



Making College Affordable

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Federal and private loans play a critical role in attending college for many students. But for some, student debt seemingly places their life on hold as they struggle with large student loan payments. The Federal Reserve Bank of New York recently reported the nation's outstanding loan balance of \$870 billion had surpassed the total credit card balance (\$693 billion) and the total auto loan balance (\$730 billion). This matter is of utmost importance to Georgia's leaders as shown by some of Georgia's longstanding programs, low tuition rates and low graduation debt rates, scholarships and programs, and newly enacted policies and plans.

The Georgia HOPE program continues to be one of the most successful lottery funded scholarship programs in the country. To date, the HOPE program has awarded over \$5.8 billion HOPE funds to more than 1.4 million students. The HOPE program has recently undergone changes to ensure its longevity, some of these changes include the uncoupling of the HOPE benefit from the tuition rate, the creation of the Zell Miller Scholarship, and placing time limits on the amount of times a student can regain HOPE benefits. Accountings by the Student Finance Commission reflect these changes were beneficial and will likely ensure the program's stability.

The HOPE program is one of the reasons Georgia has such a low rate of student debt when compared to other states. The Project on Student Debt's report, *Student Debt and the Class of 2011*, indicates the national student debt average was \$26,500 in 2011. In Georgia, the average student's graduating debt was \$22,443 with 58% of the entire state's graduating class graduating with debt, placing the state 36th for highest debt. This number includes private schools but does not include for-profit schools. As an example of how HOPE impacts student debt, in 2011, the average Georgia State University Student who graduated without HOPE, graduated with \$24,483 of student debt. That same year, the average student at Georgia State who graduated with HOPE had only \$14,870 in student debt.

Another reason Georgia has such a low rate of student debt is the low cost of in-state tuition as compared to other regional schools. Georgia's median annual tuition and required fees ranks it fifth for lowest tuition rate among the sixteen states represented by the Southern Regional Education Board. The Board of Regents, who determines tuition, has been able to keep tuition low.

Although it is necessary to raise tuition costs to meet budget concerns, when making regional and national comparisons, Georgia's in-state tuition rates still average low. National ranking systems are taking notice of Georgia's low tuition rates. SmartMoney's most recent College Rankings ranked Georgia Institute of Technology number one and University of Georgia as number four. This reflects SmartMoney's accounting of how well a college investment pays off in a career's income.

Private institutions are able to meet the needs of their lower income students through scholarships and other monetary aid. For example, Emory University's Emory Advantage program for students who demonstrate financial need reduces the amount of money borrowed to pay for an undergraduate degree by replacing loans with grants. Generally, state institutions do not have the ability to provide institutional aid to their students. One exception to this is Georgia Tech. Georgia Tech has been able to provide its low-income students a financial aid support system, the G. Wayne Clough Georgia Tech Promise Scholarship, which is designed to enable eligible students to attend college debt free. The Promise program is tailored to the student, and assistance includes scholarships, grants, and job opportunities. These scholarship opportunities help lower the student debt rate of Georgia.

Governor Deal and legislators recognized most students do not have access to a debt free college education and enacted programs and legislation to provide access to more students. The Governor created the needs-based REACH Scholarship program which is currently being piloted in the Bulloch, Douglas, and Rabun county school systems. The REACH Scholarship recipients receive a yearly renewable award of \$2,500 after participating in the needs-based scholarship and mentorship program from the seventh grade through high school graduation. The program is privately funded, and several private colleges, as well as Georgia Tech, University of Georgia, and Georgia State University are matching REACH funds for students who enroll in their institutions. Georgia Southern University is supporting the REACH scholarship by donating a portion of the proceeds they receive from their license plate sales. The first graduating class under REACH will be in 2017.

Legislators recognized the need for student access to low interest loans and enacted the Georgia Student Access Loan, or 1% loan, which is a low interest loan for students who have unmet financial need. The program became fully funded in 2011, and after a slow start, it has become an extremely valuable resource to Georgia families paying for college.

The Governor, Georgia General Assembly, and the Board of Regents have undertaken the mammoth task of making college affordable, but the ultimate decision comes down to the student. Each institution has financial aid counselors available to discuss financing options, the Georgia Student Finance Commission has several calculators and loan decision guides, and the federal loan program requires a counseling session before funds can be released. Students in Georgia who use the resources available to them should be able to graduate with a low rate of debt.