

Angry US students protest cuts to higher education

Students clash with police, shut down freeway while protesting college funding cuts in US

AP Associated Press

Terence Chea, Associated Press Writer, On Friday March 5, 2010, 1:33 pm EST

BERKELEY, Calif. (AP) -- Anger over increasing tuition and school budget cuts boiled over as students across the country staged rowdy demonstrations that led to clashes with police and the rush-hour shutdown of a major freeway in California.

Students, teachers, parents and school employees rallied and marched Thursday at college campuses, public parks and government buildings in many U.S. cities in what was called the March 4 Day of Action to Defend Public Education.

In California, protesters evaded police and walked onto Interstate 880 near downtown Oakland just before 5 p.m., forcing the closure of the freeway in both directions for more than an hour and causing traffic to back up for miles.

Police arrested more than 150 people, said Officer Sam Morgan, a spokesman for the California Highway Patrol.

One protester suffered serious injuries after jumping from the elevated freeway while officers were making arrests.

Elsewhere, University of Wisconsin-Milwaukee police arrested at least 15 people protesting tuition hikes after demonstrators tried to enter an administrative building to deliver petitions to the chancellor.

Some protesters threw punches and ice chunks when police turned them away, university spokesman Tom Luljak said.

Faced with plunging tax revenue and massive budget shortfalls, states have slashed funding to K-12 schools, community colleges and universities. In response, many colleges have canceled classes, furloughed instructors and raised tuition.

Experts say schools and colleges could face more severe financial problems over the next few years as they drain federal stimulus money that temporarily prevented widespread layoffs and classroom cuts.

At the University of California, Davis, about 75 police officers responded after nearly 300 students tried to block a freeway onramp near campus, university spokeswoman Claudia Morain said.

A tense standoff ended after police fired pepper spray to disperse the crowd and one female student was arrested, Morain said.

Protesters at the University of California, Santa Cruz blocked campus gates and smashed the windows of a car while its uninjured driver was inside. University officials urged students and employees to avoid the campus because of safety concerns.

At the University of California, Berkeley, a small group of protesters formed a human chain blocking a main gate to the campus. Later, hundreds rallied in a busy intersection before marching to downtown Oakland.

Senior Eugene Pascual, 22, said he was worried about rising college costs after the 10-campus university system raised fees by more than 30 percent this year.

"My dad's already working two jobs," Pascual said. "My mom is working a job ... They're struggling. They're stressed."

At the University of Illinois, more than 200 professors, instructors and graduate faculty marched through campus carrying signs that read "Furlough Legislators" -- a reference to recent furloughs and 4 percent pay cuts imposed on thousands of university employees.

In Olympia, Wash., a group of about 75 protesters arrived at the Capitol bearing a faux coffin emblazoned with the slogan "R.I.P. Education." They were ejected from the state Senate gallery after interrupting a debate with a protest song that followed the tune of "Amazing Grace."

At the University of Texas at Austin, about 100 students and staff rallied on campus to protest a 5.4 percent hike in tuition and fees approved by regents a day earlier. Protesters complained the quality of education was taking a back seat to the university's bottom line.

In Alabama, Broderick Thomas, a 23-year-old Auburn senior, attended an annual higher education rally in Montgomery and said he feels "it's the moral duty of the state to give back what they promised."

On the campus of California State University, Northridge, a group of protesters sat down in an intersection blocking traffic. Police said five students were cited for misdemeanors and released.

In Sacramento, hundreds of students, teachers, parents and school employees rallied at the Capitol to urge lawmakers to restore funding to public schools.

"My kids are seeing their PE, art and music teachers leave, and they're even taking away school buses," said Monika Monte, who has three children in public schools. "When does it stop?"

Associated Press Writers Marcus Wohlsen and Lisa Leff in San Francisco, Robin Hindery in Sacramento, Calif., David Mercer in Urbana, Ill., April Castro in Austin, Texas, Bob Johnson in Montgomery, Ala., Curt Woodward in Olympia, Wash., and Dinesh Ramde in Milwaukee contributed to this report.

5 Additional Deadliest Mistakes Most Parents Make

When Applying For College Funding...”

Mistake #1: Not understanding the difference between “included assets” and “unincluded assets” for purposes of filling out financial aid forms.

Reality: Certain assets are counted much more heavily in the financial aid formulas than others. For example, savings accounts, CD’s, stocks and bonds are all included and asked about on the Federal Financial Aid form. However, it does not ask about the value of annuities or cash-value life insurance anywhere on that same form.

Mistake #2: It doesn’t matter where I keep my money; it’s all counted in the same way.

