

BC3 President to Senators: Community colleges work to educate borrowers

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(Harrisburg, PA) The President of Butler County Community College, Dr. Nicholas Neupauer, testified Monday before joint state Senate panels about measures Pennsylvania's 14 community colleges are taking to ensure informed borrowing decisions by families and students and to ameliorate a student loan default rate of 15 percent.

Neupauer, also the immediate past chairman of the Pennsylvania Commission for Community Colleges, told the Senate Majority Policy and Senate Education committees that community colleges collectively enroll the highest number of students and are the least-expensive public postsecondary option in Pennsylvania, with annual tuition averaging \$4,132 in sponsored districts.

Many of those 318,000 students rely on federal and state financial aid programs, Neupauer said, and some receive scholarships. For those who pursue loans, community colleges such as his are improving financial literacy programs.

The average household income of a Pennsylvania community college family with a dependent student is nearly \$20,000 below the state median of \$55,000, Neupauer said.

"Pennsylvania's community college leadership is keenly aware of our responsibility to ensure that our students make wise financial decisions, particularly when borrowing money for educational purposes," Neupauer testified. "The colleges are committed to providing high-quality financial education to our students to ensure that they fully understand the consequences of loans on their future and principles of borrowing and debt management."

Every community college posts tuition and fee information on its website, including a net price calculator that provides students the ability to enter information to learn what students like them paid to attend the institution in the previous year, after grants and scholarships are applied, Neupauer said.

Those schools also offer an extensive menu of education and counseling to promote financial literacy and improve student understanding of the financial obligations of attendance and loans, according to Neupauer.

BC3 offers financial literacy content in its College Success Skills class, which includes a Financial Literacy 101 course every semester that teaches students how to create a budget, the importance of savings and how finances affect financial well-being.

Selected last year by Schools.com as Pennsylvania's top community college, BC3 further publishes a "Beyond Financial Aid" brochure that provides resources for basic needs and

supports and is distributed to all faculty and staff and made available to students. BC3 also conducts an annual “Financial Wellness Fair” that attracts more than 200 participants and that includes representatives from community organizations, the Butler Armco Employees Credit Union, BC3’s financial aid office, PHEAA, KEYS, JobCorps and others.

Additionally, Neupauer told the state Senate panels, BC3’s financial aid office does not “auto-package” loans. Instead, it requires students to complete a separate loan request form and uses that opportunity to educate the student about borrowing.

“Our goal and success is that students understand what their actual costs are and what they need to borrow,” Neupauer said.

Neupauer cited as another example the efforts at Bucks County Community College, which offers a range of financial education opportunities and counseling for students, with checkpoints to ensure that students are informed before a loan is certified or processed. In addition to resources on the Bucks County Community College webpage, video sessions and financial literacy workshops at all campus locations, the school conducts loan information sessions so that students have the opportunity to know what they have borrowed and what they will owe when they leave.

During those sessions, Bucks provides computers on which students can view their outstanding loan balance and loan services and learn how to access the National Student Loan Data System where this information is housed.

Despite these efforts, some students borrow too much, Neupauer said.

Fifteen percent of Pennsylvania community college students default on loans. At BC3, it’s 11.1 percent, the second-lowest average among the 14 schools, according to Neupauer, who stressed to senators that the problem is not confined to community college students or those with low incomes.

“A report issued by the Federal Reserve Board in May found that 46 percent of adults surveyed said that they did not have the funds to cover a \$400 emergency expense, or would either borrow money or sell something to come up with the money,” Neupauer said. “Improved financial literacy and financial education is needed across the population.”