



A BAILOUT FOR OUR STUDENTS BY JULIANNE MALVEAUX

Why do banks and businesses get breaks when college students do not? While some are getting multi-billion dollar bailouts, the students who so enthusiastically supported Barack Obama are being offered scant relief from the effects of our broken economy. Much attention has been focused on keeping people in the middle class. What about those who are attempting to claw their way into the middle class through education? We need a broad-based stimulus package, and college students need special help.

Thanks to a federal government bailout, General Motors will be offering cars to the public with zero percent interest loans. Banks, too, are getting subsidized loans. Through federal programs, students pay between 5 and 9 percent for government loans. When their parents cannot qualify for federal programs, they go to private lenders, and pay as much as 15 percent for loans to cover college education. Some pay for college on their credit cards, paying between 18 and 24 percent for their children to go to college. If we can offer cars at zero percent, and give banks subsidized loans, why not offer students college loans at one percent. Rev. Jesse Jackson calls it the one percent solution, and he is right on time. One percent money for students helps them with better repayment terms, and helps their parents as well. And it helps colleges maintain enrollment, because there are students who are dropping out of school because they can't afford to pay.

When college students have federally subsidized loans, they are required to begin paying them back within six months of graduation. In this economy? We need a reality check. As long as the unemployment rate exceeds six percent, students should have eighteen months to begin paying back their loans. Otherwise, students are pressured to pay their loans back by whatever means necessary. Some use credit cards, at 18 percent, to pay loans back. Others struggle and find that if they do not pay their credit scores, or their lifetime of opportunities, are affected.

Student credit rating is not the only thing affected by failure to repay. Colleges are judged on the loan repayment rates of their students, and accrediting agencies penalize colleges who have repayment rates over 25 percent. But in a rotten economy, it is understandable that some students have difficulty repaying their loans. An economic stimulus package that helps students and colleges might suspend sanctions for those colleges with high loan repayment rates until the economy is more stable.

Thirty years ago, students were more likely to get grants than loans for college. Indeed the equation was that students paid for college with one-third loans and two-thirds grants. Now the equation has been reversed. The Pell grant, our need-based grant program, provides students with \$4750 a year toward their costs. Bennett College costs \$22,000 for tuition room and board, so where does the other \$17,500 come from. Further, the Pell grant is granted fully to students with the lowest incomes, phasing out when parent income is about \$55,000 a year.

President Obama proposes raising the Pell Grant to \$5350 a year. That's help, but it isn't enough. The Pell grant ought to be \$10,000 per year. It helps us train the next generation, it helps maintain college enrollment, and while it is high enough to make a difference, it does not fully cover the cost of education, forcing students, too, to invest in their futures. Already Republicans are carping that they don't want the Pell Grant to go up. But young people need help with their tuitions. The average student graduates the \$20,000 in student loans, and the average African American student graduates with \$26,000 in loans. Our young people are shackled before they begin their lives, their loan status dictating some career decisions.

The Obama Administration has also offered a \$4000 tuition grant for students who do community service. That grant program is also a step in the right direction. I do hope that as the regulations for this program are developed, the Obama Administration seeks input from college presidents, and also from students, about ways the requirements for service will be measured.

At Bennett College, far too many of our students are struggling with the effects of this economy. When parents lose jobs, students struggle to stay in school. When parent credit scores change, the ability to qualify for some loans changes, and again students struggle to stay in school. Good students, dean's list students, students with stellar GPAs are beginning the spring semester worried sick about whether they can graduate with the balances they carry. The data is compelling, but the challenges that some of our young women face are all the more challenging.

Students need a bailout! They need one percent money for loans, more time to begin to repay their loans, and higher Pell Grants. If we can find \$138 billion for Bank of America, and offer car loans at zero percent, can't we provide a bailout for college students?

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