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Transcript of CNN's "Inside Politics" Program on Postsecondary Education

CNN INSIDE POLITICS

What are Politicians Doing about the High Cost of College?; Bush Administration, Democrats Get New Lessons in Politics of Higher Education; Good News About Who is Going to College
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JUDY WOODRUFF, CNN ANCHOR: I'm Judy Woodruff at Emory University in Atlanta with a special INSIDE POLITICS on the high cost of college. We will look at how Americans are feeling the pinch and what politicians are doing or not doing about it.

CANDY CROWLEY, CNN SR. POLITICAL CORRESPONDENT: I'm Candy Crowley in Washington, where the Bush administration and congressional Democrats are getting new lessons this week in the politics of higher education.

JEFF GREENFIELD, CNN POLITICAL ANALYST: I'm Jeff Greenfield at New York's Columbia University. I'll look beyond the money numbers to find some good news about who is going to college.

ANNOUNCER: Live from Washington, this is INSIDE POLITICS WITH JUDY WOODRUFF.

WOODRUFF: Thank you for joining us. Today we are in Atlanta and we will get to our focus on the cost of higher education in just a moment. (NASFAA Editor's note: Material here is unrelated to higher education main story and is redacted.)

WOODRUFF: All right, CNN's Matthew Chance reporting from Ramallah. And of course, CNN will bring you live updates as the situation in the Middle East changes. And now to the reason we are at Emory University in Atlanta. Because day-to-day, students here, as students at colleges and universities across the nation, live with the reality that is becoming a political reality in Washington. I have been talking with some students here about rising tuition, about struggling to get the aid and loans that they need, and about the difficulty in paying them back.

(BEGIN VIDEOTAPE) Jeannine, you're about to get an undergraduate degree in political science. You've got loans. To what extent do you think the federal government, the

taxpayers of the United States, should help subsidize your education?

JEANNINE BELL, EMORY GRADUATING SENIOR: I think it's beneficial to us as a community, as a nation. Because they're helping to produce the leaders of the future.

WOODRUFF: And?

BELL: And I think that it's important. I think that for us to be a nation in which, at least everyone has the opportunity to go to school. I don't think that it's an imposition on federal government to subsidize loans.

WOODRUFF: Andrew, what about you? You're graduating from law school. You owe \$66,000. To what extent is it the responsibility of American taxpayers to subsidize your education?

ANDREW BELOPSKY, EMORY LAW SCHOOL STUDENT: I think it's a large part their responsibility, because without their taxpayer money, students like myself and other people can't take the jobs they want. They're just not going to have the money. It's going to impede their ability to go. And if they want to become a teacher, if they want to become a lawyer or anything, they're going to need this money in order to fund their way through education. And most people just don't have the money these days, because it's such high prices for the education that they need. (END VIDEOTAPE)

WOODRUFF: And we'll hear more from those students and others a little later in this hour. Meanwhile in Washington, House and Senate Democrats are planning to hold an education rally tomorrow on Capitol Hill to release a report looking at the ways federal and state budget cuts are going to affect education opportunities. However, some of the wind may have been taken out of their sails. For the latest on that my colleague, Candy Crowley, has this report.

(BEGIN VIDEOTAPE) CROWLEY (voice-over): Welcome to Politics 101, a crash course on the enduring political potency of the education issue.

SEN. TOM DASCHLE (D-SD), MAJORITY LEADER: You've got an administration that is gutting the student loan program.

ARI FLEISCHER, WHITE HOUSE PRESS SECRETARY: Education is a top priority for this president and he will remain committed to it.

CROWLEY: The course begins with a shortage of funds in the Pell Grant program for low-income college students.

WILLIAM HANSEN, DEPUTY EDUCATION SECRETARY: That's a real \$1.3 billion hole that, if it's not filled, Congress may have to revert to cutting every Pell grant recipient \$400 across the board. CROWLEY: The administration proposed getting the money for low-income students by charging graduates variable instead of fixed interest rates on their consolidated loans.

SEN. EDWARD KENNEDY (D-MA), EDUCATION CHMN.: What they're basically saying is

that the students and the families, middle income families, are going to be able to have to pay a good deal more, rather than taking advantage of the lower kinds of interest rates.

