

A NEW DIRECTION FOR AMERICA

Bush Republicans Take Us in the Wrong Direction, Connecticut Students Pay the Price

Despite the critical need to boost affordable college opportunities for all Americans, the Republican-led Congress continues to put college even further out of reach for millions of students. Each year millions of hardworking American families and students continue to struggle to cover college costs. But five years of Republican policies have resulted in stagnant federal grant aid, increasing numbers of students and their families falling further into debt to finance a college education, and fewer options for college graduates.

The Cost of College Has Soared. Between the 2000-2001 and 2004-2005 school years, the cost of attendance at four-year public colleges in Connecticut increased 32%, from \$10,512 to \$13,824 for tuition, fees, room and board. The cost of attendance at four-year private colleges in Connecticut increased 22% from \$27,818 to \$33,965 for tuition, fees, room and board.¹

Median Family Incomes Have Remained Stagnant. While public college costs have increased 32%, median family incomes in Connecticut have increased only 10% since 2000.² After financial aid is taken into account, 29% of the average family income in Connecticut is needed to pay for tuition at a four-year public college.³

Federal Student Aid Has Eroded Over Time. In Connecticut the maximum Pell grant, which has remained at \$4,050 for the past four years, covered only 29% of the average public four-year college tuition, fees, room and board in 2004-2005 – down from 49% in 1986-1987.⁴ In 1975-1976, 77% of federal aid going to students nationally was in the form of grants, and only 20% was loans. In 2004-2005, it was 70% loans, 20% grants.⁵

Students Have Taken on More Debt to Pay for College. More students are leaving college in debt. In 2004, nearly two-thirds of all four-year college graduates nationwide had loan debt, compared with less than one-third of graduates in 1993.⁶ In Connecticut, 59% of undergraduates took out loans to finance their college education.⁷ The average student graduating from a four-year college in Connecticut owed \$19,093 on graduation day in 2004.⁸

Increased Debt Levels Are Impacting Students' Career and Life Choices. Nationally, nearly a quarter of public four-year college graduates and over a third of private four-year college graduates have too much debt to manage on a starting teacher's salary.⁹ Debt levels are also causing students to delay buying a home or a car and postpone marriage or having children.¹⁰

To Reverse these Trends, Democrats Propose a New Direction to Help Connecticut Students.

- Democrats opposed recent Republican efforts to raise student loan interest rates, and have called for a reduction in interest rates. If interest rates were cut in half, Connecticut college graduates would save \$3,818 over the ten-year life of their loans.¹¹
- Democrats have also called for debt relief for college graduates with excessive loan burdens. If federal student loan payments were capped at 15% of a borrower's discretionary income, starting teachers in Connecticut earning \$34,462,¹² who graduate with the state average student loan debt of \$19,093,¹³ would see a reduction of about \$47,¹⁴ or 21%, in their monthly loan payments. For individuals who continue in public service careers for 10 years, student loan debt would be forgiven.
- Democrats have called for increasing the maximum Pell Grant from \$4,050 to \$5,100. With an increase in the Pell Grant, 2,142 more Connecticut college students would be eligible for \$26,501,669 in additional need-based grant aid.¹⁵ The average grant in Connecticut would increase by \$580, from \$2,176 to \$2,756.¹⁶
- Democrats have also called for an extension of the college tuition tax deduction, which expired at the end of 2005, and have proposed increasing the allowable deduction to \$12,000. In the 2003 tax year, 51,809 Connecticut students and families benefited from the tuition tax deduction.¹⁷