



STATEMENT OF LAUREN ASHER
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Statement on College Board *Trends* Reports Released Today

“Today’s new reports from the College Board shed important light on how students are paying for college and the role of student loans. *Trends in Student Aid* shows that total loan borrowing increased by about five percent in current dollars from 2007-08 to 2008-09, with federal student loan borrowing increasing by \$15 billion and non-federal borrowing declining by about \$11 billion. Private loan volume decreased sharply as financial market turmoil drove some highly leveraged lenders out and others imposed stricter credit requirements. However, many major lenders continue to make private student loans with substantial profit margins, and millions of Americans have taken on this risky form of debt without first taking out all they can in cheaper, safer federal student loans.

“Because past and future private loan borrowers deserve better consumer protections, we are pushing for all private loans to be covered by the new Consumer Financial Protection Agency, and for private loans to be dischargeable like other consumer debt in bankruptcy. Private student loans lack the important repayment options, forgiveness programs, and other consumer protections that come with federal student loans. (To learn more about the problems with private loans and potential solutions, see www.projectonstudentdebt.org/privateloans.vp.html.)

“Another notable finding in *Trends in Student Aid* is that in 2007-08, public four-year colleges distributed about two-thirds of their own grant dollars without considering the recipients’ financial circumstances. Economic constraints can lead well-qualified students to lower their academic aspirations or give up on college altogether without adequate aid. It is particularly disturbing that public colleges are using such large share of their financial aid resources for so-called “merit aid” in these tough times.

“Of note in *Trends in College Pricing*, community college students are getting a smaller share of their total costs covered by grants and tax benefits than students at four-year public colleges: 21 percent at community colleges versus 28 percent at public four-year schools. For dependent students with family incomes under \$100,000, for-profit colleges had a higher average net tuition and fee cost than any other type of college. At the same time, the share of college students enrolling in for-profits has grown steadily, while the shares enrolling at other types of colleges declined over the past 17 years. With students at for-profit colleges turning most frequently to private student loans, this shift in enrollment underscores the need for better consumer protections for private loan borrowers.”

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An independent, nonprofit organization, the Institute for College Access & Success works to make higher education more available and affordable for people of all backgrounds. For more about our programs and initiatives, including the Project on Student Debt, see <http://ticas.org>