



Contact **Lauren A. Love** at
(773)256-2714, (248)514-2922
pressdepartment@rainbowpush.org

Education Stimulus Plan: The 1 Percent Solution

By Rev. Jesse L. Jackson

National Headquarters

930 East 50th Street
Chicago, IL 60615-2702
Phone: 773-373-3366
Fax: 773-373-3571

Atlanta Bureau

Herndon Plaza
100 Auburn Avenue
Suite 101
Atlanta, GA 30303
Phone: 404-525-5663 or 5668
Fax: 404-525-5233

Detroit Bureau

First National Building
660 Woodward Avenue
Suite 1433
Detroit, MI 48226
Phone: 313-963-9005
Fax: 313-963-9012

Houston Bureau

1600 Smith Street
Suite 3757
Houston, TX 77002
Phone: 713-571-0881
Fax: 713-571-0885

Los Angeles Bureau

1968 West Adams Boulevard
Suite 300
Los Angeles, CA 90018
phone: 323 734-3900
Fax: 323 734-3913

New York - Wall Street

Empire State Building
350 5th Avenue
Suite 2723
New York, NY 10118
Phone: 212-425-7874
Fax: 212-968-1412

Silicon Valley Project

560 20TH Street
Oakland, CA 94612
Phone: 510-869-2202
Fax: 510-763-2680

Washington Bureau

1131 8th Street, N.E.
Washington, D.C. 20002
Phone: 202-547-3235
Fax: 202-547-7397

One of the most impressive proposals advanced by President Barack Obama to aid college students is the creation of a new American Opportunity Tax Credit worth \$4,000 in exchange for 100 hours of community service. While that program is still in the developmental stage, the Rainbow Coalition offers a plan that will immediately benefit students holding college loans.

We're calling it "The Rainbow PUSH Education Stimulus Plan." It is a simple-yet-sweeping plan to help families finance college costs that are steadily putting higher education out of the reach of most Americans. Our proposal is that students holding and applying for college loans should be offered interest rates that do not exceed 1 percent – the same favorable terms now being offered to large corporations under the federal bailout plan.

What we are seeking is fundamental fairness. Our nation's largest banks and financial institutions – including Bank of America, Citigroup, and JP Morgan – are borrowing money from the federal government at a rate of less than 1 percent. However, students are generally forced to borrow for their education at rates in the range of 4 percent to 8 percent. Many are financing their education with credit cards that carry rates of 20 percent or higher

Before graduating seniors can launch their families and careers, they are already saddled with excessive debt. To make matters worse, if students miss payments in this fragile economy, their credit score declines, forcing them to pay the highest interest rates for cars, homes and other necessities--if they can qualify at all. Yet, financial institutions with what is tantamount to bad credit reports are being rewarded with tax supported, low-interest loans.

Lowering student loan interest rates to 1 percent directly addresses affordability, one of the most pressing problems facing our country. According to a report issued by the National Center for Public Policy and Higher Education, the cost of attending college has risen nearly three times the rate of the cost of living. After being adjusted for inflation, college

tuition and fees rose 439 percent from 1982 to 2007, far outpacing increases for medical care, housing and food. During this same period, median family income rose 147 percent.

As financial aid shifted from direct grants to loans, borrowing for higher education has more than doubled over the past decade. Meanwhile, the U.S. is falling behind in the global economy. Approximately 34 percent of young American adults are enrolled in college, putting the U.S. behind Korea – which has a 53 percent rate – Hungary, Belgium, Ireland, Poland and Greece.

Moreover, by the year 2020, the United States will need 14 million more college-trained workers than it will produce, according to the National Center on Education and the Economy. A report issued by the Metropolitan Center for Urban Education at New York University observed, “We are losing ground and jobs to other countries – for example, China and India. Our nation’s ability to sustain long-term economic success increasingly depends on the very children we are not educating now.”

And the children we are not educating are mostly people of color. Every year, 1.2 million children do not graduate from high school. Of those, 348,427 are African-American and 296,555 are Latino. College graduation rates are equally dismal. Only 31 percent of Latinos and 48 percent of African-Americans complete some college, compared to 62 percent of Whites and 80 percent of Asians.

If we are to increase the college graduation rate for African-Americans, we cannot ignore economic inequality:

* The total median income for a White family was \$64,427 in 2007. The total for a Black family was \$40,143, according to U.S. Census Bureau data.

* The U.S. Bureau of Labor Statistics reports that 6.1 percent of the overall U.S. labor force was unemployed in the third quarter of 2008; 11.4 percent of the Black labor force was out of work. Those figures are considered conservative by most economists and do not include discouraged people who have quit looking for work;

* 10.6 percent of the White U.S. population in 2007 lived below the official poverty threshold (\$21,000 for a family of four), compared to 24.4 percent of the Black population, the data said.

Affordability takes on larger significance when one considers that the average annual cost of attending an in-state public university is \$17,336. The figure for private universities is \$35,374 per year.

The report from the National Center for Public Policy and Higher Education found: "On average, students from working and poor families must pay 40 percent of family income to enroll in public four-year colleges. Students from middle-income families and upper-income families must pay 25 percent and 13 percent of family income, respectively."

As we can see from the foregoing data, the issues of college affordability and access to higher education are inextricably linked to the very future of our nation. Placing a 1 percent cap on college loans will remove a major obstacle for millions of students who want to attend college but can't afford it.

Rev. Jesse L. Jackson is president and founder of the Rainbow PUSH Coalition.

The Rainbow PUSH Coalition is a progressive organization devoted to protecting, defending and expanding civil rights to improve economic and educational opportunity. The organization is headquartered at 930 E. 50th St. in Chicago. To learn more, please visit www.rainbowpush.org or call (773) 373-3366. To arrange an interview with Rev. Jackson, please call the numbers listed above.