Rising Student Debt Levels: Institutional Causes and Potential Remedies

Student Debt Preliminary Planning Committee
(UAlbany Graduate Student Organization)

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Executive Summary

Rising student debt is a serious matter that threatens the mental state of the student, the continuance of their education, their future prosperity, the debt-holder, and the academic institution. This problem has only become more severe over the past several years. As with many financial problems, the level of student debt is created by multiple discrete elements and remedies are available with different investments of resources required. The three primary drivers of student debt are the widening gap between wages and costs (both in living expenses and scholarship), bureaucratic structures which add or otherwise amplify these costs and make payment difficult, and a decrease in financial literacy and capability on the part of students. For each

The first of these problems is by far the largest contributor. As it currently stands, many graduate students are not offered assistantships. Those without assistantships will work in addition to taking loans. Those that do receive assistantships almost universally receive an amount that would not be considered a living wage, and are required to subsidize this income with loans in order to survive. Even among this population, a significant number of them are paid thousands less than the amount required to avoid needing additional support. There is only one remedy available for this: an increase in the number of assistantship lines and the funding associated with each.

The second problem pertains to bureaucratic structures that aggravate the problem. These either impose some additional cost beyond tuition and living expenses or otherwise directly aggravate financial burdens. However, others are within the ability of the University to control. These include contracted services employed on the campus such as third-party grading systems and food service providers. The other aspect is a payment system as well as bursars and financial aid offices which make financial difficulties difficult to resolve and can result in at least additional fees if they don't actually force a student out of the University. These systems can and should be fixed, and can be with some resources devoted to web platform development as well as logistics which allow the staff to more efficiently and effectively address the needs of students coming in.

The third problem pertains to financial literacy. The average student entering the university likely has little experience beyond balancing a personal checkbook, and certainly is inexperienced calculating long-term loan payments. Offering a course is the most direct remedy, and this both fits with the purpose of a university and has seen demonstrated effectiveness in other institutions. There is also the potential to engage partners to better facilitate this increased financial awareness.

Addressing this problem is important and will require a concerted effort on the part of the University.

Introduction

Rising student debt levels is an emergent problem in recent years. Many analysts claim that financial difficulty is the primary reason that college students separate prior to graduation. Studies also confirm that the majority of borrowers who default on their student loans did not complete a college degree but left campus with debt. Worse yet, the fastest growing demographic filing personal bankruptcy is young people ages 18 – 25. Generally, it is increasingly understood that the result of beginning a life indebted is a depression of the entire lifetime earnings of the individual. This will have consummate effects on the University: depleting student morale, eroding the ability to recruit and retain the best students, which in turn affects faculty and department reputations. But it also hurts the long-term fundraising ability of the institution more directly as heavily indebted students are both less likely to have the money to donate or the willingness to do so.

As with any negative financial state, it is important to recognize and address the problem as quickly as possible, lest it compound. An alarming number of UAlbany students are indebted, and the University Council expressed great concern over this. What was initially seen as a question of personal responsibility was investigated to uncover a disturbing reality: even with the greatest frugality, few graduate students are provided the resources through their study to sustain themselves without further amassing debt. Moreover, the systems currently in place actually agitate these problems by making information and solutions to problems more difficult and costly to locate.

Addressing this requires recognition of a systemic problem that not only stretches well beyond the individual student and is often fully outside of their control. An increasing number of graduate students enter the University without the basic skills to properly manage their finances. The University provides only limited resources and information to supplement this and that information is often specialized, incomprehensible, or presented in a way which makes it unusable to the student. The University has also engaged in arrangements with third parties that effectively victimize graduate students as a captive market to add additional costs which do not remain in the University system. The University billing and payment system is prone to errors, logistically unsound, and contains exploitive and punishing fees that further compound students' financial burdens. Finally, the University's assistantships are in most cases far too meager to support a student without requiring an additional burden of debt.

These problems are systemic and interrelated. This problem will not be solved by some trivial informational campaign, new course requirement, or University policy. While the University certainly has the resources to enact remedies, it must be willing to devote those resources and fully engage this problem on all levels if it is to be solved.

Financial Literacy

Adding a Financial Literacy Course to the General Education Offering

Entering higher education is, for many freshman, their first encounter with the need to manage themselves financially, and rising costs, as well as the financial instruments offered to aid in meeting them, sometimes exacerbate the issue. It seems to us that many students would benefit greatly from a serious, course-level education in personal finance. We do not believe that short workshops, or sporadic consultation sessions, will be sufficient in general, although of course they will be helpful in individual cases. On the other hand, if such a course is made mandatory to students, it is likely to decrease interest and engagements by the students.

