



The Fiscal Bluff

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*Council of Graduate Schools
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I. Contexts and Drivers



Appropriations and Enrollments

- **Reduced state funding for public higher education:** states are spending 20 percent less in inflation-adjusted dollars on higher education than a decade ago.
- 7.6 percent decline in state appropriations for higher education in FY 11-12 -- largest annual decline in half a century.
- After five-year drop, funding levels lower in 29 states than in 2006-07.
- **Increasing enrollment rates in public colleges and universities:** full-time enrollment up by one-third over past decade (since 2000).
- In FY 11-12, almost 60 percent of Americans aged 18 to 24 enrolled in higher education.
- **Declining appropriations + expanding enrollments = average per capita funding for full-time students dropped 23 percent over past decade after rising modestly during the 1980s and 1990s.**





Emerging Cultural Patterns

- 1** More students enter GS to defer job market and increase marketability.
- 2** More parents finance graduate students because more students going straight from UG to GS.
- 3** More tax payers feel entitled to access to public higher education.
- 4** More leaders outside and inside higher education call attention to ethical responsibility of institutions to students.





Financial Aid Conversations

- 1** Not only financial and not always rational
- 2** Involve psychological dimensions and emotional investments
- 3** Require managing expectations
- 4** Demand financial literacy





II. Funding Graduate Education



FINANCIAL BENEFITS OF GRADUATE EDUCATION



EDUCATION AND TRAINING PAY

UNEMPLOYMENT RATE IN 2011

15% 10% 5% 0

MEAN EARNINGS IN 2010

0 20 40 60 80 100 120 140 160

Note: Earnings for year-round full-time workers 25 years and over; unemployment rate for those 25 and over

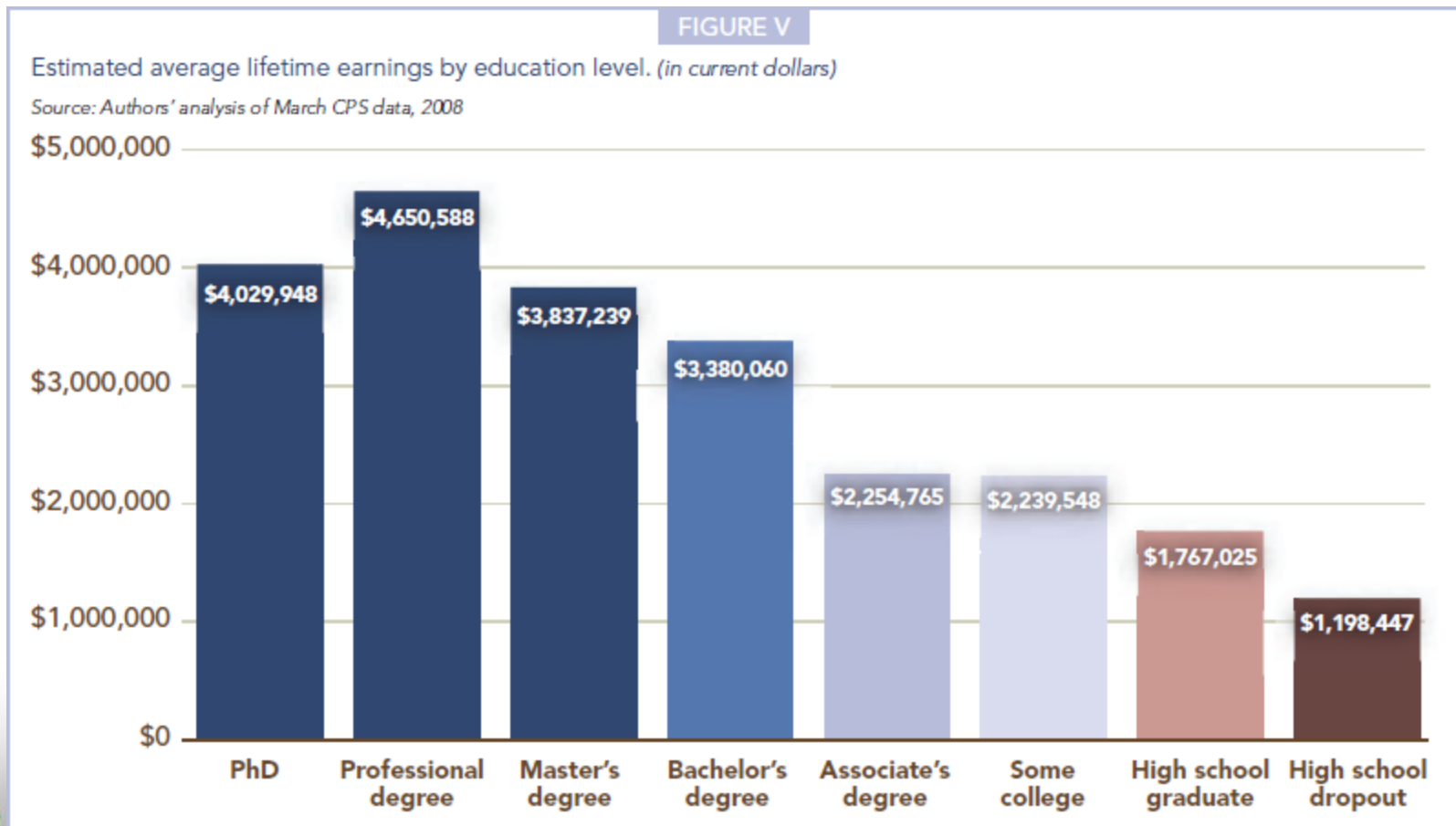
Source: Bureau of the Census; Bureau of Labor Statistics

