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Some good (which is to say, accurate) student debt news

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Some Good (Which is to Say, Accurate) Student Debt News

There is much hand wringing about student debt, as we have noted here previously. Student loans top $1 trillion; millenials can't buy homes or afford to get married because of student debt, etc. etc. See The College Debt Crisis: A CNBC Special Report or "Student Debt Crisis" in the *Huffington Post.*

Then take a few minutes to look at work done by policy analysts at the Brookings Institute rather than hyperbolic reporting done by journalists.

Using household level data, two Brookings Fellows from the Brown Center on Educational Policy find three important things:

1. Roughly one-quarter of the increase in student debt since 1989 can be directly attributed to Americans obtaining more education, especially graduate degrees.
2. Increases in the average lifetime incomes of college-educated Americans have more than kept pace with increases in debt loads.
3. The monthly payment burden faced by student loan borrowers has stayed about the same or even lessened over the past two decades.*

As analyst Matthew Chingos says in a *New York Times* article, "We are certainly not arguing that the state of the American economy and the higher education system is just great, but we do think that the data undermine the prevailing sky-is-falling-type narrative around student debt."

Writing in the *Times,* David Leonhard hypothesizes about why the debt crisis meme is so powerful. "I think it stems in large part from the fact that Americans are legitimately frustrated about the economy's performance over the last 15 years. But when you start looking at the evidence that blames student debt, it can be flimsy."

The general conclusion of the analysis is straightforward and important: getting a college education, even if it requires taking out some student loans, is a smart decision. Co-authors Beth Akers and Chingos conclude that "typical borrowers are no worse off now than they were a generation ago," and with increasing returns on education, most of them are better off in the long run.

*As a simple rule of thumb, the average monthly debt payment for student loans at typical interest rates and paid back over ten years is about 1.1% of the loan principle. So with total debt of $30,000, a borrower would have a monthly loan payment of about $330.

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Michael Hemesath is the 13th president of Saint John's University. A 1981 SJU graduate, Hemesath is the first layperson appointed to a full presidential term at SJU. You can find him on Twitter [at] PrezHemesath.