Fortunately, the recent reform in general education requirements makes the choice more flexible, so that it will not be difficult to offer a financial literacy course as helping in fulfilling this requirement. Students will therefore have the choice to take this class.

Albany Student Press, in its Issue 8, Feb 15, 2013 first page story, "CFPB Launches Inquiry into Financial Products and Marketing on College Campuses", notes that the Finance Honors program supports the offering of a financial literacy class.

There are two main ways in which such a course can be established:

1. It could be offered by professors from one of the relevant University at Albany departments, such as Business Administration.
2. It could be offered by an outside company specializing in financial literacy.

In both cases, particularly the second, avoiding conflicts-of-interest is paramount. The personnel teaching the course must not have any possibility of benefitting directly from choices made by the students, for example, specific choices of loans or loan consolidation services.

Complementary Services

While we believe that the establishment of a financial literacy course is paramount, other programs are recommended, in addition to such a course[1]:

1. Expanding passive outreach to departmental offices, HR, payroll, financial aid, etc. If a student gets into any kind of financial crisis, they need to be able to find sources of advice wherever they are likely to turn.

2. Adding proactive outreach measures: students who are late on their tuition or fee payments, or who are, for technical reasons, provided with a large refund which they would be required to apply to their next bill, should be directed to financial consultation.

Financial Partners and Successful Models

The need for financial education for America's young people is clear and unquestionable. A 2008 survey by Charles Schwab both highlighted this need and suggested that teenagers actually want to learn about personal finances. In short, they responded that they want to learn how to create a budget and manage their money so they can avoid debt.

Fortunately, there are a number of for-profit and non-profit organizations that are now offering financial literacy and education sessions to young people, including college students. Perhaps the most prominent among them is iGrad, which offers online, interactive financial education courses and financial aid counseling sessions. Founded by former student lending executives after market conditions forced many lenders to suspend new originations, iGrad has become a leading resource for colleges and universities who are increasingly seeing the value in providing financial education to their students. The entire iGrad platform is customizable based on institutional preferences and includes videos, articles, games, calculators and other resources on a variety of financial topics including budgeting, credit scoring, identity theft and—perhaps most importantly—the total cost of borrowing. Although the company does have a small number of consultants across the country, the majority of financial education is offered online which can be accessed on the student's schedule.

Inceptia on the other hand, is not a startup but a recent initiative launched by NSLP—a student loan guarantor that is no longer providing these services as a result of the decision to originate federally guaranteed loans in-house through the Department of Education, thus eliminating the need for third-party lenders and guarantors. Inceptia teaches students the "basics of responsible money management" through a variety of formats including presentations, seminars and workshops on campus. A unique

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1 See "*Financial Literacy on Campus: Raising Awareness, Creating and Developing Programs, and Improving Effectiveness,*" COHEAO Financial Literacy Awareness White Paper, **November 2012**, available at http://www.coheao.com/about-2/taskforces-committees/financial-literacy/

component of their service is a “train the trainer” program which certifies college staff as financial education counselors, thus allowing institutions to develop their own financial literacy programs managed by campus administrators and/or faculty. Considering the heightened scrutiny being placed on institutions’ retention and graduation rates, Inceptia’s program is attractive in that it helps college staff develop retention and student success initiatives which incorporate elements of personal financial management training for students. Helping colleges and universities create a success plan which pays particular attention to the financial concerns of students ensures that a primary factor in student departure is addressed through formalized retention programs.

Consumer Credit Counseling Services is another potential partner which provides financial literacy and money management guidance for students, graduates and adults alike. CCCS offers credit counseling and budgeting programs at locations throughout the state free of charge. It does not appear, however that CCCS offers much in the way of online content leaving students (many of whom are residents or without their own personal transportation), to secure their own travel accommodations. Ideally, counselors could be placed on campus at pre-determined times throughout the semester to assist students with their financial concerns but repeated calls to the agency were not returned.