CROWLEY: Democrats were up in arms and loaded forebear. That election year issue they'd been searching for had just dropped into their lap.

REP. RICHARD GEPHARDT (D-MO), MINORITY LEADER: This is the classic example of them choosing tax cuts from the wealthiest Americans over interest rate cuts for middle income families.

CROWLEY: The Bush administration, enjoying higher than the Democrats' approval ratings on education, pushed back.

FLEISCHER: The tax bill enlarged the amount of money available for education savings accounts. And of course, by doubling the child credit from \$500 to \$1,000, that gives parents more money to use on the education of their children.

CROWLEY: The truth is, the argument is academic. In politics, perception frequently trumps fact and Democrats had the upper hand on this one. You could see it on the face of Republicans, who hemmed, hawed, shook their heads, and generally didn't want to talk about it. By the time Democratic leader Gephardt had gathered up college students to protest with him, the Bush administration was in full back pedal.

HANSEN: The issue of consolidation loans, is was an idea. It's not part of the administration's official policy.

CROWLEY: "This is going nowhere," said a senior Bush official. The matter is closed. Class dismissed. (END VIDEOTAPE)

Tomorrow's class, the role of repetition in politics. Congressmen Obey and Miller will join Senator Kennedy in unveiling a study which will show that some state universities are set to unveil the largest tuition hikes in history, even as state budgets are beginning to shrink. All of this, Democrats hope, will just be kindling on a fire they hope will burn well into the fall elections -- Judy.

WOODRUFF: Speaking of that, Candy, you mention that the president has high approval ratings for his handling of education. What are the chances -- I mean, you've talked to a lot of people -- what do they think the chances are that education will resonate as an issue in November?

CROWLEY: Well, Democrats have always seen education as sort of one of their issues. This has been born out in the polls for a long time, until President Bush came along. He had that early education package that he passed, along with Senator Kennedy. And that gave him a big hit, as far as popularity and as far as public confidence, that he could actually deal with the education issue even better than Democrats. But really what's at issue is how people see Republicans versus Democrats. And this, because after all, President Bush is not on the ballot this fall. A lot of Republicans are and a lot of Democrats are. And there, Democrats do indeed hold the edge. I think it's about 6 points the last time we checked. So Democrats obviously think that this is something that if they get out there on the education

issue, that this is something that people, voters, do tend to look at them favorably for.

WOODRUFF: All right. Candy Crowley there in Washington, thank you. As we've been telling you, I am in Atlanta at Emory University. And in fact, Emory's Web site says the tuition here, all the cost of attending the school, about \$26,000 a year. Now, that's on a par with other top schools around the country. But it is more than the national average for private colleges, which is about \$17,000 a year. The average tuition cost at a public college is about \$4,000 a year. From Los Angeles, CNN's Anne McDermott has a look at the college crunch and just how it is affecting middle class families. (BEGIN VIDEOTAPE)

ANNE MCDERMOTT, CNN CORRESPONDENT (voice-over): I know why you're crying. Because when you get to college, it could cost as much as \$70,000 a year. Fortunately, a year at a public school in northern California will only cost Maggie Scheibe about, oh, \$17,000. Dad's a little dazed.

JOHN SCHEIBE, PARENT: First I thought, wow, this is really exciting for Maggie, that she made it into a really good school like UC Santa Cruz.

MCDERMOTT: And his second thought? Well, it was something along the lines of: yeow! In other words, how do you pay for it? Well, you never know what the mail will bring -- or won't.

SCHEIBE: The Pell scholarship that we got, that we applied for, we weren't eligible because we make too much money.

MCDERMOTT: The middle class dilemma: Mom and Dad both work, have nice, but not extravagant, lives. So Maggie will do her part.

MAGGIE SCHEIBE, STUDENT: I'll probably get a job.

MCDERMOTT: And probably say, "You want fries with that?" over and over. Folks like the Scheibes have a fair number of options, though. Tax-deferred education IRAs, negotiating aid packages with schools, employer education assistance programs. And if you don't qualify for need-based scholarships, how about merit scholarships or sports scholarships? Maggie might qualify, the girl can golf. And then there's student loans. But I asked an expert, doesn't that create a lot of debt?