http://www.census.gov/hhes/www/cpstables/032010/perinc/new03_011.htm





Estimated Lifetime Earnings by Degree





Traditional Funding Sources

- A** Fellowships
- B** Assistantships
- C** Employment salary or other income
- D** Employer or other third party support
- E** Miscellaneous: Savings, Parents, Spouses, Loans, etc.





STUDENT LOANS AND LOAN ISSUES





A Fiscal Cliff for Students?

- More Students assuming debt, amount of debt carried is higher (CGS).
- Student loans are now second only to home mortgages as the biggest debt Americans are holding.
- Overall total for outstanding education loans approximately \$763.4 billion in 2009. Total of \$833 billion in June 2010.
- Over \$100 billion in federal education loans and \$10 billion in private student loans originated each year.
- Federal student loan defaults have risen sharply, especially but not only at for-profit colleges and universities.





Rise in Student Loan Defaults

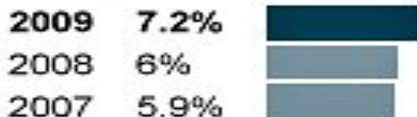
Student Loan Defaults Rising

Of the 3.6 million borrowers who began repaying students loans in fiscal year 2009, 8.8% defaulted within two years.

FOR-PROFIT



PUBLIC



NOT-FOR-PROFIT



Source: U.S. Department of Education
The New York Times





Graduate Education Debt in 2008

	Graduate Education Debt	
Graduate & Professional Degree Programs	Percent Borrowing	Cumulative Debt
Master's Degree	55.2%	\$31,031
Doctoral Degree	45.8%	\$57,860
Professional Degree	86.2%	\$87,308
Total	56.4%	\$40,297





Two Potential Options

1. Grad PLUS Loans

- Direct federal loans for graduate students
- Federally guaranteed and conditions set by government
- Interest rate of > 10%
- Temptation to borrow because of good conditions and rate
- Unlike PLUS Loans for undergraduates, payment not deferred

2. Advantage Group Advice

- “ ‘Stop wasting your money on student loan payments,’ says the Advantage Group Web site. . . . Changes introduced by the Obama administration could allow a graduate making \$70,000 a year to reduce monthly payments to \$448 a month and ‘have over \$100,000 of debt forgiven,’ the Advantage Group says. Terry DeMuth, chairman . . . , said the firm was simply trying to help its clients benefit from the program.” (*New York Times*, October 16, 2012)





III. FINANCIAL LITERACY





Financial Literacy

What is it?