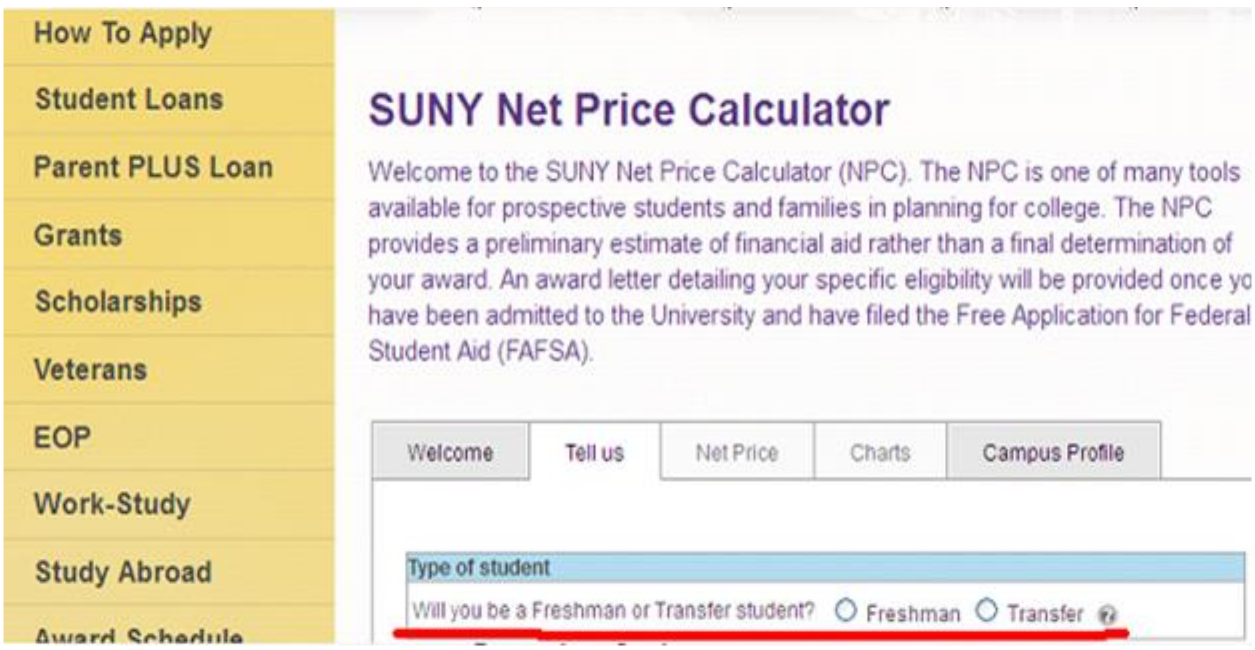
To be sure, this list of potential financial literacy providers is not exhaustive. One exciting SUNY-wide venture which may eventually provide these or similar programs on campuses across the state is the SUNY Smart Track program. Conceptually designed to prevent students from leaving campus with student loan debt and no degree, Smart Track staff could be contacted in a effort to contract out for financial education services which would be subsidized by state budgetary allocations for retention and default management efforts through this initiative. Particularly considering our proximity to the SUNY administration offices, the University at Albany would be an ideal pilot program partner if such programs are made available.

Web Resources

While the UAlbany Financial Aid website provides general information about student loans, it is limited to certain types of loans and it also lacks comprehensive information about financial management or personal finance.

Tools for financial planning

Before applying for student loans, students have to accurately estimate their expected costs of attendance. UAlbany Financial Aid website provides a preliminary estimate of financial aid under "SUNY Net Price Calculator", yet it is for the use of either freshman or transfer student only.



UAlbany Financial Aid website provides a list of interest rates and fees for different types of federal loans. However, an online loan calculator with expected monthly payment would be more helpful for students to understand and plan their financials.

Interest Rates and Fees

Academic Career	Loan Type	Academic Year	Interest Rate	Origination Fee
Undergraduate	Subsidized Stafford	2012-13	3.40%	1.00%
Undergraduate	Unsubsidized Stafford	2012-13	6.80%	1.00%
Graduate	Unsubsidized Stafford	2012-13	6.80%	1.00%
Parent	Parent PLUS	2012-13	7.90%	4.00%
Graduate	Grad PLUS	2012-13	7.90%	4.00%

Lack of financial management or literacy resources

For those students who apply for loans, they have to be aware of loan terminology. However, there are no online resources –FAQ, loan glossary, and links to other websites – available on the UAlbany Financial Aid website. Students will be able to easily educate themselves if there is additional information for what they need to know before borrowing. For example:

1. See Direct Loans Glossary from Federal Student Aid website: <http://www2.ed.gov/offices/OSFAP/DirectLoan/glos.html>

2. UMass-Amherst Financial Aid:

Money Management and Personal Finance

Practical Money Skills: Excellent Web site explaining how to manage your money and develop budgeting skills.

