



**To:** The Honorable Joan Hartley, Senate Chair  
The Honorable Roberta Willis, House Chair  
The Honorable Bob Duff, Senate Chair  
The Honorable Ryan Barry, House Chair  
Members of the Higher Education and Employment Advancement Committee  
Members of the Banking Committee

*Education That Works For a Lifetime*

**From:** Marc S. Herzog, Chancellor

**Re:** INVITATIONAL FORUM: The Effect of the Subprime Mortgage Crisis on  
the Availability of Funds for Student Loans

**Date:** Wednesday, September 10, 2008

The Connecticut Community Colleges appreciate the invitation to participate in this important discussion. We appreciate the efforts of the parents and students attending Connecticut's Community Colleges and also to the leadership and committee members for the concern and commitment to ensure economic access to the opportunity of higher education.

Maintaining affordability and removing the economic barrier to attend high education is fundamental principal in the mission of Connecticut's Community Colleges.

### **Facts – Community College Profile – System**

**Enrollment:** 2007- 08 = 48,000

Fall 2008 - 50,300

**Credits to graduate with an Associate's Degree:** 60-68 credits

**Student Financial Aid Applications:** 37,300

**Student Financial Aid Recipients:** 21,181

**Pell Grant Recipients:** 14,000

**Total Financial Aid Awarded:** \$57 million

*99% of aid is need-based assistance*

**Majority of funding:** Federal Student Financial Aid Programs; Tuition Set-aside,  
and Connecticut Aid to Public College Students (CAPCS)

**Student Loans** – are given to less than 10% of aid population

Stafford Loans

Subsidized: 700; \$1.8 million

Unsubsidized: 1,250; \$3.3 million

PLUS: \$94,000

**Community College Student Financial Aid Packaging Policy:** use loans as last  
resort to finance higher education

**Since 2000-01 the Community College System has seen:**

80% increase in Student Financial Aid applications

77% increase in the recipients of Student Financial Aid

78% increase in the awards (\$)

79% increase in PELL Grant recipients

140% increase in PELL Grant awards from \$11.9 m to \$28.6m

Student loans are the smallest portion of the Student Financial Aid portfolio

The Connecticut Community College System initiated and developed a “recommended lender list” that includes:

Bank of America, Discover, Susie Mae/Connecticut Student Loan Foundation, Wachovia

The Connecticut Community College System uses ELMS as the Common Student Loan Management/Processing System

All Connecticut Community Colleges were surveyed and are reporting that to date students and parents are not experiencing problems in obtaining access to student loans.

New England Board of Higher Education (NEBHE): Representative Roberta Willis chairs the Connecticut Delegation to NEBHE and has received the recent survey that indicates that there continues to be availability of FFELP loans for the Fall 2008; increased volume of unsubsidized Stafford Loans; increase in applications for PLUS loans (more favorable terms).

The Community College System is pleased to report that we are not encountering problems with access to student loans. However, the drastic increase in enrollments and the general state of the economy has exacerbated problems with the adequacy of funding for need-based Student Financial Aid grant funding.