The ability to understand personal financial opportunities and liabilities in order to enable informed consumer decisions about finances. To be financially literate, one needs to understand:

1. The general economy
2. Money management and budgeting
3. Investment and risk

Who needs it?

Domestic graduate students are funding an increasingly greater percentage of their degrees with private and public loans WHILE entering graduate school with increasingly larger accumulated debt from undergraduate loans.

International graduate students are not eligible for most federal and state loans, may underestimate living costs and exhaust private funding after first year, and may lack understanding of U.S. employment and tax codes.





Some Current Initiatives

- Campus financial literacy websites with generic and/or custom information, developed in-house and/or purchased from outside vendor.
- Campus and/or other web portals for interactive online budgeting and planning.
- Mandatory life skills classes, generally for undergraduates.
- Available or mandatory counseling for graduate students who pass a “tipping point” of 8% of predicted income earmarked for loan repayment.





EXAMPLES OF CAMPUS WEBSITES



Welcome >> About >> Administration >> Administrative Offices >> Division of Student Affairs >> **Student Financial Dollars and Sense**

Student Financial Dollars and Sense

About Us

Programs

FAQ

Additional Resources

Financial Literacy Quiz



WELCOME

Financial literacy is an essential life skill—right now and in the future. Furthering your financial literacy begins right here, with a site dedicated to providing you with the critical information you need to keep you informed and to remain a responsible consumer... [<more >](#)



Kafui Kouakou, Chairperson of the University Student Senate

Greetings!

Welcome to the City University of New York's Financial Literacy website!

I think we should all be very excited about the innovative resources this

forum provides for CUNY students and the entire CUNY community.

[<read more >](#)

LINKS

Admissions

Financial Aid

An Initiative of the CUNY Office of Student Affairs

WHAT'S HAPPENING

FEDERAL GOVERNMENT FINANCIAL AWARENESS COUNSELING TOOL

Learn financial management basics, get current loan debt and history, future debt estimates and more with step-by-step interactive tutorials. Contact your campus financial aid counselor for assistance. [>>](#)

FINANCIAL LITERACY WORKSHOP SERIES

Free Workshop on Budgeting, Credit and Savings sponsored by the Hispanic Federation [>>](#)

FREE TAX PREPARATION SERVICES

The Single Stop Community College Initiative provides free, on-site tax preparation services during tax season (January - April) [>>](#)

CREDIT ABUSE PUBLICIZED IN STUDENTS' MOVIE PSA

Three budding filmmakers from LaGuardia Community College launch a public service announcement about credit card abuse that is gracing movie screens around the city [>>](#)

TIPS FROM A CUNY FINANCIAL AID EXPERT

Alice Murphey, CUNY's director of financial aid management, has been helping students with financial aid issues for more than 30 years. Her advice is published in the New York Daily News. [>>](#)

EVENTS

FINANCIAL SUCCESS STORIES

Learn how these students conquered their financial aid challenges. Select a video or visit the [College Sense website](#) to find out more!

Borrowing Smart for College

Playlist **Financial Literacy (7 videos)**

RELEVANT ARTICLES

- Carms, A. "A Comparison of Student Checking Accounts," *The New York Times*, August 29, 2011

CashCourse

Define your finances. Define your future.

UCLA *Financial Aid Office*

- [Main](#)
- [Who We Are](#)
- [Clue Us In](#)
- [eLearning](#)
- [Video](#)
- [Budget Wizard](#)
- [FAQS](#)
- [Back to FAO](#)