Mapping Your Future: Career planning Web site dedicated to choosing a college or university, developing financial aid literacy, and online loan counseling.

You Can Deal With It: Site providing practical advice on credit cards and other financial matters.

In addition to student loans, scholarships, and grants, students may be able to take advantage of federal tax benefits to offset their costs of education. Federal tax benefits include a tax credit for tuition and other educational expenses as well as a tax deduction for interest paid on students loans.[2] However, UAlbany Financial Aid does not provide this information online.

[2] EdFund (2011). Federal tax benefits for higher education, from https://www.edfund.org/pubs_order/epub_GetPdf.cfm?documentId=I-91

Limited financial aid options for different types of students

Under the “Student Loans” section on the Financial Aid website, most of the information is only based on federal student loans. For the "Alternative Loan" option, the website only provides one direct link to the U.S. Department of Education's webpage with the comparison of federal and private student loans. Although the university strongly encourages students to apply for the federal loans first because unsubsidized private student loans normally have high interest rates, it does not provide comprehensive information for students that they can choose from. This is in contrast to other schools, such as UMass Amherst, which do provide such information and display it in an easily understood manner.[3]

UMASS AMHERST
Financial Aid Services

ALTERNATIVE LOANS for GRADUATE STUDENTS

2012-2013

Loan Program Name	Lenders/ Interest Rate Ranges Libor and Prime are Variable rates/No fees unless indicated	Application and information Website/ Telephone #	Minimum/ Maximum	Repayment Terms	Satisfactory Academic Progress (SAP) Required	Minimum Enrollment	Lifetime Aggregate	Payment of Prior Balance
Federal Direct Graduate PLUS Loan *Must File FAFSA and maximized Direct unsubsidized loans first*	U.S. Department of Education- FIXED 7.90% 4% origination fee Visit *StudentLoans.gov* for detailed information	www.umass.edu/umfa/forms 1-413-577-0555 Download and complete GRAD PLUS Pre-Application form	$100/Cost of attendance minus financial aid	6 months after graduation Up to 25 years to repay	YES	At least ½ time	No Limit	NO
CitiAssist Loan	*Citibank, N.A.* -LIBOR + 3.25-7.5%	www.studentloan.com 1-800-788-3368	$1,000/Cost of attendance minus financial aid	6 months after graduation Up to 15 years	YES	Half-Time	$150,000 (including other loan debt)	NO
Wells Fargo Graduate Loan	*Wells Fargo Bank, N.A.*- PRIME +1.5 -5.o% Fixed 7.49 -13.99%	www.wellsfargo.com/student 1-800-658-3567	$1,000/Cost of attendance minus financial aid	6 months after graduation Up to 15 years	YES	Less than ½ time	$180,000 (including other loan debt)	YES
Credit Union Student Choice	*Hanscom FCU* - PRIME +3.25 -10.25%	www.hfcu.org 1-888-549-9050	$2,000/$30,000	6 months after graduation Up to 15 years	YES	At least ½ time	$120,000	YES
	UMass Five College FCU - PRIME +1.75%-+2.00%	www.umassfive.studentchoice.org 1-413-256-5500	$1,000/Cost of attendance minus financial aid				$75,000	NO
	Workers' Credit Union - LIBOR+ 2.75%-5.0%	www.workerscu.com 1-978-345-1021	$1,000/COA-financial aid				$75,000	NO
Discover Graduate Loan	*Discover Bank* - PRIME +0 - 4.25%	www.discoverstudentloans.com 1-877-728-3030	$1,000/Cost of attendance minus financial aid	6 months after graduation Up to 15 years	YES	At least ½ time	$180,000	NO
MEFA Graduate deferred Loan	*Massachusetts Educational Financing Authority* FIXED RATE 8.9% / 4%-7% fees	www.mefa.org 1-800-449-6332	$1,500/Cost of attendance minus financial aid	6 months after graduation Up to 20 years	YES	At least ½ time	N/A	NO
Smart Option Student Loan	*Commerce Bank* - LIBOR + 2.0 -9.87 / Fixed 5.75-12.87%	www.commercebank.com/money101 1-800-666-3910	$1,000/Cost of attendance minus financial aid	6 months after graduation Up to 12 years	NO	Less than ½ time	$200,000 (including other loan debt)	YES
	Sallie Mae - LIBOR + 2.0 -9.87 / Fixed 5.75-12.87%	www.salliemae.com 1-888-272-5543						
True Fit Student Loan	*Academic Solutions Corp* - LIBOR +2.7 -12.25% Fixed 6.75-12.75%	www.academicsolutionscorp.com 1-508-446-8600	$1,000/Cost of attendance minus financial aid	6 months after graduation Up to 15 years	NO	At least ½ time	$120,000 (including other loan debt)	YES
	Citizens Bank - LIBOR +2.7 -12.25% Fixed 6.75-12.75%	www.citizensbank.com/truefitstudentloan 1-800-708-6684						

