with successful men of color in the community.

- **Adult dropouts.** Last year, Oklahoma began recruiting state residents older than 25 who have earned some college credit. Louisiana and Kentucky have launched similar initiatives, which often stress conveniences such as speedy registration. These adults “almost have a college degree in hand,” says Sue Patrick, who directs Kentucky’s program, which targets 11,000 adults who are 75% of the way toward graduating.

Colleges say their programs make a difference. At the University of Richmond, which stepped up services to males in 2003, retention rates for males have exceeded those for females in two of the last three years.

Yet Don Hossler, a professor of higher education at Indiana University in Bloomington, says his research suggests most colleges still devote “too little in the way of resources.”
USA TODAY Snapshots®

Looking for money for college

As the cost of college has soared, where families turn first to look for loans to pay for college costs:

- College 57%
- Local bank 18%
- Internet 15%
- Other 5%
- Family/friends 5%

Source: Survey commissioned by TutionBids.com of 1,000 college students and parents of students who need a loan, conducted online June 30-July 11. Margin of error: ±6 percentage points.

By Anne R. Carey and Adrienne Lewis, USA TODAY
August 22, 2008

2 Withdraw From Petition to Rethink Drinking Age

By SHAILA DEWAN

ATLANTA — Two college presidents, both in Georgia, have withdrawn their names from a petition to reconsider the legal drinking age after it drew blistering criticism this week from Mothers Against Drunk Driving, safety experts, transportation officials and politicians.

But 15 more from across the country have signed on, the organizers said Thursday.

All told, 123 presidents from colleges including Dartmouth, Duke, Ohio State and Tufts are supporting the petition, which says that raising the drinking age to 21 has fostered a culture of clandestine binge drinking and that students’ use of fake identification has eroded their respect for the law.

“Twenty-one is not working,” the statement reads.

But critics have accused the presidents of misleading the public, shirking their responsibility to enforce the law and trying to dodge the problem of student drinking.

The Governors Highway Safety Association has promised to hold at its national meeting next month “a workshop to help highway safety agencies counter any effort in their states to lower the drinking age.”

Kendall Blanchard, the president of Georgia Southwestern State University in Americus, said he had pulled his name off the list in part because critics had misunderstood the petition’s intent. “It was clear to me that they didn’t see this as a dialogue; they saw this as some kind of effort on our part to turn our schools into party schools,” he said.

The other president who withdrew from the petition was Robert M. Franklin of Morehouse College in Atlanta.

Many critics said they objected to the suggestion that studies did not conclusively show a benefit to raising the drinking age, particularly the reduction of alcohol-related traffic deaths among young drivers.

“Why would you take the one thing that has been tried in the last 30 years that has been shown to be most successful and throw that out the window and say, ‘I have a better idea?’ ” said Alexander C. Wagenaar, an epidemiologist at the College of Medicine at the University of Florida.
But college presidents say they are fighting a losing battle with binge drinking and alcohol poisoning.

“Many of our university presidents are doing as good a job as they can at enforcing the drinking age,” said John M. McCardell Jr., the former president of Middlebury College in Vermont and a leader of the petition effort, which began last month. “They’re doing all the right things, and what is the result? Well, young people are moving beyond the view of the college officials and often beyond the boundaries of the college campuses, and campus officials have no authority there.”

S. Georgia Nugent, the president of Kenyon College in Ohio, who signed the petition, said, “I think there’s a direct connection between this law and this pattern of secret, fast consumption of high-octane alcohol. It’s much more dangerous than the traditional great big, loud keg party because it happens quietly, out of view.”

Mr. McCardell is the founder of Choose Responsibility, an organization that advocates lowering the drinking age, but the petition drive, called the Amethyst Initiative after the gemstone that the Greeks believed would ward off intoxication, calls only for “dispassionate public debate” of the issue. The drinking age has been 21 across the country since 1988.

In a written statement that Mr. McCardell called “intimidation bordering on bullying,” Laura Dean-Mooney, the president of MADD, asked the public to call the signers and demand that they remove themselves from the list.

“As the mother of a daughter who is close to entering college, it is deeply disappointing to me that many of our education leaders would support an initiative without doing their homework on the underlying research and science,” Ms. Dean-Mooney said in the statement. “Parents should think twice before sending their teens to these colleges or any others that have waved the white flag on under-age and binge drinking policies.”

College presidents should focus on changing the culture on campus, Ms. Dean-Mooney said. She cited efforts like requiring alcohol education, scheduling more Friday classes to cut down on Thursday night parties, fighting marketing efforts like drink specials and ladies’ nights near campuses and coordinating with local law enforcement agencies.

But students said they were not getting drunk in bars.

“From freshman year on, I hardly ever went out on the weekends without having four or five shots of vodka beforehand,” said Diane Bash, a senior at Ohio State University. “You’ve got to preload before you get to a bar because you can’t drink once you go in. I definitely drink a lot less now that I’m 21, and so do all my friends.”

Despite such tales of excess, experts said there was little hard evidence that binge drinking became more prevalent after the drinking age was raised to 21. One of the most comprehensive studies shows that heavy
drinking among college students, defined as five or more drinks in a row, peaked in 1984.

Other studies by Henry Wechsler, a retired professor at the Harvard School of Public Health, show that binge drinking remained steady, with about 44 percent of college students doing it, from 1993 to 2001.

The controversy shines a light on the culture gap between college students and their nonstudent peers, who drink less.

Chuck Hurley, the chief executive of MADD, acknowledged that widespread drinking on campus fostered a distinct set of problems. “The drinking age is working far better in blue-collar America, or community college America, than in Ivy League America,” he said.

*Christopher Maag contributed reporting from Columbus, Ohio.*