



## High Cost Of Living + High Cost Of Tuition = High Student Debt? Maybe Not

*By Teresa Cendreda*



There may not be any truth to the factors commonly believed to affect how much money students will borrow to pay for school. People often assume that the relationship between tuition and cost of living will predict whether students will borrow a lot - potentially too much? Attending a public college in a high tuition state? Attending a private college? Living in an expensive part of the country? But a recent report issued by the Project on Student Debt is debunking that myth.

The study was based on data for 2005 college graduates reported by 1,400 four-year colleges - public and private - as collected by Thomson Peterson's for the company's databases and books.

Among the findings:

- Attending public colleges doesn't assure a student of a lower debt burden than he or she would face at private colleges. In seven states, the study found, average debt levels were higher at public than at private institutions. Those states are: Kentucky, South Carolina, Tennessee, Delaware, Arkansas, Iowa and North Dakota.
- The states where graduates leave college with the most debt aren't those with the highest cost of living. The top five are: New Hampshire (\$22,793), Iowa (\$22,727), North Dakota (\$22,682), Rhode Island (\$20,798) and Pennsylvania (\$20,775).
- A number of institutions with low tuition rates, but high fees, end up graduating students with higher debt loads than students at much more expensive institutions (in terms of tuition).

There are many reasons for the variations from state to state, including the availability of state grant aid, how loans are treated in financial aid packages, and the income profile of the students population, "said Project on Student Debt executive director Robert Shireman. But Shireman added that "overall the level of debt is much too high."

Two-thirds of students borrow to pay for college. One in 10 has loans of \$35,000 or more, according to Money Magazine. Shireman underscored the urgent need to lower student loan debt. "It's time for policymakers to adopt practical, cost-effective reforms that make student loans more affordable for families, and states and schools should rethink their approach to financial aid. Otherwise, college will move farther out of reach for generations to come."

Ultimately, though, financial experts say the single best thing that you can do about student debt is to start thinking about it ahead of time. Says Nancy Ziering of Madison Financial Aid Consultants: "Going into debt to pay for an education has to be done with a very specific plan to get out of it."