Please note: This information is subject to change.

[3] UMass-Amherst (2013). Alternative Loans for Graduate Students, from http://www.umass.edu/umfa/uploads/listWidget/15737/GraDuateLoanchart13.pdf

Ancillary Costs

While it is important to help students become better at managing their own budgets, and to teach them how to avoid needless debt, certain existing policies – some university-wide, some course-specific – make that task objectively more difficult for students.

Licensing Fees for Online Grading

In the realm of course materials, common cost-cutting measures are either buying or renting second-hand textbooks, groups of students sharing textbooks, or both. Since many students will not be needing their textbooks after they have finished with their course-work, it is beneficial both from a financial, as well as from an environmental sustainability standpoint, for them to be able to pass them on to future generations, and sharing textbooks can be conducive to the development of teamwork, an important quality for future productive members of society.

This, of course, cuts into the profits of academic publishers. Today, however, publishers have found a method which mitigates both reusability and the sharing of textbooks: online, automated grading. They have capitalized on increasing class-sizes and decreasing teaching assistant funding to offer professors the following Faustian contract: in return for maintaining an automated system for grading homework from the textbooks, as well as a database of performance data for registered classes, the professors will require those of their students who have not bought a new copy of the textbook, to instead pay for a license to use the grading website, in lieu of the one attached to new copies. This allows publishers to get paid for each student required to use their textbook in his or her studies, at the cost of maintaining a uniform automatic grading system, generating a steady income, and bypassing the problems of textbook sharing and reselling. The advantage for professors is that they are able to provide their students with better service under the budget imposed by them, without this cost being counted as tuition.

This arrangement poses two important problems in the context of rising student debt:

1. As graduate students, it is alarming to us to have some of our potential occupations replaced by automated systems, particularly when they clearly do not provide the same benefit to those taking the course. Anyone who has ever tutored or provided office hours for students using these systems will tell you that they are a very poor substitute for homework assignments graded by an aspiring professional in the same field as the course, who is also progressively improving as a professional by teaching or grading for such courses. Furthermore, it directly reduces the workload that would ordinarily justify more assistantships, thus reducing the amount of funding available to graduate students and consequently increasing their debt.
2. Undergraduates are forced to pay, not for tools with which to learn, but for the very privilege of being provided feedback and grades for their work, above and beyond rising tuition costs.

> Especially since this is not made clear in the course catalog, it decreases the ability of even a financially mature student to make informed decisions about their studies. Furthermore, when the realization of this situation becomes clearer to students, particularly as they transform from freshmen to seniors, this can only increase their potential disenchantment with the learning experience, thus reducing the value of their education, and their ability to pay down their debt once they have graduated, not to mention their inclination to pay back into their alma mater through the alumni organization.

An illustration may be in order. Suppose an introductory Chemistry class has 100 students. Each of them, if they do not buy a new copy of the textbook (which is easily higher in price than the license), may end up paying the publisher or other grading provider another $75 . That is a total of $7,500 of de facto tuition that students are paying, to be able to be graded in this course. $7,500 a semester, for two regular semesters, and therefore, a 9-month school year, would be $15,000, which is close to the prevalent pay for science teaching assistants. Instead, the money disappears from the university system, to provide publishers and their grading subsidiaries with profits, and perhaps a few salaries for the developers of those products. This bargain hurts both our undergraduate and our graduate population.

This arrangement is currently mostly used in large introductory science classes, and in some science general educational courses, but with time, there is a threat that it will expand to more courses, as the push to cut costs encourages departments to eliminate funding lines for teaching assistants. This is a very negative trend, which will hurt students, and further undermine our graduate student population.

