

Student aid crucial for college planning

12/10/2008

The nation's economic crisis has left both consumers and businesses worried about an uncertain future, and college student consumers are no exception.

Many students have already been borrowing to pay for college, and even more will probably need financial aid in the form of loans to make up for shrinking college funds. Some parents who might have been able to spare some of their savings for college are now worried they might need it to cover other expenses, especially if their jobs are insecure. For others, the home equity they were planning to use to fund education costs has disappeared due to falling real estate values. In soliciting students as well as parent financiers, colleges and universities are mindful that those shopping for colleges aren't just looking for pretty buildings and interesting-sounding courses; they are looking for a good value.

Roger Thompson, Indiana University vice president for enrollment management, says that IU students are, for the most part, getting the loans they need because of IU's participation in the federal Direct Loan Program. Fees on federal loans are much lower than those on private loans, and IU moved to direct loans last year in anticipation of tough economic times.

IU freshman enrollment is higher than ever, and applications for 2009 are 17 percent higher than last year. Perhaps more families are taking advantage of the in-state educational bargain that IU offers, and perhaps more people are attending school simply because the job market is tight. Whatever the reasons, it's clear that financial aid — and its impact on the net cost of a college degree — is playing a bigger-than-ever role in students' college planning.