Reality: Nothing could be further from the truth. Where you keep your money could mean the difference between you getting \$10,000 in financial aid or getting nothing! For example, money in the child’s name is weighted much more heavily than money in the parent’s name. If you don’t know how to legally and ethically position your money properly for purposes of financial aid, you could end up losing thousands in financial aid! Even the people reading this who have enough money saved to fully pay for your child to go to college, wouldn’t you rather “save” some of the money you’ve “saved” if the school is willing to pick up part of the tab?!?

Mistake #3: “My CPA or tax preparer is qualified to fill out my financial aid forms - I’ll let him/her do it.”

Reality: Unfortunately, CPAs and tax preparers are experts at tax planning and preparation - not financial aid planning. For example, a CPA or tax preparer might suggest that you put some or all of your assets in your child’s name to save money on taxes. While this advice is well meaning, it will usually kill most if not all of your chances of getting financial aid. Also, CPAs and tax preparers are not trained in filling out financial aid forms. In many cases, they will unknowingly fill out these forms improperly (i.e., using pen instead of pencil, using white-out to cover mistakes, omitting social security numbers, etc.), and these “minor” mistakes will bump your financial aid forms. If this happens, you will have to re-submit these forms all over again, and you will probably end up losing thousands in financial aid since it is awarded on a first come, first served basis.

Mistake #4: Waiting until January or even worse after January of your child’s senior year of high school to start working on your college financial aid planning.

Reality: Since financial aid is based on your previous year’s income and assets, it is imperative to start your planning as soon as possible before January of your child’s senior year. If you want to legally set up your income and assets so you can maximize your eligibility for financial aid, you must start working on this, at least, one year in advance - preferably in the beginning of your child’s JUNIOR year of high school. The longer you wait and the closer it gets to your child’s senior year, the tougher it gets to set up your financial picture without creating a “red flag” for

the colleges and universities. It is also important for you to know what your “Expected Family Contribution” is so you can start saving for it. And, you should also know which schools can give you the best packages before you start visiting and applying to them. My advice is if you haven’t started planning, DO IT NOW!

Mistake #5: Going Through The Financial Aid Process By Yourself Because It’s “Cheaper”.

Reality: If this describes you, the colleges and Federal Government are going to love you! This allows them to keep control over the process instead of you, the parent, understanding how the process works and taking back control from them. It always amazes me that people will readily use a doctor when they get sick, a lawyer when they get sued, but suddenly when they are going to send their child to college and spend between \$14,000 - \$34,000 per year, parents want to save themselves a couple of dollars and do it themselves. Unless you spent the last 5 - 10 years of your life studying and understanding the financial aid process, there is no way you are going to know how to get the maximum amount of money from each school. And, if you do try it yourself, you’ll probably spend countless hours trying to figure it out. The moral to this story is “Don’t Be Penny Wise And Dollar Foolish!” Use an expert who can help you through this process and make sure you get everything you’re entitled to. (If you still insist that it makes sense to handle this yourself, we have a list of 10 books that we recommend you read word for word before even attempting to navigate your way through the financial aid jungle). On top of that, we would recommend reading the HERA (Higher Education Re-authorization Act), which is 400 pages of the smallest legal type you have ever seen and will only take you a couple hundred hours to read!



Student protestors march on the University of California at Berkeley campus Thursday, March 4, 2010, in Berkeley, Calif. Demonstrations, marches, teach-ins and walkouts are planned nationwide Thursday in what is being called the "March 4th National Day of Action for Public Education." Events are being held at most of California's public colleges and universities to protest budget cuts that have led to canceled classes, faculty furloughs and steep fee hikes. (AP Photo/Ben Margot)

'529' Plans: Why So Many Flunk Out

by Karen Blumenthal
Thursday, March 4, 2010

provided by

THE WALL STREET JOURNAL.

After posting dismal results during the market downturn, operators of "529" college-savings plans have been cutting expenses and adding lower-risk investment choices in hopes of making their plans more attractive.

The changes are welcome. But they only go so far to improve a savings option that seems to have promised more than it delivers.

Inherently, saving for college is challenging because we only have a fixed number of years before the bill is due. So no matter how disciplined we are, timing and luck will play a big role. But that often is ignored by investment firms and state and federal policy makers, who have pushed 529 plans as the answer to soaring tuition costs.

Investors use after-tax dollars to fund 529 accounts, which typically offer a range of funds and other products. Distributions and earnings are tax-free, as long as they're used for higher education.