There is also a longer-term problem to address: further automation of class-work makes the student campus experience less distinguishable from an online class. This trend may decrease the competitiveness of the University at Albany campuses vs. online degree offerings in the SUNY system, as well as online degrees and online universities in general.

The basic solution is to increase the ratio between professors and teaching assistants and students. A stop-gap measure would be to require departments to fund the grading services needed for students enrolled in their classes. Finally, at the very least, if we are expecting students to be able to make more informed decisions about their finances, all ancillary costs of a course, including the cost of mandatory automated grading, must in the future be included in the course catalog.

Meal Plans

We are at a unique position at this time to reduce the costs of living for students living on campus. The renovation of the Campus Center has pushed for early contract termination of the previous dining service provider, Chartwell's, and opened up bidding for a new contract. This is the perfect time to stress lowering the cost of meal plans, or expanding their applicability.

Most students who live on-campus are constantly moving between one class and the other, and are not provided with an adequate kitchen environment in their housing units. This means that they are a captive market for dining services in the Campus Center and in the dormitories. However, the dining halls in the dormitories have restricted opening hours, and the acceptance of meal plans by Campus Center providers, particularly outside operators, is restricted, sometimes forcing students to pay exorbitant prices to properly eat between classes. Not only this, but residents of many dormitories are required to pay for such a plan at costs approaching or exceeding $2000, which is a significantly more than a prudent and frugal student might otherwise sustain themselves on. Measured against the cost of tuition, such meal plan costs are patently absurd.

These issues can be raised in front of the bidders for the new contract, and basic standards, in terms of low cost and high availability, must not only be demanded before the contract is signed, but must be supervised throughout the operation. Dining services providers are offered a well-organized infrastructure, a large customer-base, and innumerable other benefits, and in order to reduce costs for students, they must be required to reduce costs, and reduce the likelihood that students are forced to use costlier venues outside their meal plans in order to satisfy their dietary needs.

Appliances in Dorms

The current arrangement of refrigerator and appliance service in dorms is wasteful and pushes unnecessary costs onto the students. Instead of requiring students to rent refrigerators and other appliances on a by-semester and by-yearly basis, thus not only requiring them to pay more money than it would cost to simply maintain refrigerators, but adding hassle and waste of energy and time in installing and removing appliances, the dormitories should simply supply certain basic appliances such as refrigerators, microwaves, and hotplates, in whichever shared room context is relevant for each type of dormitory. The net overall cost to students will be lower, while the benefits of being able to store food for long periods of time, and the ability to make healthier food, will accrue both monetary and non-monetary benefits which could easily pay back for the cost of initial purchase and maintenance.

Billing and Payment Systems

The University Bursars and Financial Aid Office as well as the online payment system are themselves not merely inconvenient but actively damaging to students. The system is difficult to navigate resulting in frequent errors. Resolving these errors is difficult and time consuming, and these errors themselves add fees. While a comprehensive study is difficult to conduct, anecdotal accounts of problems with these systems highlight several key sources of difficulty.

The first of these is the record of activities available on MyUAlbany. This is the primary record students are directed to in order to understand their bill. The problem is that the source and meanings of different adjustments is often not obvious. Moreover, several accounts have been observed of students observing inaccuracies in dates of recorded activities and that the system apparently contains mechanisms to incorrectly backdate entries. This means that when an error occurs, it becomes incredibly difficult to track down as it can become a historical entry rather than a present one.

For students who find these issues (and typically as a result of the calendar many students will find them at once), attempting to contact Financial Aid or Bursars via telephone or email is fruitless. Quite simply, restrictions on information transfer, limited hours, and limited personnel mean that these methods will frequently take days to get responses and often cannot resolve problems at all. Attempting to visit the facilities directly is similarly problematic as there is frequently a long wait and insufficient staff to address the number of students who are present. Waits may exceed thirty minutes. For an undergraduate, this is difficult. For graduate students who frequently have the demands of classes, research, assistantship, families, and often are required to travel much further distances from work or home to reach the office, this is outright catastrophic, resulting in many wasted hours.