JUDY MILLER, COLLEGE FINANCE COUNSELOR: The sad thing is, many of our students graduate with greater credit card debt than student loan debt.

MCDERMOTT: OK, watch those cards. As for the Scheibes, they figure they'll do a little of this, a little of that, and they'll make it work. (on camera): What's going to be the biggest adjustment when your daughter goes college?

J. SCHEIBE: Uhh...

MCDERMOTT (voice-over): Well, it won't be so much the money, as that empty room come September. Anne McDermott, CNN, Los Angeles. (END VIDEOTAPE)

WOODRUFF: Coming up, we'll get the view from the top of some other college campuses,

as three college presidents tell us why tuition is so high and whether the government is doing enough to ease the financial burden on students. Speaking of inflation, our Bill Schneider will give us a lesson in why so many college students are making the grade of A. And you may need to check out an old movie to remember the days when college was mostly for rich kids. How much have the times changed? (COMMERCIAL BREAK)

WOODRUFF: Once a student is accepted to college, the big question facing most families is how do we pay for it? For some answers from three people with a great deal of experience in this question, we turn to three university presidents. William Bulger, president of the University of Massachusetts, he joins us from Boston. William Troutt is in Memphis, Tennessee, where he is president of Rhodes College. And Nan Keohane is with us from Durham, North Carolina. She is president of Duke University. And, Dr. Keohane, to you first. In the interest of full disclosure, I want to say that I'm a graduate of Duke and I formerly served on the board of trustees there. But my question to you is, is there a danger that we're heading back to a time when, like before World War II, it was only the well-to-do who could afford to send their children to college?

NAN KEOHANE, PRESIDENT, DUKE UNIVERSITY: I sure hope not, Judy. And I think there are good reasons to believe that we can be more optimistic than that. I was just reminded that 60 percent of the students who go to colleges like Duke qualify for aid of some kind. And we give an average of \$20,000 in grants to our students. We are deliberately determined to make sure that students who need help to come to a place like Duke, or Emory or Rhodes, can do so. We know that private colleges have an expensive sticker price. But a lot of people get a lot of help in coming here. We admit students without regard for their ability to pay. And we pay them, in terms of need-based aid, what it takes to get them here.

WOODRUFF: President William Troutt at Rhodes College, you headed up a commission a few years ago that looked at the rising cost of higher education. Why are college costs going up at such a faster rate than the rate of inflation?

WILLIAM TROUTT, PRESIDENT, RHODES UNIVERSITY: Well, there are a number of factors. Some of them, as you guessed, Judy, are obvious. People cost, faculty and staff cost. The rising cost of technology, the increased cost of financial aid institutions to seek to provide. Facility costs -- those are obvious. Some that are less obvious, though, are the cost of reporting to the government a number of regulations and the increasing expectations students and families bring to college today.

WOODRUFF: And, President Bill Bulger of Massachusetts, we know, like every other state in the country facing decreasing revenues, budget cuts, including cuts higher education, we read that the Massachusetts colleges are being hit the worst in the country. Is that really true?

WILLIAM BULGER, PRESIDENT, UNIVERSITY OF MASSACHUSETTS: It's been very severe, the hits on Massachusetts public higher education has been very severe. But there's a recognition here in Massachusetts that the opportunity to go to college is very, very important. And we, at the University of Massachusetts, have actually reduced the cost of tuition during the past several years, 6 percent over several years. And we are just going up only the -- as much as is absolutely necessary in order to maintain the excellence of

opportunity that we try to provide for our students.

WOODRUFF: President Keohane at Duke, I just want to cite some statistics quickly, on student loans. Ten years ago, 42 percent of college graduates had student loans. The average debt, a little over \$9,000. But by the end of the decade, 64 percent of students had loans, the average debt almost \$17,000. Why such a change?

KEOHANE: One of the main reasons for the change, I think, Judy, is that as part of the partnership that has made college affordable in this country for many decades, the partnership between the federal government, the state governments, the families, the students and the institutions, over the last decade, certainly, the federal government's participation has shifted fairly dramatically from grants to loans. Whereas the private institutions have tried to counterbalance that by shifting more into grants rather than loans. Overall, a lot of the government's support has become loan-based. And while loans are wonderful and they can be very helpful, if they replace grants, particularly for some of our poorer students, that creates a real impediment, in terms of what they may need to do, to major in a discipline that will allow them to get a job where they can make a high salary and pay it back, whereas they might prefer to be teachers or social workers. And we worry about that phenomenon. We're doing what we can to direct our own funds toward grant aid. But they are institutional funds and they are limited.