Here are some common sales promises about the plans -- and the starker reality:

529s Are a Simple Way to Save for College

Hardly. Every state offers its own plan, and many offer multiple plans. Within each plan, you may have more than a dozen different investment combinations to choose from, including conservative, aggressive and moderate options that vary widely based on your child's age. Altogether, says Joe Hurley of Savingforcollege.com, there are more than 3,000 possible investment options.

There is no uniformity in reporting results or fees, so comparing plans is hugely time-consuming. Though you can make broad comparisons at Web sites like Morningstar.com and Savingforcollege.com, you have to dig into each plan individually to see, for example, which mutual funds are offered and how much of your money would be invested in stocks when your child is six or 16. The alternative is to let a financial adviser select a plan for you, but if you buy a broker-sold plan, you will pay commissions and much steeper expenses.

The Tax Breaks on 529 Plans Are Lucrative

True, you won't pay federal taxes on investment gains if the money is used for college expenses -- but that is a meaningful benefit only if you have meaningful gains. People who invested their 529 money in stocks in the last two or three years may still have losses right now and wouldn't owe taxes anyway. And with a top capital-gains tax rate of 15%, you need to record impressive gains for your tax savings to be significant.

State-tax deductions, if your state allows them, can be more attractive. A married couple in New York who sock away \$10,000 a year in 529 accounts can save almost \$500 in state taxes. But there are no state tax breaks in Texas, California, Florida, New Jersey, Massachusetts, Minnesota and about 10 other states, and only modest ones in Illinois, Georgia and several others.

529s Are a Good Fit for Everyone

The longer you wait to save for tuition, the less valuable stock and bond funds are. If you start socking away money regularly before your child is out of diapers, you will have 15 to 20 years to weather the natural volatility of markets and build up decent savings.

But if you start when your child is 12 or older, you have little time to recover from a bad stock market -- and we have seen a few lately.

Financial advisers often tell clients to keep money that they will need in the next three to five years in low-risk investments, like certificates of deposit or short-term bonds. Surely that advice should apply to college funds as well. And if you don't save very much or are in a low tax bracket, the complexity and higher fees of 529 accounts may eliminate much of their benefit.

529s Are the Best College Savings Option

Arguably, the best way to save for college is to set aside money regularly, starting as soon as possible, and to mix up your investments. If you plan to save a lot, a 529 plan should be part of the mix. But since it is fairly inflexible -- you can only change your investment choices once a year, for instance -- you also may want to buy some municipal bonds, designate some of your regular investments for tuition and keep a college savings account.

You will have company. In a recent report, Financial Research Corp., a Boston research and consulting firm, found that the most common college-savings vehicle was a plain bank account. Less than 25% of college savings today are in 529s.

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What's a Degree Really Worth?

by Mary Pilon
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A college education may not be worth as much as you think.

For years, higher education was touted as a safe path to professional and financial success. Easy money, in the form of student loans, flowed to help parents and students finance degrees, with the implication that in the long run, a bachelor's degree was a good bet. Graduates, it has long been argued, would be able to build solid careers that would earn them far more than their high-school educated counterparts.

The numbers appeared to back it up. In recent years, the nonprofit College Board touted the difference in lifetime earnings of college grads over high-school graduates at \$800,000, a widely circulated figure. Other estimates topped \$1 million.

But now, as tuition continues to skyrocket and many seeking to change careers are heading back to school, some researchers are questioning the methodology behind the high projections.

Most researchers agree that college graduates, even in rough economies, generally fare better than individuals with only high-school diplomas. But just how much better is where the math gets fuzzy.

The problem stems from the common source of the estimates, a 2002 Census Bureau report titled "The Big Payoff." The report said the average high-school graduate earns \$25,900 a year, and the average college graduate earns \$45,400, based on 1999 data. The difference between the two figures is \$19,500; multiply it by 40 years, as the Census Bureau did, and the result is \$780,000.

"The idea was not to produce a definitive 'This is what you'll earn' number, but to try and give some measure of the relative value of education attainments," says Eric Newburger, a lead researcher at the Census and the paper's co-author. "It's not a statement about the future, it's a statement about today."

Mark Schneider, a vice president of the American Institutes for Research, a nonprofit research organization based in Washington, calls it "a million-dollar misunderstanding."

One problem he sees with the estimates: They don't take into account deductions from income taxes or breaks in employment. Nor do they factor in debt, particularly student debt loads, which have ballooned for both public and private colleges in recent years. In addition, the income data used for the Census estimates is from 1999, when total expenses for tuition and fees at the average four-year private college were \$15,518 per year. For the 2009-10 school year, that number has risen to \$26,273, and it continues to increase at a rate higher than inflation.

