

# Student debt: is it worth it? assignment

Business



As a student, one of my greatest concerns regarding higher education is whether or not it is worth the price. Will I be left in debt with little to show for it? Scholars have argued for years that these concerns are justified and that the cost of higher level education is rising beyond the point of sustainability, resulting in an economic crisis. Robin Wilson, on the other hand, contends that such fears are exaggerated. Robin Wilson is a reporter for the Chronicle of Higher Education with 25 years of experience dedicated to reporting on higher education.

In her article “ A Lifetime of Student Debt? Not Likely,” published in Washington, D. C. In May of 2009, Wilson provides hard facts and anecdotes with one main point in mind: acquiring a reasonable amount of debt for your education is a good investment. Wilson makes some very compelling points that are still relevant, and by and large, I agree with her at this very moment. However, some things have changed since Wilson wrote about student debt and this issue may not be so cut and dried. As interest rates change and the price of a college education increases, her argument makes less and less sense.

Though for the time being, her main point still remains viable. Wilson shows us that most graduates have borrowed within reason: “ a third of graduates leave college with no debt at all for their education. Of the the 65 percent who face debt, the average they owe is around \$20, 000,” (Wilson 257). Only 8 percent of undergraduates borrow at least twice the national average. These relative few provide us with the horror stories that we see in the news, and are what Wilson calls the “ vocal minority’, (Wilson 257).

If that doesn't confuse the issue enough, "undergraduate debt is frequently conflated with graduate and professional-school debt... Which is typically much, much higher... Or example, medical-school graduates borrowed an average of \$113, 661." (Wilson 259). This means that the data used to argue from the point of an incoming crisis is somewhat misleading, as it contains what are essentially outliers: points of data outside of normal experience. These facts present the issue as being overblown on a person to person basis.

However, the fact remains that overall student debt has recently surpassed one trillion dollars, and is greatly affecting our economy. According to Van Jones, a CNN contributor: "It is the only form of household debt that has continued to rise during the Great Recession. It is also the only form of debt that cannot be discharged under bankruptcy or even death, as parents who have lost children have discovered to their horror. It is preventing young people from buying homes and starting businesses," (Jones 1).

This paints a much darker picture than Wilson presents, proving that either times have changed, or Wilson wasn't focusing on the big picture. However, acquiring a college degree seems to remain a worthwhile investment. Wilson cites the Census Bureau's records to show that the average college graduate earned about eighty percent more than the average high school graduate earned. As she explains, "Over a lifetime, those extra earnings stack up. According to a 2002 report by the Census Bureau, a college graduate can expect to earn nearly \$1 million more in lifetime earnings than a high-school graduate can," (Wilson 260).

Since Wilson has written, the income for college graduates has only increased. Now we might wonder, if graduate's income is increasing alongside their debt, what's the difference? The issue is that the rate of increase in debt surpasses income. While income has increased around nine percent, according to Hadley Malcolm of USA Today: detent loan debt has increased disproportionately from an average of \$20, 000 to “ an average student loan debt of \$26, 600, or \$27, 500 when adjusted for inflation,” (1), which is just over thirty-seven percent.

If this relationship between debt and income continues to increase disproportionately, it will reach-or arguably has already reached-unsustainable levels. Compounding the ever-rising debt students are facing is a federal loan rate that is set to double from 3. 4% to 6. 8% as of today, July 1 . Congress may act to alter this rate change in the future, but for now little is retain, but I for one feel that debt and the price of college will continue to increase. In conclusion, times are changing.

Is college education worth the gamble? You are more likely to get a job and earn a higher income than if you simply have a high school diploma, and most graduates don't have horrifying levels of debt, as long as they are responsible. However there is one caveat: as time goes on, the value of a college degree may decrease as tuition costs and interest rates rise. For this reason you should always consider the current state of affairs when it comes to student debt before committing.