 [Ask An Expert](#) ▾

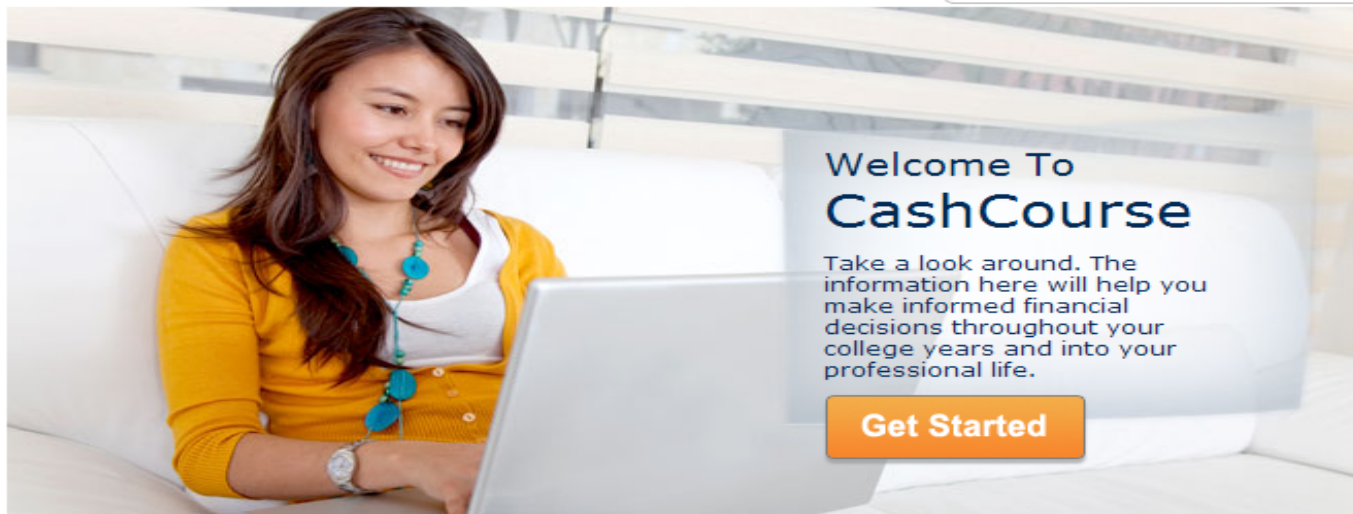
Financial Basics

- [Budgeting & Financial Planning](#)
- [Overspending](#)
- [Banking Your Money](#)
- [Dealing with Credit Cards](#)
- [Protecting Your Credit](#)
- [Preventing Identity Theft](#)
- [Avoiding Quick Financial Fixes](#)
- [Setting Financial Goals](#)
- [Saving Money](#)
- [Investing Your Money](#)
- [Planning for Retirement](#)

Paying for College

College Life

World of Work



Welcome To CashCourse

Take a look around. The information here will help you make informed financial decisions throughout your college years and into your professional life.

[Get Started](#)

What budget killer can pose the greatest threat to your wallet?

[Take The Quiz](#)

What you need to know:

- How to make a budget
- Eating healthy on a budget
- Understanding paycheck deductions



Take CashCourse to Go and receive tips to your phone.

[Join Now](#)

Resources



[Budget Wizard](#)



[Financial Calculator](#)



[Worksheets](#)



[Quizzes](#)



Videos

[How To Be Credit Savvy](#)



[See All >](#)



Tips

- [10 tips for protecting personal information](#)
- [25 tips to stretch your dollars](#)
- [40 money management tips](#)

[See All >](#)

Home / LSA Students / Sophomore Initiative / Events /

Students Promoting Financial Literacy workshop

Nov
29
2012



Add to Cal

Host Department: students

Date: 11/29/2012

Time: 06:00 PM - 08:00 PM

Location: 3460 Mason Hall ([Show map](#))

Description:

Are you paying for school with loans? Do you plan to take out loans for graduate school? Are you interested in learning more about loans and debt?

The student organization **Students Promoting Financial Literacy** is hosting a free workshop to educate students about loans and debt **on Thursday, November 29th 6-8pm** at 3460 Mason Hall. Kristin Bhaumik, the Assistant Director of Special Programs for the Office of Financial Aid, will lead the workshop. Also, there will be free pizza at the event.

RSVP to studentspromotingfinanciallit@gmail.com by **Tuesday, November 27th**. We hope that you can come!