Dr. Schneider estimated the actual lifetime-earnings advantage for college graduates is a mere \$279,893 in a report he wrote last year. He included tuition payments and discounted earning

streams, putting them into present value. He also used actual salary data for graduates 10 years after they completed their degrees to measure incomes. Even among graduates of top-tier institutions, the earnings came in well below the million-dollar mark, he says.

And just like any investment, there are risks; such as graduating into a deep economic downturn. That's what happened to Kelly Dunleavy, who graduated in 2007 from the University of California, Berkeley, with \$60,000 in loans. She now works as a reporter for a small newspaper in the Bay Area and earns \$34,000 a year. Her father is currently paying her \$700 monthly loan payments. "It's harder than what I think I expected it to be," she says.

"Averages don't tell the whole story," says Lauren Asher, president of the Institute for College Access & Success, a nonprofit group based in Berkeley, Calif. She points out that incomes vary widely, especially based on majors. "The truth is that no one can predict for you exactly what you're going to earn," she says.

And that includes the College Board, which recently said on its Web site: "Over a lifetime, the gap in earning potential between a high-school diploma and a bachelor of arts is more than \$800,000. In other words, whatever sacrifices you and your child make for [a] college education in the short term are more than repaid in the long term."

The \$800,000 number, it turns out, was pulled from a footnote of the College Board's 2007 "Education Pays" report that explained lifetime earnings. The report's author, Sandy Baum; an emeritus Skidmore College economics professor who didn't write the promotional text on the Web site; says that \$450,000 is actually a more reasonable estimate of the difference in lifetime earnings, something she's said in interviews for more than a year.

Steve Talbott, a journalism professor at Cleveland State University who is researching the cost of education and student-loan debt, says he urged the College Board to take down the "misleading use" of the \$800,000 number a year ago. Others have voiced their objections to the College Board figure via letters and blogs.

A College Board spokeswoman says it doesn't have a record of when the content was written and that "it's possible that during an update of the content the writer misinterpreted the data within the report." She also says the text represented old data and reflected "a different methodology." The \$800,000 figure was removed from its Web site in December, once the group learned of the error, she says.

UC Regents committee approves student fee increases; at least 14 protesters arrested at meeting at UCLA

November 18, 2009 | 1:21 pm



A University of California Board of Regents committee today approved a series of controversial increases in student fees that, if passed by the full board, will raise UC undergraduate education costs by more than \$2,500, or 32%, in two steps by fall 2010.

The finance committee vote is expected to be endorsed by the full Board of Regents on Thursday. The two-day meeting is being held at UCLA, where today's session has been marked by raucous protests with at least 14 arrests.

The first step of the fee hike, costing undergraduates an additional \$585, will take effect in January. Next fall, students will see another \$1,344 increase, bringing the UC education fees to \$10,302, along with about \$1,000 in campus-based charges. That does not include room, board and books, which can add another \$16,000.

Demonstrations broke out inside the meeting hall at UCLA's Covel Commons soon after the meeting began this morning. A presentation on the budget and fee increase proposal by UC President Mark Yudof was interrupted. Police cleared the public from the hall but a group of protesters refused to leave, standing and singing "We Shall Overcome."

They were escorted out and handcuffed and police said they would be cited for misdemeanor unlawful assembly. It was not clear whether they were students.

Outside the hall, meanwhile, an estimated 300 students and union activists faced off against a large contingent of UC police in riot gear and carrying non-lethal weapons. At one point, bottles were thrown and police pushed the crowd away from the front door. There were no reports of serious injuries or additional arrests beyond the 14 people arrested inside

Cost increase

Regents will vote today on a proposal to raise annual student fees 32%.

Average annual fees for full-time undergraduates*

1979:	\$685	1999:	3,429
1982:	1,236	2002:	3,834
1983:	1,315	2004:	5,684
1984:	1,245	2005:	6,141
1987:	1,374	2007:	6,636
1990:	1,624	2008:	7,126
1994:	3,799	2009:	7,788
1998:	3,609	2010:	10,302

Note: Fees remained the same in the years not listed here; 2010 figure is proposed.

*Excluding room, board, books and campus-based fees

Source: University of California

Los Angeles Times

Idiots, Thieves and College Savings

By Karen Francisco

The Journal Gazette

Education Sector's Kevin Carey has a fascinating [article](#) on 529 plans in the latest issue of the Chronicle of Higher Education. For Indiana readers, it's particularly interesting because Carey was assistant state budget director for education during part of the O'Bannon administration, so he attended meetings of the Indiana Education Savings Authority, the board established to oversee the state's version of the college savings plan.

