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ECC president Sam touts success of financial counseling, partnerships with feeder districts

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Elgin Community College saw it coming, according to Amy Perrin, the college's director of financial aid and scholarships.

High unemployment rates, students' outsized expectations of how much money they might make after obtaining a college degree, new government calculations of default rates on federal student loans — all have contributed to a rising default rate on those loans, Perrin said.

But not at ECC.

While the number of college students who defaulted on their federal student loans climbed nationwide in the fiscal year that ended in September 2008, it went down at the community college. That's according to new government data released earlier this month.

"We saw it coming down the line — the default rates up because of the change in calculations. That's been coming down the pike. I've known for a year and a half now," Perrin said.

"As soon as I heard that, I knew we needed some" financial counseling for our students, she said.

That's why the community college this year began requiring students to meet with a financial advisor before taking out a student loan, she said.

Figures from the U.S. Department of Education show 7 percent of borrowers of federal student loans defaulted within two years of beginning repayment, up from 6.7 percent the previous year and 5.2 percent the year before that.

Default rates crept up in all sectors of higher education — from 3.7 percent to 4 percent for private nonprofit schools, 5.9 percent to 6 percent for public nonprofit schools and 11 percent to 11.6 percent for for-profit schools.

Default rate falling

At Elgin Community College, that default rate was 9.8 percent, according to Perrin. That's higher than the national average for public nonprofit schools, but it's down from 10.4 percent in the fiscal year that ended in September 2007.

And of the 48 community colleges in Illinois, she said, Elgin has the ninth-lowest default rate. That's the "right way to go," according to Perrin.

"I have this corny saying: 'You pay now or you pay later,' but I really believe that. That's why we're tackling this on the front end," she said.

The data covers borrowers whose first loan repayments came due between Oct. 1, 2007, and Sept. 30, 2008, and who defaulted before Sept. 30, 2009. They are the latest figures available.

In 2012, the government will begin calculating default rates after three years, rather than two, since the loan was taken out, according to Perrin. Looking at default over a longer period alone will cause those rates to go up, and schools can lose the ability to offer federal loans if they hit 25 percent, she explained.

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A total 1,769 students took out \$6.3 million in federal loans through ECC last school year, according to its director of financial aid.

Starting in January, those students were required to meet with a financial counselor to talk about what they planned to use that money for and set a monthly budget, she said. Counselors also can discuss with them how much they can expect to earn in their field of study, she added.

"It's more like financial literacy. It's something you can take beyond college," Elgin Community College President David Sam said in a meeting Wednesday with The Courier-News editorial board.

The college's financial aid and scholarships department served about 6,000 students last school year, according to Perrin. It distributed about \$18 million in aid, which includes loans, state and federal grants, work study and scholarships from both the Elgin Community College Foundation and its board of trustees.

'Good news'

That holistic approach to financial literacy is just one of ECC's programs Sam touted at the meeting Wednesday.

"We have good news. We are very pleased with what's happening," Sam said.

In addition to its financial aid, the community college president pointed to the school's efforts to remain affordable, despite the \$8 tuition hike this school year. That puts its tuition at \$99 per credit hour.

Tuition had been frozen at \$91 per credit hour since the 2007-08 school year, he noted. The board of trustees probably would have frozen it again, he said, if it weren't for the extra operating costs of opening nearly 250,000 square feet of space in its new Multipurpose Classroom Building, Academic Library and Learning Center and Health Careers Center this school year.

The Academic Library and Learning Center and the Health Careers Center both had been scheduled for completion in the summer of 2012, he noted. Both now are expected to be finished under budget and ahead of schedule by the end of December, ready to open for the spring semester, he said.

Sam also pointed to ECC's partnerships with its feeder school districts through the Alliance for College Readiness and its Summer Bridge program, which allows first-year students to take review classes to avoid having to take remedial, or "developmental," courses in reading, writing and mathematics. That means about 32 percent of students now can proceed directly into college courses, up from 23.6 percent five years ago.

And, he said, "If a student is doing very well, they find a way to hang in there" when faced with financial difficulties that might persuade other students to drop out.

Students definitely are hanging in there when it comes to earning their one-year certificates, he added. A special report by Community College Week, released this summer, put ECC at No. 50 in the nation and No. 3 in the state in awarding those certificates — 1,192 in 2010 alone.

All that, Sam said, "is consistent with what President Obama has been talking about — helping more students complete their college degree."

The Associated Press contributed to this report.