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In September, U.S. Secretary of Education Margaret Spellings appointed a commission that called for reforms to the federal student aid program. The “Rethinking Student Aid Study Group” has been assembled by the College Board to address these reforms. Members of the group include Jacob Lew, former Director of the Office of Management and Budget, Tom Kane, a former senior economist, and Marshall Smith, former Acting Deputy Secretary and Undersecretary of Education, among other student aid experts and higher education researchers. During its meetings, the group will determine whether the federal financial aid program is achieving its goals and discuss ways in which it can be improved. The group’s members will also research grants, loans, and tuition tax breaks and formulate suggestions for their improvement.

University of Wisconsin introduces course to help students with spending decisions

The University of Wisconsin, Madison, recently test-launched a financial education course in order to assess the course’s impact on student spending. Funded by the Great Lakes Higher Education Guaranty Corporation, an organization committed to investing in students’ success, the project concluded that after taking the course, students showed considerable improvement in managing their finances, consumer credit, and savings. The program is different from other financial education courses, as it will help the university to conduct research on students’ financial behavior and develop future efforts to further improve student spending habits. Details about the course and its impact on students have been published by the university and the Great Lakes Higher Education Guaranty Corporation under the title “Measuring the Impact of a Financial Education Curriculum on Student Attitudes and Behavior.”

Colorado students facing increased debt burden

According to the Colorado Commission on Higher Education, college tuition in Colorado has increased by an average of 9.16% over the last five years, while financial aid has gone up by a measly 1.34%. The state got an “F” in affordability for low-income students from the National Center for Public Policy and Higher Education, while the National Center for Higher Education Management Systems says that for every dollar the federal government grants Colorado for Pell grants, the state contributes 34 cents; in contrast, New York, Washington, and Pennsylvania each contribute more than 80 cents per dollar. The data clearly show that Colorado offers inadequate financial aid for students—especially low-income students who have to take on more debt to obtain higher education. Pell grants cover just over a third of college costs, on average, which is not enough to allow students from low-income families to make ends meet. Hoping to decrease the financial burdens on students, the Colorado Commission on Higher Education has asked for a \$5.3 million increase in next year’s financial aid budget. This increase is part of a two-year plan to make the state’s financial aid contribution comparable to the national average.



Financial aid decreasing for low-income students but increasing for rich ones

A report released by The Education Trust, a nonprofit research and advocacy group, has stated that flagship universities are increasingly providing more financial aid to students from families with higher incomes than they are to students from low-income families. It says that between 1995 and 2003, there was a 406% increase in spending on financial aid for high-income students. At the same time, there was a 13% drop in financial aid spending on low-income students. The report found that while 24% of students at 50 flagship universities received Pell grants in 1994, only 22% received Pell grants in 2003. The report also indicated that the racial demographics of the top public universities are decreasingly reflecting the demographics of states' general populations.

Financial aid director honored

Director of Financial Aid at Carroll College in Waukesha, WI, Janet Riis has been honored as "Outstanding Financial Aid Professional of the Year" by the Montana Guaranteed Student Loan Program and the Student Assistance Foundation. As part of the award, she will receive \$2,000 to pay for a financial aid training course of her choice. Currently President of the Montana Association of Student Financial Aid Administrators, Riis has also served as President of the Summer Institute for the Rocky Mountain Association of Student Financial Aid Administrators.