

ST. LOUIS POST-DISPATCH

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Student loan default rates rise in down economy

By: Kavita Kumar
St. Louis Post-Dispatch

It's probably not surprising to learn in this economy that student loan default rates are on the rise. That is the case at least judging by a snapshot of one cohort group in the last year.

In Missouri, the default rate rose to 6.09 percent — up from 4.3 percent the previous year. That mirrors the nationwide trend — a 6.7 percent default rate, up from 5.2 percent the year before. In Illinois, the rate was 6.9 percent. (Click here to see a state-by-state breakdown.)

These default rates are of the cohort of borrowers who first loan repayments came due between October 1, 2006 and September 30, 2007, and who defaulted before September 30, 2008.

Nationwide, about 3.3 million people entered repayment during this time, and more than 225,300 of them went into default.

"The economic downturn likely had a significant impact on the borrowers captured in these rates," U.S. Secretary of Education Arne Duncan said in a news release.

Leanne Cardwell, assistant commissioner of higher education in Missouri, said she expects similar — or higher default rates — next year because of the economic downturn.

In Missouri, 4,617 borrowers in this cohort group are in default. But the Missouri Department of Higher Education notes that 75,925 borrowers are repaying their loans on time.

"Although the default rate is up significantly, most borrowers are still meeting their student loan obligations," Cardwell said in a news release. "In 1990, the national default rate was over 20 percent, so by comparison the current rate is low and reflects an increased focus on default prevention efforts."

Since 2001, the Missouri higher education department has given more than \$4.2 million in grants to higher education institutions who want to reduce their default rates. The grants go towards teaching students about money management.

The all-time high national default rate — 22.4 percent — was set in FY 1990. The record low was 4.5 percent in FY 2003.

Schools with excessively high default rates may lose eligibility for some federal student aid programs. This year, two schools in Texas are subject to sanctions.

I looked up some Missouri and Illinois schools to see what the student loan default rate was for their students in this cohort. Harris-Stowe State University, Vatterott College, Sanford-Brown College, and St. Louis Community College had some of the highest default rates, which is probably not surprising given the economic background of those students. Meanwhile, Washington University, St. Louis University, and the **University of Missouri-Columbia had some of the lowest default rates** — also, not necessarily surprising given the economic background of those students, too.

Here's a list, in no particular order:

- **University of Missouri-Columbia: 2.4 percent (up from 2.3)**
- University of Missouri-St. Louis: 3.4 percent (up from 3.1)
- Washington University: 0.6 percent (down from 0.9)
- St. Louis University: 2.3 percent (up from 1.0)
- St. Louis Community College: 8.1 percent (up from 5.6)
- St. Charles Community College: 4.8 percent (up from 4.5)
- Southern Illinois University Edwardsville: 3.4 percent (up from 3.3)
- Southern Illinois University Carbondale: 4.6 percent (down from 4.8)
- University of Illinois at Urbana-Champaign: 1.7 percent (up from 1.1)
- McKendree University: 5.4 percent (up from 3.2)
- Vatterott College (in Berkeley, Mo.): 14.2 percent (up from 11.1)
- Sanford-Brown College (in Fenton, Mo.): 7.4 percent (up from 6.2)
- Harris-Stowe State University: 12.1 percent (up from 8.7 percent)

Borrowers who need help repaying their loans can go to www.federalstudentaid.ed.gov or can contact their loan holders to learn about other repayment options.

The Grade is the St. Louis region's premier blog on education and child welfare. To read other recent posts, go to www.stltoday.com/thegrade.



Missouri lawmakers list construction needs but don't recommend doing projects

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By CHRIS BLANK/The Associated Press
September 15, 2009 | 5:02 p.m. CDT

JEFFERSON CITY -- Missouri lawmakers agreed to a system for deciding what to build using federal stimulus money Tuesday, but only after stating the resulting project list isn't considered an endorsement of the projects.

It means the proposal is more an example of how construction plans can be evaluated than a document that will directly guide state planning on what projects to complete.

Rep. Ed Wildberger said that creating a project list but not recommending funding sets up the report to be ignored.

"Put it on the shelf and let it gather dust," said Wildberger, D-St. Joseph.

A House and Senate joint committee spent the summer evaluating possible construction projects that could be funded using the federal money and approved a report Tuesday detailing about \$1 billion worth of proposals that were ranked roughly according to their priority. But lawmakers only approved the report after stipulating that the plan wasn't a recommendation that the projects should actually be funded.

Several senators — including the appropriations committee chairman who has significant influence on budget issues — said they were concerned approving a project list could appear to be a recommendation that the proposals receive money. State revenues declined last year and are still falling, and many lawmakers are skeptical there will be money for capital improvement projects.

Over the past decade, several proposed state construction plans have fizzled. Critics of Tuesday's report said that approving another construction list that might never be funded lowers the chance that past projects will ever be completed.

Committee leaders said it nonetheless was helpful to develop an evaluation process for potential projects, because budget leaders struggled last year with how to use the stimulus money. Committee chairman Rep. Ryan Silvey said the report will be a starting point for future discussions on capital improvements.

"It was worth it if nothing else than to show the public that we are capable of having a deliberative process and that not every deal is made in a smoke-filled room," said Silvey, R-Kansas City.

The projects outlined in the report were broken into four groups with about \$250 million worth of construction in each category.

The first category generally includes the top priorities, the largest of which calls for spending \$50 million for previously approved state maintenance projects that have been withheld. It also includes money for a series of stalled college construction projects that initially were to be funded by selling assets from the state's higher education loan authority.