This also undoubtedly takes its toll on an understaffed and insufficiently resourced financial aid and bursar's staff. Aggravating matters is that often students do not understand their problems, which makes it difficult to insure that they have the documentation required to solve them. When adding in the fact that individual staff members are often not skilled in addressing all the myriad problems that may occur and that misfiling is frequent, this often results in repeat visits, wasted time, and frustration

The fee system further penalizes students for no fault of their own. Currently, any student subject to a mistake in their billing may suddenly find themselves subjected to late penalties which are extremely hard to reverse (sometimes the penalty is more severe, such as suddenly being incorrectly indicated as an out-of-state student). However, poorer students often do not have the ability to pay their bill outright. Instead, they must oblige a payment plan which is almost as severe as the late fees. Effectively, this amounts to a discriminatory tuition increase against economic disadvantaged students.

Assistantships

Graduate students working on SUNY campuses are employed for 20 hours of work a week which is considered full-time; there are also 10-hour Assistantship lines that are considered part-time. This work ranges from teaching classes to working in offices, and is expected to be completed in addition to coursework, research, and other degree progress which itself is often more than a 30 hour per week commitment. In addition to a stipend many students are offered partial or full tuition waivers, depending on whether they are full- or part-time. Funding lines are typically offered in multi-year packages that are intended to provide support for the completion of a degree; unfortunately, this is rarely the case, and many graduate students become adjuncts once their packages run out.

All SUNY graduate students who are employed as Graduate or Teaching Assistants are paid by New York State and represented by the Graduate Student Employees Union. However, funding for specific departments and individuals varies from campus to campus. This is because NYS and GSEU only negotiate a base-salary which is $8,586, too low to be competitive in many cases. Hence, SUNY campuses have 'subsidized' GA and TA pay through local SUNY funds which have resulted in significant pay differentials between departments and do not necessarily correspond to measures of productivity. Thus, the measure by which the average salary falls short of the living wage underestimates the economic hardship experienced by graduate students in both number and severity.

The two most important issues for graduate employees is the length of their appointment as a 'funded' student and the compensation they receive for their work. Currently it is exceedingly rare for students to finish a degree on a GSEU line and most students have significant financial trouble with current compensation packages.

Low wages affect more than the graduate student lifestyle while in pursuit of their degree. Low wages oftentimes press students to take out large student loans which follow them well beyond their time in school. Because GAs and TAs require special permission to take on additional work outside of their duties on campus many are forced to supplement their low wages by taking out student loans. Without meaningful raises, students find themselves caught between work, study and paying bills. Added financial stress makes degree completion more difficult and due to the strict limitations on funding lines many doctoral students find themselves teaching more and taking out loans while trying to complete dissertations. In the rare event that a student finishes a dissertation and gets a tenure-track job, the economic benefits of this employment are not usually felt for many years because of the monthly loan payments. In short, low wages contribute to the national student loan crisis.

Pay averages amongst SUNY University Centers

SUNY University Center	Average Yearly Salary for GA/TAs[4]	Living Wage by County[5]
SUNY-Albany	$13,193.00	$19,766.00
SUNY-Binghamton	$15,187.02	$18,412.00
SUNY-Buffalo	$14,621. 52	$18,458.00
SUNY-Stony Brook	$16,360.29	$27,106.00

National time to completion data

The NSF found that in 2003 that the average time to degree nationally was 10.1 years.[6] Due to the fact that the maximum expected funding package for most doctoral candidates on SUNY campuses is 5 years there is a clear correlation between increasing debt, time to completion and working conditions and compensation.

National Graduate Student Debt Data

As of 2009, over half of all graduate students in the nation took out student loans with a cumulative debt of $40,297. Below we have provided a table which points out the differences between types of terminal degrees.[7]

All Students	Graduate Education Debt		All Education Debt (Grad and Undergrad)	
Graduate & Professional Degree Programs	Percent Borrowing	Cumulative Debt	Percent Borrowing	Cumulative Debt
Total	56.4%	$40,297	69.6%	$47,503
Master's Degree	55.2%	$31,031	69.4%	$40,208
Doctoral Degree	45.8%	$57,860	56.3%	$58,967
Professional Degree	86.2%	$87,308	87.9%	$98,711
Master of Business Administration (MBA)	55.5%	$31,927	68.9%	$41,676
Master of Social Work (MSW)	72.3%	$35,516	77.7%	$49,017
Master of Science (MS)	49.8%	$30,684	63.5%	$40,362
Master of Arts (MA)	60.8%	$29,975	73.7%	$40,500
Master of Education or Teaching	55.9%	$26,487	74.5%	$35,946
PhD	35.4%	$44,995	48.0%	$45,455
EdD	65.1%	$43,812	73.3%	$44,880
Law (LLB or JD)	88.6%	$80,081	88.6%	$92,937
Medicine or Osteopathic Medicine	81.9%	$119,424	83.2%	$127,272
Pharmacy (PharmD)	82.2%	$63,412	85.0%	$81,838

