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College students graduated with record debt in 2012

Experts say gains still outweigh debt burden

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College students in Ohio are accumulating more debt than ever to pay for their bachelor's degrees – a record \$29,037 for the class of 2012, according to newly released data.

That again put Ohio in a category of "high-debt states," according to the Project on Student Debt. In Ohio, 69 percent of students take out loans for their education.

Most Americans – seven in 10, according to a recent Gallup poll – say college is "very important," a statistic that continues to grow. But there is concern among some education experts that unless costs are curbed, the debt problem will put college out of reach for vast numbers of young people.

"In the ideal world, there's no student debt," said Sean Creighton, executive director of the Southwestern Ohio Council for Higher Education. "However, we don't live there and if the debt figures continue to rise, this could possibly affect the public perception of a college degree."

"That's unfortunate because we know the gains from a college education far out weigh the debt burden," he said. "There's lower unemployment and higher wages for people with college degrees."

Financial hole

Ohio ranked ninth in the nation for average debt upon graduation, improving from seventh last year, according to the project's annual report, which is released by the nonprofit Institute for College Access and Success. Although the \$29,037 average was a record in Ohio, it fell slightly below the national average of \$29,400. Ohio ranked sixth in the percentage of students who are in debt when leaving college.

Ohio also has one of the highest student loan default rates in the country, which puts many students in a financial hole just as they are starting their careers. In Ohio, 16.2 percent of students default within three years of graduation. The debt rate is higher in only eight other states.

Chancellor John Carey of the Ohio Board of Regents said there are no easy answers to the debt problem.

"I don't think there's going to be a one-size-fits-all solution," Carey said. "We believe that you can receive a college education in Ohio at a relatively low cost. But it depends on the choices you make."

Graduates in Ohio in 2012 borrowed \$354 more than the class before them, continuing a long-standing trend. The average debt upon graduation was \$9,778 higher than the class of 2005, when the project issued its first report.

The data only measures students at public and private non-profit four-year colleges. And it only takes into account students who borrow to pay for their degrees.

The problem may be worse than the data suggests. For example, for-profit colleges "are not included because virtually none chose to share their data," according to the project. And about 20 percent of colleges that made the high-debt list in 2011 did not share their data for 2012. The group said.

Students can use loan money for many education-related expenses, including room and board or a new computer.

Worth the debt

Scott Stephens is on track to pay off his \$28,000 in student loans within two years of graduating from Cedarville University in 2012.

Stephens now works for the private, Baptist university as a resident director and lives on campus with his wife – fellow alumnus Allyson. The couple has paid double their monthly payment on his loans and already paid off one with a highest interest rate (around 6 percent).

"A big part for us is just keeping track of where our money is going and looking over that every month and not developing poor spending habits," he said.

Stephens said eliminating debt was important to the couple so they could have the freedom to move if necessary as they seek "to serve the Lord in some type of capacity."

"Very much value my college degree," he said. "It was worth the debt." Sharon Balderson said the same about the debt she will incur to earn her undergraduate degree from Antioch University Midwest. Balderson enrolled there in fall 2012.

"It really did change my life," said Balderson, 64. "Everyone says that, but it really did."

Balderson, who started her career in journalism and also worked in marketing before retiring from a state job, plans to go on to pursue a master's degree at Antioch and then teach writing at the college level.

A typical Antioch student completing their bachelor's degree about \$21,000 to \$25,000 in student loans in two years, according to the university, and Balderson said she was on track to borrow that amount at the time she switched majors from creative writing to humanities.

Still a good deal

Ohio has worked on many fronts to help students get degrees at lower costs.

Universities were required to submit plans showing how four-year

degrees can be earned in three years.

Carey is soon to release a report on how to give high schoolers better access to college classes – which can help them graduate on time or

early and save money, he said.

And the state also has worked to increase prior learning assessments to give veterans or adults college credit for their life experiences, he

said.

On a more long-term basis, Carey and former Ohio State University

President E. Gordon Gee are conducting a study of how to decrease

costs and increase the value of degrees in Ohio.

He said Ohioans have choices to get degrees at a lower cost, including

starting their education at community college where tuition is less

expensive.

"We believe that post-secondary education is still a good deal. Over a

lifetime, people are going to earn more money and have more

opportunities," he said.

Carey and Creighton said it is important to the workforce and Ohio's

ability to compete in a global economy that its residents are educated.

"Everyone benefits from a better-educated population," Creighton

said. "In Dayton alone, a 1 percent increase in people with college

degrees is \$700 million increase in personal income for the area.

There's no better return on investment than a college degree."

Tips for borrowers

Don't borrow more than your starting salary. Example: If you take

out \$25,000 in loans, your monthly payment would be \$288. To

"easily" manage that payment, your salary would need to equal

\$35,000, according to collegeanswer.com.

Don't borrow for non-essentials. "Student loans are intended to

finance your school expenses, not your trip to Mexico for spring

break," according to collegeanswer.com.

Talk to your lender. If you have trouble repaying, talk to your lender

and, for federal loans, inquire about income-based repayment. Learn

more at studentloans.gov.