

US college students face mounting debts, diminishing job prospects

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US student debt continues to mount, even though wages for working-class college graduates are stagnating, and the job market is diminishing rapidly. As a result, many students face the untenable position of making steep loan repayments without adequate income.

As of academic year 2006-2007, the average debt for bachelor's degree recipients was \$22,700, according to the "Trends in Student Aid- 2008" report recently released by the College Board.

Salaries, on the other hand, are in decline. According to The National Association of Colleges and Employers, average starting salary for college graduates dipped 2.2 percent, to \$48,515, from 2008 to 2009.

This salary, while significantly higher than that of workers without college degrees, falls solidly within the \$30,000-\$75,000 range characteristic of lower-middle-class workers (according to a 2005 study by academic sociologists Thompson and Hickey). In the contemporary US, college-educated youth face serious economic struggles just to start a family and service their student loans.

The economic crisis further undercuts recent graduates' ability to make payments on their debts. An April 7 report in the *Christian Science Monitor* noted, "The proportion of borrowers who were supposed to enter repayment for the first time and who instead defaulted went up—from 5.2 percent to 6.9 percent, according to a Department of Education report last month."

This is all the more problematic, as getting an early start on whittling away at student debt is crucial to avoiding interest capitalization and penalty fees.

San Diego State University philosophy graduate

student Jeff Sharpless told *World Socialist Web Site* reporters of the economic hardships he faced upon receiving his bachelor's.

"After my undergraduate degree, I had \$18,000 in student loans," said Sharpless. "I worked for seven years in social services. I liked the work, but the pay was bad, although the benefits were good. I have a wife and three kids." Sharpless could not afford to pay off his debt, and he soon saw \$40,000 dollars of interest added to his original principal of \$18,000.

After his wife lost her job as a microbiological researcher, in part because of the onset of the economic crisis, the Sharpless family left their home in Portland, Oregon, to come to San Diego. Sharpless took out more loans to pay for graduate school, and now owes \$100,000. He intends to pursue his PhD after this program, hoping to "keep [his] loans in deferment as long as possible."

Non-governmental forms of debt have also risen rapidly among the student population. Student credit card debt, for example, jumped sharply between 2004 and 2008, according to a study released April 13 by college financing company Sallie Mae. Within the four years since the last Sallie Mae study was released, credit card debt for college seniors rose a staggering 44 percent and that of freshmen rose 27 percent, bringing the totals to \$4,138 and \$2,038 respectively.

Working-class students have resorted to using credit cards to cover cost-of-living expenses in a period of increasing financial hardship. This fact starkly contrasts the barrage of recent claims coming from public officials and bourgeois media outlets that "Main Street"—by which they mean working class families—has accrued unsustainable levels of debt in order to live decadent lifestyles that are "beyond their means."

The reality is that in contemporary American society, working-class students must go into debt simply to pay the bills.

In an interview on the campus of the University of North Carolina at Wilmington, a student named Melina told WSWS reporters that she has incurred \$25,000 in debt despite working part time at a pharmacy while pursuing her education.

Melina receives an inconsequential sum of \$500 per semester in federal grants from the Office of Financial Aid, an amount that barely covers expenses for books and basic supplies. She told the WSWS that she must compensate by working and taking on debt. "Either my parents make too much [to receive aid in the form of grants], or now, supposedly, me and my husband make too much. But we don't. We're barely, you know, getting by." Melina picks up extra hours at the pharmacy whenever possible, and her husband is in the military. Despite working in these fields that in other historical eras would have been considered "good" jobs, the couple consistently has trouble making ends meet.

Melina's husband has done three tours in Iraq, and she constantly worries about his safety. He is under pressure to reenlist for yet another tour; if he does not, the couple would lose the medical coverage they currently receive through Tricare, the military health insurance plan. She says the two have seriously considered moving to France just to have access to health care.

Our correspondent asked Melina whether she saw any way out of the financial crisis. "I really don't know. I mean I'm not an expert in economics or anything. I have no idea what's going on up there, like why they're giving the big companies bailouts when they actually drove themselves into debt. It's actually, it's their fault, but yet they're giving them money. We should be the ones receiving the money because we're the ones who work. We're the ones that put money into the system. We're the consumers. But I really don't know what they're going to do, or what they can do to fix it."

In an effort to avoid taking on debt, an increasing number of students are working full-time, not just part-time, jobs. WSWS reporters interviewed one such student at Grossmont Community College in San Diego, California. Because of his full-time job as a lab worker in a biomedical research facility, Jackson

Stephens is only able to take one or two classes a semester in pursuit of a degree in biochemistry.

"I don't care how long it takes me, I will get it done eventually," Stephens said. "What is frustrating to me is that fact I work 40 hours a week and never get ahead. I am constantly broke, and I am sick of feeling like it is my fault. I am doing everything right, but I can't pay my bills. I don't blow my money at bars, I don't do drugs, I don't have a nice car or buy expensive things. What does that say about our society, that a person can work 40 hours a week, and not be able to live a normal life?"

Aside from federal aid, parental support has historically been a leading source of income for students. With the financial crisis, however, even that source is being seriously eroded. In an interview on the campus of the State University of New York at New Paltz, Eric Karnis told WSWS reporters that the financial collapse has jeopardized the support from his parents, while he pursues his bachelor's degree in communications.

"My family lives on a fixed income tied to the stock market," says Karnis. "When the stock market fell, my parents lost money in the 401K. Before, we [his family] were comfortable, now we are anxious."

Karnis has been looking for a job to make up for the loss of financial support coming from his parents, but has had no luck. "You really need connections" to get a job in this market," says Karnis. "It's not what you know, it's who you know."

The Federal government currently has more than \$500 billion extended in outstanding student loans. This monumental sum gives one indication of the huge costs to the population of a system in which higher education is not treated as a social right extended free of charge to the entire population, but as an opportunity for the state and the major banks to saddle workers seeking an education and a better life with debts and interest payments.



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