WOODRUFF: And we were hearing that today with some of the students we talked to at Emory. President Troutt, at Rhodes College, we know that the Bush administration was looking at changing the interest rate formula, changing from fixed rates to variable rates. They have now abandoned that idea. But what should the federal role be in providing loans or grants, or whatever? What is the right thing for the federal government to be doing right now?

TROUTT: Well, the message of our commission, Judy, was a message of shared responsibility. That we all have a role play. The institutions have a role to play, families have a role to play. And governments have a role to play. I certainly hope Congress will continue its historic commitment to access. And we will see grant programs continue to increase to keep the American dream alive, of keeping college possible.

WOODRUFF: President William Bulger in Massachusetts, what do you see the federal role? How much should the federal government be expected to subsidize the education of students who have financial need?

BULGER: The federal government should be generous. There should be a recognition -- and there has been in Massachusetts, from our inception. It's written into our constitution, that there is this public obligation to provide educational opportunity for all of those interested in it. And John Adams spoke of it when rich people objected, and they said you'll be taking too much away from us for this educational opportunity for the rest of the population. He said it's essential to our freedoms, it's essential to our political life, that people be well-educated. He saw it as essential, something that -- and it was more important than whatever possessions people had. So I think that the spirit of that -- of Massachusetts, that was so boldly enunciated by John Adams, is a spirit that should continue to pervade the federal and the state governments. Our state government provides about 1/3 of the cost, the operating cost, of the University of Massachusetts. It's very

helpful. We are grateful for it. I was president of the Senate for 18 years, so I understand the pressures that are on the legislature. It really does seem to be helpful to us, and continue to invest in our state's future. And I think the same kind of attitude should be there for the federal government.

WOODRUFF: President Keohane, at a time of diminishing resources on the part of the federal government, when we're having to spend money for defense, for military, to fight the war on terrorism, what role should higher education play in the federal budget?

KEOHANE: I think it's very important to recognize that many institutions, both public and private, have put a heavy emphasis on philanthropy and helping us to pull our weight. I know for all of the institutions that you've been thinking about and visiting, the support of alumni who care deeply about the affordability of their institutions for students who follow them, has been a very important factor in our ability to help. I think it's also important that we recognize that we are trying to control cost, as President Bulger said. But in terms of our role in the federal government's budget calculations, we have to recognize that there are several different ways in which colleges and universities are involved. Primarily, in support of enormously important research -- life-saving research, that goes on in our institutional campuses, which we do not pay for out of student tuition and aid for the most part. But we do try to do our part in supporting accessibility and the payment of the cost for students who have that kind of need. WOODRUFF: All right, President Nan Keohane at Duke University, President William Bulger at the University of Massachusetts, President William Troutt at Rhodes College in Tennessee, thank you all for being with us. We appreciate it. And INSIDE POLITICS will be right back. (COMMERCIAL BREAK) **[NASFAA Editor's note: Material here is unrelated to higher education main story and is redacted.]**

WOODRUFF: Well, we will hear more from students here at Emory University in Atlanta. When we return: on the subject of rising college costs and growing concerns about who can and who should pay. (COMMERCIAL BREAK)

WOODRUFF: Recent graduates from private colleges and universities are saddled with an average loan debt of more than \$17,000, nearly \$1,400 more than graduates of public colleges. Well, here in Atlanta at Emory University, I have been talking with students about the high cost of attending college, about what they have had to do to borrow money to pay for that, and how they're going to deal with paying back those loans down the road. (BEGIN VIDEOTAPE)

WOODRUFF: All of you are about to graduate from different parts of this campus. Shundrikka Banks, from Cleveland, Ohio, you're 28 years old. How much do you owe? You're about to get an MBA. How much do you owe right now?

SHUNDRIKKA BANKS, STUDENT, EMORY UNIVERSITY: About \$25,000.