[4] Data provided by the Graduate Student Employees' Union/CWA 1104
[5] Living Wage Calculator, MIT (http://livingwage.mit.edu/states/36/locations)
[6] See: http://www.nsf.gov/statistics/infbrief/nsf06312/nsf06312.pdf
[7] See: http://www.finaid.org/loans/

Remedies and Conclusions

It is important that when examining this we are careful not to make the mistake most common to economic problems: ascribing blame to a single source or group of people. There is indeed some anecdotal evidence to indicate that students as a whole are not as frugal with their money as they perhaps should be. However, there is insufficient data indicating whether those trends hold true for all students or select groups. More importantly, to dismiss these as issues of personal responsibility which can be solved by an awareness campaign is to dismiss the cold reality of the numbers. Graduate students are, quite simply, not paid a living wage. They would struggle even if they all adopted the most Spartan of lifestyles and nothing else were designed to impose further costs on their tight budgets.

Unfortunately, the situation is far from ideal. We have identified five areas that we could stand some significant measure of improvement: financial literacy, ancillary costs, web resources, billing and payment systems, and assistantships. Each of these plays a significant role in the crisis that we are currently examining. The remedies available to each vary widely in the resources required to implement as well as the return on investment, but in a situation this dire it is important to examine each rather than simply the most cost effective solution in a vacuum.

Financial illiteracy is a pervasive problem that is undoubtedly partially to blame for the inability of many students to comprehend their long-term financial state or to repair it once they inevitably do. Two key options are available here and are comparatively inexpensive. The first is to offer a course covering principles of financial literacy. Not only is this solution most in tune with our academic mission, it also most directly addresses the nature of the problem and has the ability to leverage the structure of academic requirements to incentivize it.

Ancillary costs add hundreds to thousands of dollars to student costs every semester. For graduate students operating on a very meager budget, this is a not inconsiderable cost. It is arguably more severe in a direct way for undergraduates while undermining assistantships on which graduate students depend. The University could adopt official stances and policies which would prohibit contracts or services that victimize students in order to pinch pennies for the University. Policies on academic-related services are even more directly within the sole authority of the University. Policy can and should be used to protect students from predatory arrangements that artificially increase their expenses.

Web resources offered by the university are linked to our financial illiteracy problem and our billing and payment systems as well. In general, there is a very limited supply of information and it tends to only be useful for select groups of students. What is needed is an easily navigated website with links to financial literacy resources including how-to guides for balancing accounts and calculating payments, understanding bills, and so on. We could leverage the same partnerships that would help with addressing financial literacy to do this. The costs are minimal: web redesign is all that's required, and the results could be felt immediately.

Billing and payment systems and the problems they cause are difficult to study and more difficult to alter. Ultimately, the resource investment required to fix this issue is not insignificant, but it would almost certainly be a positive influence on collection and, most importantly, student retention. The average graduate student knows at least one person who has been dismissed or has quit in disgust as a result of a billing issue. The University has a reputation for this. Turning this around would mostly be a logistical solution. A website redesign should focus on enabling the student to access reliable and accurate information and, via e-mail or chat interface, address the problem to the appropriate office who will indicate to them precisely what they will need to bring to an appointment and designate a time. In this way, we can minimize the wasted time of both staff and students.

Finally, we reach the thorny issue of assistantships. This is an unavoidable concern, since raising the assistantships or increasing the number of available lines is absolutely a resource-intensive effort. However, there is no feasible way to deny the fact that too many graduate students are without assistantships and that even those who possess them are still going further into debt. Moreover, the university depends on their services to enrich the educational experience for other students as well as to provide research support for our faculty. Any serious attempt to address student debt must consider an increase in assistantship levels.

Ultimately, the effort required to address the crisis of rising student debt within the university is large, but they payoff is immense as well. Lower debt levels equate to higher retention rates, higher lifetime earnings, more prestige for the University, and more donations from successful alumni. This also directly impacts the competitiveness of graduate students recruited which in turn helps to recruit more prestigious and talented faculty. The University is a community centered on student success, and thus minimizing student hardship will help the University as a whole to thrive.

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