

Education still pays

On the whole, college improves job prospects

2010 unemployment rates (25 and older)

14.9%

LESS THAN HIGH SCHOOL GRAD

10.3%

HIGH SCHOOL GRAD

7.0%

ASSOCIATE'S DEGREE

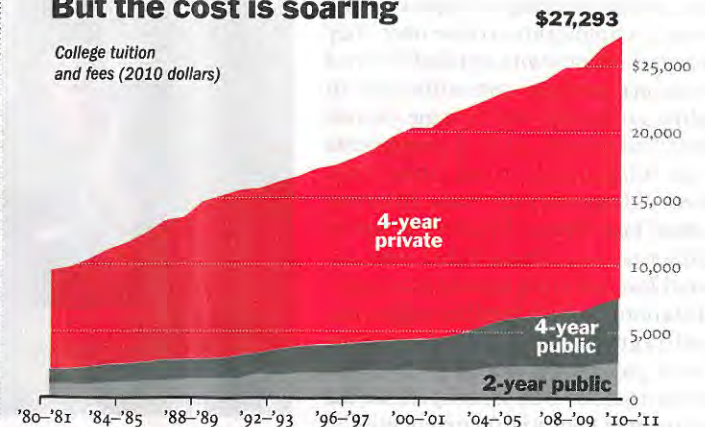
4.7%

BACHELOR'S DEGREE



But the cost is soaring

College tuition and fees (2010 dollars)



Recent grads face a lean job market and heavy debt

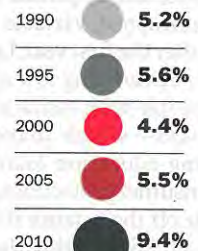


41% of borrowers who entered repayment in 2005 became delinquent or defaulted within five years

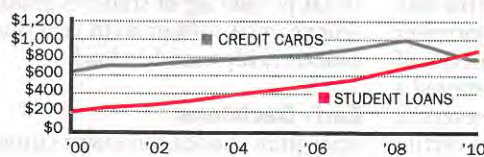
Average total parent and student debt for new grads (2011 dollars)



Unemployment rates (college grads 16-24)



Total debt outstanding (in billions)



Sources: College Board; Bureau of Labor Statistics; Institute for Higher Education Policy; Mark Kantrowitz

points to another big problem: the connection between college dropouts and crippling debt. Barely half the students who start college get a degree within six years, and graduation rates at less selective colleges often hover at 25% or less.

More Toxic than Mortgages

IT'S NEARLY IMPOSSIBLE TO DISCHARGE federal or private student-loan debt in bankruptcy, unless you meet the incredibly harsh "undue hardship" standard. In 2008, for example, only 0.04% of student-loan recipients who filed for bankruptcy succeeded in getting their college loans dismissed. Meanwhile, the government can garnish up to 15% of your take-home pay, dock your disability benefits and even deny you a security clearance, all in the name of student-loan payback. Defaulting will torpedo your credit rating to the point where for years to come you'll have a tough time getting a credit card, let alone a car or home loan. "Student debt is more toxic than mortgages,"

says Mark C. Taylor, a religion professor at Columbia University and the author of the higher-education critique *Crisis on Campus*, "because you can't walk away from it."

Given the dire consequences of defaulting, the government recently created an income-based repayment plan for federal-student-loan borrowers whose debt at graduation exceeds their starting salary. Monthly payments will be lower than they would be under the standard 10-year repayment plan, and although users may end up paying more interest over the life of their loans, anything still owed after 25 years will be written off. Another new program forgives federal loans for borrowers who spend 10 years working full time in public service.

But these options apply only to federal loans. To try to help people like Lyndsey who took out massive private loans, Fordham law-school grad Robert Applebaum started ForgiveStudentLoanDebt.com, which champions erasing student debt to stimulate the economy. (This is not an

unheard-of strategy even on a national scale. Bono has been promoting the same idea for sub-Saharan African countries for years.) Applebaum has already secured the more than 25,000 signatures needed to deliver his petition to the President through the White House's We the People program. He has also amassed many followers on Facebook and at least one fan in the House of Representatives. This summer Michigan Democrat Hansen Clarke introduced a bill that includes a provision about forgiving student loans.

Getting the latter provision passed is a long shot, which helps explain why many higher-education advocates are encouraging the next generation of students to borrow less money in the first place. To help prospective applicants compare the costs of attending different schools, all colleges as of Oct. 29 must include a net-price calculator on their websites. The calculator asks families for detailed financial information and then provides customized estimates of what