WOODRUFF: All right, and let me turn to Jeannine Bell. You're from California. You're about to get a BA in political science.

JEANNINE BELL, STUDENT, EMORY UNIVERSITY: Correct. WOODRUFF: How much do you owe?

BELL: About \$25,000.

WOODRUFF: And, Andrew Belofsky, you are 25. You are from New Jersey. You are about to graduate from law school. What is your debt load?

ANDREW BELOFSKY, STUDENT, EMORY UNIVERSITY: About \$66,000.

WOODRUFF: Sixty-six thousand. And, finally, Rebecca Grayson, also from New Jersey, about to graduate from law school, how much do you owe?

REBECCA GRAYSON, STUDENT, EMORY UNIVERSITY: I owe \$130,000.

WOODRUFF: Not only do you owe \$130,000, but you're about to get a masters in law. And what is that going to entail?

GRAYSON: And that is going to cost me another \$30,000 next year in loans.

WOODRUFF: So, \$160,000 you're looking at.

GRAYSON: Yes.

WOODRUFF: How does that make you feel as you go forward as you think about a career?

GRAYSON: Well, I'm definitely scared about what the economy is going to bring and whether or not I'm going to be able to find a job. And that's one of the reasons why I'm staying in school indefinitely until I can find a job that would enable me to pay off my debt quickly. And, right now, it doesn't seem like I'll be able to find a job that is going to give me \$160,000 that quick.

WOODRUFF: Shundrikka, \$25,000 is not \$160,000. It's still a lot of money. Are you concerned about being able to pay it back? Or do you feel like it's something you can handle?

BANKS: What I'm concerned about is moving to New York. I am going to be working in New York when I graduate. And, of course, everyone knows the cost of living there is a lot more than it is here. And what I'm concerned about is buying a home. I guess, being a little older, I'm looking forward to buying a home. And with my debt ratio being so high, I'm worried about not getting a loan to buy a home because of my outstanding debt for school.

WOODRUFF: Jeannine Bell, what about you? You are just finishing undergraduate, but what are you going to have to do in terms of living? You're moving back to your hometown of Oakland. BELL: I'm moving back home as, a matter of fact, into my house. My mom told me that if I worked in California and lived at home, she would help me pay off my loan in a year. So, that was my incentive.

WOODRUFF: And how does that make you feel, to be moving back? I know you love your mom. (LAUGHTER)

WOODRUFF: But how does that make you feel? BELL: Definitely pressure in regards to -- I knew that that was what I had to do. But it's a year. I'm willing to sacrifice to pay off my loan.

WOODRUFF: Andrew, \$66,000, what does that make you -- how do you feel going off to work? You're going to work for a law firm?

BELOFSKY: I am working for a law firm. I'm working for (UNINTELLIGIBLE) in New Jersey. I feel like I can pay it off slowly. I hope that, over time, I'll basically be out of debt so I can also purchase a home. Also, the property taxes in purchasing either a home or apartment in New Jersey are quite expensive as well. And so I'm just hoping that the future allows me the ability to do so.

WOODRUFF: Rebecca, this big debt affecting your choice of a career, do you think, down the road? You said a minute ago you thought about teaching, but now?

GRAYSON: It definitely has affected my choice of career. I used to think that I would like to maybe work for the government in the foreign service or something along those lines. But jobs like that pay only like \$40,000 a year. And it would take me a lifetime to pay off my debt.

WOODRUFF: The Bush administration had floated a proposal this week changing fixed -- when it comes to federally subsidized loans, changing from a fixed rate to a variable rate. They have now withdrawn that idea. Would that have you very much, Shundrikka, if they had done that?

BANKS: Definitely, because all my loans are federal loans, a combination of subsidized and unsubsidized. So, it definitely will affect me as far as my interest and how much I have to pay back and how soon.

WOODRUFF: And what about you, Jeannine? Would it have affected you if they had gone to the variable?

BELL: Correct. It definitely would have, because I have federal loans as well. WOODRUFF: And, Andrew?

BELOFSKY: Definitely. I was banking on the fact that I would have a low consolidation interest rate so that I can pay it off as quickly as possible.