LSA STUDENTS

- Scholarships
- Academics & Requirements
- Academic Advising
- Transfer Information
- Study Abroad
- International Internship Program
- Internships
- Michigan Learning Communities
- Course Guide
- Graduation
- For Graduate Students
- Your Student Experience
- Sophomore Initiative
- Welcome Letter
- Soph Initiative Courses
- Your Sophomore Experience
- Internships
- Experiential Opportunities
- Other U-M Resources
- Events



SOME UMD INITIATIVES



Office of Student Financial Aid

[Return to Financial Aid Site](#)

[Financial Literacy](#)

[Financing College](#)

[Budgeting](#)

[Credit](#)

[Safety](#)

[Long Term Financial Planning](#)

[Resources](#)


[Contact Us](#)




Financial Literacy

It is important to be an educated consumer in order to make the most of what we have. This site will discuss basic skills you need to be financially literate as you make important financial decisions with your budgeting, borrowing, maintenance of credit, spending, saving and investing. While preparing you to be a Financial Wizard is beyond the scope of this website, it is our hope that you will be encouraged to continue your journey to financial competency.

Before we proceed, a word about organization and navigation. This website includes several topics. Though each topic can be viewed independently and in any order, it is recommended that you start at the beginning and follow the navigation links at the bottom of each page to ensure that each topic and page is covered.

As you navigate through the site you will see several videos which can be identified with the  symbol. Links to the videos are also available by visiting Videos to View.

We also offer several short online courses in the Resources section. Clicking on  will display answers to the previous questions.

To start off, please answer the following questions:

-  [Who is Ben Bernanke?](#)
-  [What is net worth?](#)

Disclaimer: This site should not be considered authoritative financial advice. Your circumstances are unique and you may want to consult a financial advisor.



MYMONEY.GOV

MyMoney.gov - primary U.S. Government website for financial literacy and educational programs.



College of Behavioral and Social Sciences

Test Your Financial Savvy: 13 Q & A on borrowing and repayment, big-ticket buying, investing

If you have a credit card on which you're carrying a \$2,500 balance, and the interest rate is 15%, how long would it take you to pay off if you 1) never made another charge and 2) paid only the minimum monthly payment of the greater of 2.5% of the balance or \$10?

A. 2 years B. 5 years C. 17 years D. 28 years

Taking Charge of Your Finances: 17 topics covered in PowerPoint presentation

Setting Financial Goals; Tracking Your Spending; Understanding Credit; Building a Credit Report and Score; Monitoring Your Credit; Debit Cards; Identity Theft





Graduate School Tax Assistance Program

- Annual program to assist international graduate assistants with preparation of tax documents

Spring 2013

- Core of retired volunteers served 412 students in person
- Provided 1,094 FREE students on line tax preparation service
- 784 students received an average refund of \$714





Graduate School Financial Literacy Program

- Day-long program offered for first time November 2013
- To be offered each semester
- 129 PowerPoint slides on many topics presented by guest experts
- 90 students signed up, 60 attended





THE
GRADUATE SCHOOL
FINANCIAL LITERACY

Lunch Money

Basic Financial Planning for
Graduate School and Beyond



THE
GRADUATE SCHOOL
FINANCIAL LITERACY

Program

- Budgeting/Saving
- Credit
- Financial Aid/Student Loans
- Insurance
- Lunch Break
- Banking/Credit Unions
- Pensions and Investments
- Financial Information Resources



IV. Some Good News



CGS/TIAA-CREF Initiative

- Cooperative project between CGS and TIAA-CREF to enhance the financial literacy of graduate and undergraduate students
- Awards to colleges and universities to develop innovative financial literacy programs
- Designed to spark university collaborations for honing student financial skills
- Institutions must embed financial literacy programs for graduate students within *Preparing Future Faculty* or similar career development programs
- CGS announced a request for proposals to its member institutions in January 2013
- 15 Research Partners and 19 Affiliate Partners awarded ~ \$402,000 since March 2013





Not a Housing Bubble?

“Student loans are not the next housing bubble because there are many ways available to repay a student loan and because a graduate degree cannot be foreclosed on and seized.”

Sarah Bauder

*Assistant Vice President for Enrollment Services Operations and
Director of the Office of Student Financial Aid, University of Maryland*





Question and Answer