

# Deseret News

## College loan crisis spurs a blame game

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With such a complicated interlocking system of higher education and student loans, there are multiple places where people can place blame for growing student debt.

Jordan Weissmann at The Atlantic isn't particularly fond of for-profit colleges: "About 71 percent of U.S. undergraduate and graduate students attend a state college or university, and they borrow more than 40 percent of all loans. ... But the most outrageous growth in student borrowing has happened in the private sector. Without question, students at for-profit schools borrow more than their fair share. In fall 2011, 'proprietary institutions' (as the government politely calls them) educated 10.9 percent of undergraduate and graduate students but accounted for 22.2 percent of all federal direct loans. ... Four-year nonprofit schools, from Harvard all the way down to Baker College of Muskegon, educated 18 percent of students, while sucking up 31.9 percent of all loans."

Weissmann isn't pointing a finger at the expensive private nonprofit schools though, since he says they were only responsible for 13 percent of defaults on loans. For-profit schools "contributed a full 47 percent of defaults among students who began repaying their debt in 2009 ... (and) only about 28 percent ever graduate," he writes. "Student debt has grown all across higher education. It has grown disproportionately among private schools. But it has grown most destructively among the for-profits."

As Mary Beth Marklein at USA Today points out, colleges are toughening up on student loans. "If our students want or need to take out loans, we want to make sure they are educated borrowers," Amy Perrin, financial aid director at Elgin Community College in Illinois, told USA Today.

Two years ago, Elgin began requiring borrowers to take counseling. "Since then," USA Today reported, "the number of borrowers (at Elgin) has dropped 11 percent, and the average loan amount has decreased 15.4 percent."

Neal McCluskey at the CATO Institute, a libertarian think tank, blames aid itself for raising prices at colleges: "Let's be clear: The price of college is almost certainly far higher than it should be, fueled largely by federal aid that essentially tells colleges 'charge whatever you want — we'll give students the money.' That's a major reason that average, inflation-adjusted prices have more than doubled in the last 30 years. And it is good that the president, and many others, are essentially acknowledging the inflationary reality of aid."

The Wall Street Journal implies that President Obama is to blame for the huge amount of debt. "Mr. Obama specifically blamed colleges and universities for charging too much. 'Not enough colleges have been working to figure out how do we control costs, how do we cut back on costs,' he said. His solution is for the federal government to rate colleges on their effectiveness and efficiency, and then to allocate federal subsidies to the schools that Washington believes are providing the best education at the lowest cost."

The Wall Street Journal says this is a well-worn political path: "Politicians subsidize the purchase of a good or service, prices inevitably rise in response to this pumped-up demand, and then the pols blame the provider of the good or service for responding to the incentives the politicians created."