Here's his catchy lede: "With all the economic pain and consternation— surging unemployment, enormous corporate bankruptcy, trillions becoming the new billions — it's easy to overlook the fact that tens of thousands of families have suddenly lost a great deal of the money they socked away to pay for college. They lost it because public officials told them to risk their children's educational future in a casino run by idiots and thieves. Those officials did that because it was a way for them to score easy political points, avoid hard choices, and generally feel good about themselves. I know — for a little while, I was one of them."

Carey goes on to describe meetings in which "the private bankers whom the state had hired to run the program wore well-cut suits and gave reports about fund performance—11 percent or better!

"At no point during those meetings did anyone use phrases like "stock-market crash" or "asset bubble" or "global recession." It was beyond imagining that using free government money to induce and subsidize college savings was anything other than a fantastic idea. We were all so comfortable with the conventional wisdom of investing for retirement—"buy and hold," "save for the long term"—that nobody bothered to note a couple of things that are obvious in retrospect. First, saving for college isn't like saving for retirement. The run-up is much shorter, 18 years at most instead of 30 or 40, so most of the miraculous gains of compound interest are lost. Second, the payout is far more immediate and inflexible. People can choose when to retire, delay if they have to, and ride out ups and down in the market over decades. For most students, college happens three months after graduation, ready or not, and the check is due on Day 1."

The sales job for the Indiana College Savings Plan continued after the O'Bannon administration. Former state treasurer Tim Berry (now the state auditor) met with our editorial board on occasion to pitch the plans and his successor, Treasurer Richard Mourdock, features the plans prominently on his state Web site.

I'm sorry to say I'm one parent who fell for the sales pitch. With one son in college and another due to start in 2010, I'm wishing Carey's brutal assessment was available earlier.

Lawsuit filed against state's two 529 plans

Class-action complaint says conservative college-savings portfolio mismanaged

By Tom Sharpe | The New Mexican

6/27/2009

Six people are suing the Education Trust Board of New Mexico, claiming it mismanaged two tax-sheltered funds they used to save money for their children's education.

Lawyer John Bienvenu, who filed the class-action complaint in state District Court on Thursday, said the six have lost "significant" money in the Education Plan and the Scholar'sEdge Plan — both of them so-called 529 plans managed by the state.

According to the complaint, both plans offer a range of options — more aggressive portfolios vested in all stocks or equities for younger students with at least 10 years before they start college, and more conservative portfolios with more fixed-income and money-market investments for those approaching their freshman year.

The most conservative one — called the "School Years Portfolio" for those already attending college — was designed to protect the principal by investing 10 percent in equities, 50 percent in fixed income and 40 percent in money market.

Under the state's "aged-based approach," the money in the account is supposed to shift to increasingly conservative portfolios as the beneficiary ages. Yet according to the complaint, the "overwhelming majority" of funds in the School Years Portfolio went to three Oppenheimer Fund fixed-income assets that "performed miserably," losing about 40 percent of their value in recent months.

"The reason for this shocking performance was not bad luck or the overall performance of the market," says the complaint. "Even in a challenging market, the fixed-income benchmarks that the State selected as fair comparators managed to *make* money. Instead the State's fixed income holdings imploded because the State, presumably upon the advice of its Program Manager, placed and retained Trust assets in 'fixed income' holdings that were the very opposite of traditional, conservative investments. ...

"In a true long-term investment, it is sometimes possible to 'wait out' a dip in the market. But

here, Plan enrollees cannot 'wait out' mismanagement of the Trust unless the intended beneficiary foregoes her higher education — which would defeat the entire purpose of the Trust."

Peter White, who as Cabinet secretary of the state Higher Education Department chairs the Education Trust Board of New Mexico, and Ross Burkstaller, program manager for Oppenheimer Funds, a state contractor that is not named as a defendant, were not available for comment Friday.

"They took money that was meant to be invested in the most conservative instrument to protect the principal but would not have any upside potential for gain, they took that money and they invested it, half or more of those funds, into extremely speculative and risky investments that ended up losing more than 40 percent of their value," Bienvenu said.

The plaintiffs include Ping Lu of Albuquerque, Jill and Richard McKeon of Los Angeles, Stephen Spencer of Sandoval County, Spencer Stopa of Otero County and Judy C. Winnegar of Santa Fe. Co-counsel to the Rothstein, Donatelli, Hughes, Dahlstrom, Schonburg & Bienvenu firm in the case is the Keller Rohrback firm of Seattle.

"We're asking for a return of the losses that the individuals suffered as a consequence of having these very conservative portfolios invested in risky investments," Bienvenu said. "We're also asking for the court to order the state to divest itself entirely from those risky investments and put them into appropriate investment vehicles."

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