

Study: College degree worth the debt

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Educational debt is spiraling — and some argue, becoming a drag on the nation's economy — as the cost of college continues to mount and many students turn to expensive for-profit schools.

The federal government now issues close to \$100 billion a year in new loans, which generally carry a 6.8 percent interest rate and cannot be discharged in bankruptcy. But economists Christopher Avery and Sarah Turner, of Harvard and University of Virginia, respectively, argue most degrees are an asset worth borrowing for.

"Expected lifetime earnings associated with a college degree have increased markedly over time. As the investment value of a college degree rises it is natural to think of individuals increasing their willingness to borrow to achieve these higher returns," they write in a recent study in *Journal of Economic Perspectives*.

Here's where the danger lies: Many who start college fail to complete a degree within six years of high school graduation, potentially leaving them with loans they have no way of repaying.

"One particularly negative outcome emerges: among students who anticipate completing a B.A. degree, 51.3 percent will end up with no degree and an average of \$7,413 in student loans," they write.

With the nation's lowest rates of student borrowing, Utah has avoided the brunt of the debt problem. But Utah educators wonder if students are borrowing too little. Evidence suggests some students' work commitments, which could be reduced through loans, are delaying their progress toward graduation.