

Lynthia Romney  
(914) 238-2145  
[romneycom@aol.com](mailto:romneycom@aol.com)

Amy Dean  
(708) 445-8258  
[adean@deanpublicrelations.com](mailto:adean@deanpublicrelations.com)

## **The College Savings Foundation Convenes Leaders to Discuss Short-Term College Credit Crisis and Long-term Lending Landscape**

### **Assistant Secretary of Education Diane Auer Jones To Headline Summit**

Washington, DC, April 28, 2008—On the brink of the biggest loan and credit crisis higher education has ever seen, the College Savings Foundation (CSF), a nonprofit whose mission is to help American families achieve their education savings goals, is gathering decision makers in universities, government and the financial industry for the first time to discuss the possibility that many families and students may not be able to pay their tuition bills this summer and that the long-term lending landscape for college financing will be forever changed.

**“Perspectives on College Access, Savings and Debt”** will be held at the Capitol View Conference Center on May 21, 2008 from 1:00-5:30 p.m.

Diane Auer Jones, assistant secretary for postsecondary education at the U.S. Department of Education, will open the Summit by framing the issues facing parents and students seeking access to affordable loans and funding for their children’s college education. She will also provide an update on the Department of Education and Congress’ initiatives to ensure that American families have that access. “This is a critical moment in history for Americans seeking higher education and no better time to forge solutions to this crisis,” she said.

“The cut in Federal loan subsidies for private lenders, the sub prime mortgage meltdown and skyrocketing college costs have collided to brew the perfect college financing storm that will bear down on families this summer when tuition bills come in the mail and thousands of students are left languishing as they search for funding sources that are no longer there as over 50 major private lenders and numerous state loan authorities have ceased making student loans,” said Vice Chairman of CSF, Peter Mazareas. “In the short term, public and private decision makers need to collaborate to devise solutions so the dreams of American families aren’t dashed. In the long term, we envision a silver lining emerging from these stormy times as families recommit to saving for college rather than borrowing and that Congress will continue to promote savings while developing more effective loan programs.”

According to Mazareas, growing numbers of colleges are applying to participate in the Federal direct loan program in which students borrow from the government, but it won’t be enough to make up for the amount of pure private

funding that parents have historically relied on to either fund college or close gaps in student financing packages. At the same time that the pool of private funding has substantially diminished, the cost of college has swelled. And, while Ivy League and other heavily-endowed schools have been digging into their endowments to offset costs for students through financing, grants and rolling back tuition, it's a drop in the ocean for the 8,000 schools that don't have that cushion, according to Mazareas. Most institutions rely on tuition to pay the bills and the vast majority of students and families will be left to fend for themselves as they desperately scramble to find funding.

At the upcoming CSF Summit, Mazareas will moderate a discussion, "**The College Crisis: Tuition Prices and Rising Costs**", between Sandy Baum, Professor of Economics, Skidmore College and Senior Policy Analyst at The College Board; and Michael McPherson, President, the Spencer Foundation.

The average annual tuition costs of attending a 4-year public and a 4-year private college or university in 2007-2008 have increased 5.9% from a year earlier. Including room, board and expenses, the total costs are now \$13,589 per year for a 4-year public college and \$32,307 for a 4-year private college, according to The College Board. Assuming such costs increase by 5% a year, the projected cost of college in 15 years will be more than \$100,000 for a 4-year public college and more than \$200,000 for a 4-year private college.

"Many families may be faced with heartbreaking choices like the best school versus the more affordable school or no school at all," said Liz Fontaine of the Massachusetts Educational Financing Authority and member of CSF. "We will see private lenders raise the rates for families with low credit scores to manage risk or simply turn them down all together. The federal government needs to inject cash into the system so we don't see more families financing college through credit cards or being denied the American dream that often begins with a higher education."

Fontaine will moderate a discussion, "**The State of College Financing: The Impact of the Credit Crunch, Loan Availability and Financial Aid Uncertainty**," between Kathleen Smith, President, Educational Funding Group and Justin Draeger, Assistant Director for Communications, The National Association of Student Financial Aid Administrators.

In CSF's 2007 report on "The State of College Savings," <http://www.collegesavingsfoundation.org/pdf/CollegeSurveyV8.pdf>, the group warned of the impending danger in parents treating college financing as a second mortgage and encouraged families to save early, often and strategically.

"Given our current economic condition and our Federal deficit, a short term solution may not be available to families," says Bruce Harrington, of Cogent Research. He will moderate the discussion: "**The Future: Innovative Ideas and Solutions**" between Joe Hurley, CPA and Founder, Savingforcollege.com and

James Delaplane, Partner, Davis and Harman, and Pamela Perun, Policy Director, Aspen Institute, Initiative on Financial Security (“IFS”) and Author “Towards a Sensible System for Saving”. Harrington hopes that discussing a variety of long-term solutions including savings and government policies will begin to frame a strategy going forward.

The Summit will conclude with a College Savings & Financing Roundtable featuring all the panelists debating and answering questions from fellow panelists and members of the audience.

**About The College Savings Foundation**

The College Savings Foundation (CSF) is a Washington, D.C.-based not-for-profit organization whose mission is to help American families achieve their education savings goals by working with public policy makers, media representatives and financial services industry executives in support of education savings programs. For more information on CSF and its mission, please access [www.collegesavingsfoundation.org](http://www.collegesavingsfoundation.org).

To attend the Summit, contact Lynthia Romney, (914) 238-2145, [romneycom@aol.com](mailto:romneycom@aol.com), or Amy Dean, (708) 445-8258 [adean@deanpublicrelations.com](mailto:adean@deanpublicrelations.com).