

OP-ED

College finance needs changes

The Obama administration has advanced an ambitious goal — for the United States to lead the world by 2020 in the number of college graduates. It's a critical task requiring sweeping reforms because most working Americans don't have a college degree in an economy increasingly requiring one.

This is smart public policy. Compelling evidence shows that higher education leads to greater income, lower unemployment and improved health and happiness.

Communities lacking educational achievement suffer the most poverty, while the inverse also is true. In Montgomery and Bucks counties, with 40-60 percent college achievement, poverty levels are under 7 percent. In Philadelphia, where just one in five is a college graduate, the rate tops 20 percent. Unemployment levels among workers with college degrees hover around 4 percent, compared to more than 10 percent for those without.

President Obama has proposed the American Graduation Initiative. Passed in the House and before the Senate, AGI promises to help Americans complete two-year degrees. It will establish and strengthen imaginative partnerships among community colleges, high schools, universities and businesses to generate educational outcomes linking directly to economic growth.

AGI promises to spur innovative strategies leading to college completion, focusing on the nation's 75 million adult workers without a degree — including 390,000 Philadelphians. It promises to produce permanent increases in student aid, peg Pell grants to inflation, make education tax credits permanent and simplify the federal student aid process.

AGI would invest \$12 billion, but is it affordable?

The plan calls for the government to directly provide federally backed students loans, instead of relying on banks. The nonpartisan Congressional Budget Office estimates a 10-year, \$87 billion savings.

Through Byzantine schemes the student loan industry engineered, private banks secure billions in subsidies to originate and service federally guaranteed student loans. Funds were wasted. For example, Sallie Mae in 2008 paid its president \$4.6 million and its vice chairman \$13.2 million.

The industry's lobbyists now aim to thwart the proposed reforms.

In Obama's words, "Enough." Let's take the \$87 billion savings and educate America.

The Senate must fight for average citizens who want to achieve the American dream the old-fashioned way — through education and hard work. Pass the American Graduation Initiative.



**GUEST
COMMENT**

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