

## CONSUMER CREDIT COLLEGE SCHOLARSHIP APPLICATION

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**Student loans-benefit or curse?**

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In recent years, a debate has arisen with respect to what some term the "student loan crisis" in America. As detailed in a recent report in *Time*, student loan debt has risen dramatically over the past two decades. "In 1993-94, about half of bachelor's degree recipients graduated with debt, averaging a little more than \$10,000. This year, more than two-thirds of college graduates graduated with debt, and their average debt at graduation was about \$35,000, tripling in two decades." ("Why the Student Loan Crisis is Even Worse Than People Think," *Time*, Jan. 11, 2016).

While student loan use and indebtedness has undoubtedly increased over the last 20 years, so has the number of students attending college. Between 1990 and 2013, total undergraduate enrollment in degree-granting educational institutions increased by 46 percent. (National Ctr. for Education Statistics).

Clearly, student loans have made it possible for millions of students to obtain undergraduate degrees and to better their lot in life. However, it is equally clear that the level of indebtedness for some has led to financial difficulties for the student and lenders.

The solution to the "crisis" is not to eliminate or limit the ability of students to borrow money to attend college. Rather, the better response is to strengthen efforts to educate students on the consequences of student debt and empowering students with budgeting skills.

Historically, most students entering college in the United States are recent high school graduates. Those students, often in their late teens or early twenties, often have few life experiences that would enable them to prepare and stick with a budget to pay for college or understand the consequences of debt. It is imperative that all students-but these students in particular -be educated on the short- and long-term personal consequences of student loan debt and how they may properly budget so that their level of personal indebtedness is in line with their professional aspirations. Stated another way, students hoping to get a job that makes \$24,000 a year should be counseled on why it doesn't make financial sense to borrow \$150,000 to attend college. Every student obtaining a student loan should be required to complete a worksheet and budget that details the cost of the student loan over the length of the loan and how that compares with the average salary in the profession in which they hope to work. Before signing on the dotted line, students should be required to attend educational sessions featuring college graduates (as well as those who maybe didn't graduate) describing the positives and negatives of student loans.

My situation is such that it will be necessary for me to obtain student loans to attend college. I'm grateful my parents have required me to prepare a sample budget-for college as well as post-college-that makes it very clear that I want to limit how much I need to borrow and demonstrates how too much debt impacts my future.

THANKYOU from Abigail:

Mr. Lindgren,

I wanted to thank you and the rest of the Creditors Professionals International District 5 for awarding me the scholarship. It was honor to be one of the two people chosen. I had such a great time writing the essay and discussing the topic with my parents. I am sure that the money will help me to pursue my future educational goals. Thank you so much again, I am truly honored!

Sincerely,  
Abigail Fahleson