That includes \$40 million for renovations at Truman State University in Kirksville, **\$31 million for the Ellis Fischel Cancer Center at MU** and \$29 million for two academic buildings at the University of Missouri-St. Louis.

The first group of projects also included \$4.4 million for the Missouri National Guard's top maintenance needs and \$1.9 million for repairs at the state's veterans homes.

In the second grouping of projects, one of the largest items was \$69 million for the top repair and maintenance needs at state office buildings. Among those items was \$33 million to repair the outside of the state Capitol and \$3.1 million to replace falling concrete inside the Senate's parking garage on the Capitol grounds. Maintenance at state prisons would use \$29 million.

The most expensive construction project was \$350 million to replace the Fulton State Hospital within the Department of Mental Health. That construction project was too

large to be included in any of the project groups, so its cost was split between the third and fourth categories.



MU store buys 'book machine'

For cents per page, anyone can publish.

By Janese Heavin

Tuesday, September 15, 2009

Advertisement

A new printing machine at University Bookstore will allow local residents to turn personal histories, family recipe collections and literary works into paperback books.

The University of Missouri bookstore recently bought the latest version of an Espresso Book Machine, which can print, bind and trim high-quality books on demand.

The possible uses for the service are endless, spokeswoman Michelle Froese said. Already she has heard from people who plan to publish family cookbooks for Christmas gifts, and one mom wants to create a bound book of her now-grown children's artwork over the years.

Froese said she also expects the machine to be a hit among those wanting to preserve family histories.

"As many visitors as we get to campus who are very engaged in genealogy, how wonderful to be able to put that together into a format," Froese said. "You could have a history of your family in multiple copies made very inexpensively."

Costs to customers will vary, but those who come in with print-ready materials in a PDF format can expect to pay 6 cents a page, said Heather Tearney, a Mizzou Media coordinator. For additional fees, MU staff will be able to assist with cover art or other special needs.

An additional \$8 would be charged to customers who want to register a book for an International Standard Book Number. Typically, that registration costs \$125, but MU was able to purchase a large block of numbers to offer at a lower cost, Tearney said. A typical book should be ready for pickup within 48 hours.

The book-making machine cost roughly \$75,000, which will come from bookstore profits. University Bookstore operates as an auxiliary service and does not receive funding from tuition or state revenues.

The machine, set up on the lower level of the bookstore, will be ready for public use after Nov. 4. It will have the capability of printing color book covers, but color inside pages won't be available until early next year.

For faculty and students, the Espresso Book Machine will provide inexpensive alternatives and the ability to add personal touches, Froese said.

The machine has a line of classic titles ready to be printed. For instance, a student needing a copy of "Frankenstein" could order it through that system and pay much less than a bookstore copy would cost. MU administrators are working to create a Mizzou Classics series, which would add university information and artwork to paperback copies of classic titles. The machine also will allow professors to bind supplemental classroom materials and graduate students to print inexpensive personal copies of their theses or dissertations.

Froese said she's excited to see how people take advantage of the service.

"It's going to engage so many members of the community into a creative process," she said. "That's what a university needs to be doing — inspiring people to create. ... It will be nice to have a cost-effective way to show the fruits of your labor."

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COLUMBIA MISSOURIAN

Newspapers collaborate with e-reader manufacturers to adapt content

By Ben Wieder

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COLUMBIA — The Amazon Kindle, a portable electronic reading device, will have company next year.

Manufacturers plan to introduce several new portable electronic reading devices, known as e-readers, **said Roger Fidler, program director for digital publishing at the Reynolds Journalism Institute.**

On Monday and Tuesday, members of the Digital Publishing Alliance, an organization founded by Fidler in 2007, met in Columbia for the alliance's E-reader Summit to discuss the future of the e-reader industry and challenges facing newspapers in adapting content for these devices.

Executives from e-reader manufacturers, representatives from interested software companies and several newspapers participated in the discussions.

Collaboration between newspapers and across industries is important, said Chuck Rose, USA Today deputy managing editor, because of the “infancy of all of this.”

“There is not a lot of cross-industry pollination,” said James Dunn, The New York Times marketing director. Events such as the summit, Dunn said, provide an opportunity for newspapers to see “where our thinking is compared to other publishers.”

Amazon sells subscriptions to 35 U.S. newspapers for its Kindle, the best-known e-reader.

Devices such as the Kindle are created primarily with books in mind, which presents challenges for newspapers, Fidler said.

Fidler was the architect of the Missouriian eMprint experiment. He and a few others produced a semiweekly digital edition of the Missouriian that resembled a print newspaper more than a Web site. This past year, he began developing digital newsbooks, which repackage investigative news reports that he sells on behalf of members of the alliance.

He called upon those experiences in guiding a discussion of business models, design and economic models for digital reader content production.

Participants expressed uncertainty about the future of the medium and were happy to note each other's shared uncertainty. Some participants, such as Scott Sines, managing editor of the Memphis Commercial Appeal, saw new digital mediums as an exciting opportunity.

"This is a chance to reshape your content plan," Sines said.

Sean Reilly, a summit participant and RJI Fellow, is working to develop a profitable newspaper business model for digital content as part of his research at the institute.

Fidler and a team of graduate assistants will study three other pressing issues highlighted by summit participants:

- Sizing standards for advertising
- An ideal digital news production schedule
- Analysis of available e-readers

Fidler's work with the alliance "gives order to an industry that needs organization," said Guy Tasaka, business development director at LibreDigital, a software company that specializes in converting print content to digital content.

Still, despite the summit's spirit of collaboration, many participants were mum on the specifics of their company's own developments.

"Everybody's hiding their secrets," Sines said. "I am, too."