WOODRUFF: And, Rebecca, to what extent do you think the government should be in a position of helping college students? Because there are some who say this ought to be on the families of these students. Not everybody in the country can go to college. Not everybody can go to law school. Why should the federal government, in other words, the taxpayers, be funding your education, or helping fund it?

GRAYSON: I think that any time that someone is intelligent enough to get a higher education that they are entitled to it, and that, if they can't afford it based on their family circumstances, that the federal government should have an obligation to loan them the money. And imposing arbitrary caps on the amount of federal Stafford loans that you can get impedes the ability of a lot of students to be able to get their higher degree.

WOODRUFF: And finally, Shundrikka, who do you feel about the role of the federal -- do you think taxpayers ought to helping subsidize your education?

BANKS: Definitely. I think it contributes to our overall competitiveness as a nation. I think that, when we have to make choices on jobs based on how much money we're going to make to pay back loans, I think it affects how diverse we are as a community in terms of what jobs we take. So, if you have to say, "I'm not going to be a teacher because I need to pay back my loans," and you get a high finance job or become a corporate lawyer, I think that affects us as an overall community. So, I think that it behooves us all to our contribute to our education so we can pursue whatever we want to do in life.

WOODRUFF: All right, we are going to have to leave it there, but we want to send our congratulations to all four of you, graduating from different schools here at Emory. Thank you very much. (CROSSTALK)

WOODRUFF: Thank you. (END VIDEOTAPE)

WOODRUFF: And we do congratulate them all. One thing is for certain: These young people have had to think like adults much sooner than they might have otherwise, all of them very carefully calibrating how much money they're going to have to pay back, and when, and also the cost of living -- a welcome to adulthood already at this point in their lives.

(NASFAA Editor's note: Material here is unrelated to higher education main story and is redacted.)

Well, on college campuses like this one, today's students are a little different from those who came before. Coming up next: the veterans who changed the face of higher education in America. (COMMERCIAL BREAK) (NASFAA Editor's note: Material here is unrelated to higher education main story and is redacted.)

WOODRUFF: Well, back now to the theme of this program, which is access to higher education. We know that efforts to make higher education more available to all Americans regardless of their economic or their ethnic background have now become a staple of political platforms. And we also know that often the rhetoric has outpaced the reality. But still, the efforts go on. For more on that, let's go to Bruce Morton.

(BEGIN VIDEOTAPE) BRUCE MORTON, CNN CORRESPONDENT (voice-over): Once, college was for rich people's kids. Most families couldn't afford it. The World War II G.I. Bill changed that. And veterans came home and found the government would pay for college. Millions went. And colleges changed -- hard to haze a freshman who had fought in, say, the Battle of the Bulge. The bill helped mostly men. The vets were mostly men. And blacks benefited less than whites.

SARAH TURNER, UNIVERSITY OF VIRGINIA: In part because they faced segregated institutions of higher education and had few opportunities to take up the very generous benefits of the G.I. Bill.

MORTON: And then the Soviets launched Sputnik, the first satellite. Was the U.S. losing the

Cold War? Federal dollars to the rescue.

TURNER: Absolutely. The National Defense Education Act of 1958 following Sputnik in 1957 was part of this big infusion of federal dollars to higher education.

MORTON: It worked: roughly two million, 300,000 Americans in college in 1947, almost 14.5 million in the 1990 -- more minorities. Women caught up, are a majority now in undergraduate programs. And, of course, the economy was changing: the old manufacturing jobs disappearing, lost to automation or to low-wage economies in other countries. Americans needed higher education to compete in a high-tech world. Turner says Americans need not just to go, but to graduate.

TURNER: The key is not just increasing the number of people going through the door, but increasing the number of people walking out the door with substantial numbers of years of educational attainment or degree credit.

MORTON: And college is a growth industry that will keep growing. The baby boomers' kids are campus-bound. The number of high school graduates is predicted to grow. TURNER: And the question is: How will we provide collegiate opportunities for these new high school graduates?

MORTON: We don't know, but college students half a century ago wouldn't recognize what campuses are like today. Bruce Morton, CNN, Washington. (END VIDEOTAPE)

WOODRUFF: Our college tour continues next in New York when Jeff Greenfield looks at education by the numbers. (COMMERCIAL BREAK)

WOODRUFF: From Emory University's Atlanta campus, we travel now to Columbia University in New York, where our Jeff Greenfield crunches some numbers.

