

## **The costs of higher education**

According to the College Board's report *Trends in students pricing and aid*, college costs in U.S. have again increased far faster than inflation, reaching the highest price hike in 30 years. In 2003/04 the total charge at 4-year public institutions rose 9.8% (\$947 more than 2002/03); and at 4-year private institutions, it rose rises 5.7% (\$1,451 more). This means that attending college in America is becoming more and more onerous, heavily weighing on the whole family. In fact, although parents generally save money for many years for their children to attend college, in many cases it is not enough. Consequently, students have to ask for loans, that is becoming a larger and larger part of financial aid, and often they will carry this debt into their adult life after graduation.

What has brought about this worrying situation? Gaston Caperton, the president of the College Board Organization (CBO) that tracks college trends, states that the main cause of this higher education system crisis is the shrinkage of state appropriations. "State funding have not keep up with the inflation, dipping to a dangerous low point in these years" he said.

The costs most affected by the decrease in state funding are just the basic and most expensive ones: tuition, which is paid for instruction and the use of facilities such as libraries, and fees, which cover the costs of athletic activities and special events. The costs have averaged a 14.1% and a 6% increase respectively. Furthermore, colleges charge other expenses for room, board, books, supplies and transportation, so the total expense families must cope with has come today to \$10,636 per year for a 4-year public institution, and \$ 26,854 for private one. Consequently, this expense has a deep impact on families' incomes, representing 25% of a middle-income family, and even 71% of the lowest class' income.

To make matters worse, a recent change in the aid management parameters does not allow all the neediest students to be helped. While the aid and the number of students receiving it have risen, record amount of \$105 billion was distributed last year, 15% more than the previous year, the share of grants as a percentage of the total aid has decreased. This change means that now more

students must turn to loans that, unlike grants and scholarships, must be repaid eventually. So, during college, 64% of students run up an unmanageable debt burden that often they must bear after graduation, whether or not they finish college or find a job. Besides, the proportion of need-based grants has also gone down. Therefore, more money is set aside for merit-based awards which are earmarked disproportionately for middle/upper-income recipients.

All things considered, the American higher education system is living in a critical time, mostly due to the decreases of state funding which are affecting, above all, middle income families. In fact, these families are experiencing a big gap between higher education expenses and their real money availability. Therefore, in this case, attending college is synonymous with hard sacrifice for all the family's members: parents must go without a large portion of their income, and students often must contract loans without knowing whether or not they will be able to repay the money.

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