(BEGIN VIDEOTAPE) JEFF GREENFIELD, CNN SR. ANALYST: So, you know the bad news. The cost of college is up. Working and middle-class families have to go heavily into debt to pay for it. And even for the better off, those fat stock portfolios that were supposed to pay for college, they have grown a lot thinner. But does that mean the ivy-covered gates are swinging shut? Well, not necessarily. (voice-over): Let's look at some numbers. As of October 2000, 35.5 percent of 18- to 24-year-olds were enrolled in college. That's more than a full percentage point higher than it was in the fall of 1995. And the long-term increase is apparently across the board. In 1997, college enrollment for whites, Hispanics and blacks all registered double-digit increases over 1972. Why is this happening? Well, for one thing, most American students, nearly three-fourths of them, are working while in school. Those bright college years, the carefree days of life, that's from the old days when only the well-off got to go the college. Second, one of the most significant and least noticed of the Clinton administration's domestic programs was a huge tax credit, some \$30 billion worth, for higher education. By 1999, some 10 million Americans used that credit. By contrast, the famous G.I. Bill of Rights after World War II touched a little less than eight million Americans. (on camera): Now, there are some clouds in this sunny picture. Tax credits, after all, don't do much for the poor. And many college graduates find themselves burdened with an unwelcome graduation present: a mountain of debt. But, for all of that, it is still true that a college education is within reach for more and more Americans. Jeff Greenfield, CNN, New

York. (END VIDEOTAPE)

WOODRUFF: Our own big man on campus, Bill Schneider, is coming up next. He's been studying the history of grade inflation and why some universities think it is a problem. (NASFAA Editor's note: Material here is unrelated to higher education main story and is redacted.) (COMMERCIAL BREAK) WOODRUFF: Tuition is not the only thing inflating on college campuses these days. Some universities are taking issue with the fact that A's are as common as keg parties and all-nighters. Here's our own professor, Bill Schneider.

(BEGIN VIDEOTAPE) WILLIAM SCHNEIDER, CNN SR. POLITICAL ANALYST: Ever hear of the Lake Wobegon effect? That's named for the mythical Minnesota town humorist Garrison Keillor talks about where all the children are above average. Well, we are here at Harvard University, where all the students are not just above average; they are all top-ranked. About half the grades given at Harvard last year were A's and A-minuses. More than 90 percent of the senior class graduates with honors. It's a scandal. And a committee of students and faculty is looking into it. How did this happen? Oh, there are lots of theories. Like most university problems, this one goes back to the '60s. In 1966, fewer than one-quarter of Harvard undergraduates got A's. Grade inflation started, some people argue, because professors knew that male students who got bad grades could be shipped off to Vietnam. Lenient grading may also have encouraged minority students, many of whom were less prepared for college when they started arriving in the '60s. Then there's the money factor. Parents spend upwards of \$30,000 a year to send their sons and daughters to Harvard. They do not want to spend that kind of money to be told that their kid is anything less than a genius. Here's another possibility: Students are smarter these days. Well, I've taught at this and other universities. And let me respond to that assertion: poppycock, irrisibilis (ph), as they say in Latin. The big change over the years is that students work a lot harder and they care a lot more about their grades. There is no such thing as a gentleman's C any more or even a gentleman's B, because there are very few gentlemen or ladies who are going to inherit their father's business. It's a tough, competitive world out there. And Harvard students, like most students at elite universities, are strivers. Professors know that if they give low grades, they won't get many students, but they will get a lot of hassles. So what happens? Grades become meaningless. If everyone is outstanding, no one stands out. Quod erat demonstratum. Bill Schneider, CNN, Cambridge, Massachusetts. (END VIDEOTAPE)

WOODRUFF: And our thanks to Emory University and everyone who made today's INSIDE POLITICS possible. Thank you for joining us. I'm Judy Woodruff. TO ORDER A VIDEO OF THIS TRANSCRIPT, PLEASE CALL 800-CNN-NEWS OR USE OUR SECURE ONLINE ORDER FORM LOCATED AT www.fdch.com

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