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**News from NASFAA**

***Yes, It's Still Worth It***

Washington, D.C. (June 2007) – With average undergraduate debt levels hovering around \$20,000 for a 4-year degree, many have asked if going to college is still worth the years of inevitable student loan debt. The answer, according to new report from the Education Research Center (ERC) is a resounding YES!

The report, "Diplomas Count: Ready for What? Preparing for College, Careers, and Life After High School" uses information from the [Occupational Information Network](#), or O\*NET, a database developed for the [U.S. Department of Labor](#), and the [American Community Survey](#), conducted by the [U.S. Census Bureau](#), to show the strong, positive correlation between earning power and education level.

With politicians throwing around phrases like “student loan mortgage” and “mortgaging our future” in order to paint a doomsday-like picture of current student debt levels, it is important that prospective students aren’t scared off from college by the thought of student loan debt.

As a student borrower myself, I would love to be able to finish my graduate degree without any student loan debt. As it happens, I won’t, but I’m not complaining! My personal experiences confirm the findings of the ERC report: more education is worth moderate debt levels.

The Occupational Information Network was developed for the U.S. Department of Labor to classify U.S. jobs into one of five categories, or zones. Jobs are placed into each zone depending on worker attributes such as education level, training, and experience needed for that job. According to the ERC, the discrepancies between zones that require high skill and education levels (zone 5 jobs) and those requiring lower education levels (zone 1 jobs) is dramatic. But even more telling are the discrepancies between jobs that require moderate educational training, i.e., some college, and jobs that require no college.

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*“Opening Doors of Educational Opportunity”*

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In job zone 3, where almost 40 percent of jobholders have some college education, the median annual income is a little over \$35,000. Compare that to the bottom-end of the zone classifications in job zone 1 where the majority of jobholders have a high school diploma or less and the median annual income is less than \$13,000 a year, and it is easy to see that even some college is better than none.

Still, the majority of college graduates are likely to end up in job zones 4 or 5, where the median incomes are around \$50,000 and \$60,000 respectively. Considering that the average student loan debt is less than the price of most new cars, \$20,000 seems to be a reasonable price for an education that may yield \$50,000 to \$60,000 in annual income, and continue to grow for years into the future.

### **Labor - Market Mismatches**

Higher education levels are especially critical for low-income students who may need to turn to loans in order to meet unmet need. The majority of low-income, minority students tend to live in urban areas where zone 5 jobs are available, according to the report. For example, in Washington D.C. more than 15 percent of all jobs are at zone 5 level, meaning that they require a high level of education, experience, and skills. More than 75 percent of zone 5 jobholders in D.C. have at least a bachelor's degree.

But the report notes that ironically, those zone 5 jobs are almost entirely inaccessible to the D.C.'s public school students, where 40 percent fail to earn even a high school diploma let alone go on to college. This mismatch between the demand for highly skilled and educated workers and the oversupply of low-income, underserved populations in urban areas is not unique to Washington.

Getting the message out that college is vital to the future economic well-being of these students – in spite of some possible college loan debt – should be part of college access initiatives. The report examines state policies in three key areas:

- **College and Work Readiness:** Eleven states define what students should know and be able to do to be prepared for credit-bearing courses in college, and 14 states are working on a definition. Twenty-one states have a definition of work readiness, and 10 are working on one. Approaches to defining readiness fall into four major categories: standards, skills, coursework, and assessments.
- **Advanced Diplomas:** Twenty-four states award advanced diplomas or some type of formal recognition to students who exceed standard high school graduation requirements. But while all of those states award honors for accomplishments in core academic subjects, only eight also provide recognition for accomplishments in a career or technical program.

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- Exit Exams: Twenty-two states require exit exams for the class of 2007 and three states—Maryland, Oklahoma, and Washington—plan to do so for future graduating classes. The number of states basing exit exams on standards at the 10th grade level or higher has increased from six in 2002 to 18 in 2007.

Surely there is work to be done to ensure that college access initiatives help prepare students for the real opportunity of college. But in the financial aid community, as part of our message that students should graduate with as little debt as possible, it is important to ensure that students do not forego postsecondary education entirely for fear of future debt burden. Students need to understand that college is still worth the price of moderate levels of student loan debt. No debt is better than some debt, and while debt-free graduates are a laudable goal, statistically speaking, a future of economic stability is certainly worth \$20,000 in student loan debt.

By Justin Draeger, Assistant Director for Communications, NASFAA. Justin may be contacted at [DraegerJ@NASFAA.org](mailto:DraegerJ@NASFAA.org).

*The National Association of Student Financial Aid Administrators (NASFAA) is a nonprofit membership organization that represents more than 13,000 financial aid professionals at nearly 3,000 colleges, universities and career schools across the country. Based in Washington, D.C., NASFAA is the only national association with a primary focus on student aid legislation, regulatory analysis, and training for financial aid administrators. Each year, members help more than 8 million students receive funding for postsecondary education. In addition to its member Web site at [www.NASFAA.org](http://www.NASFAA.org), the Association offers a Web site with financial aid information for parents and students at [www.StudentAid.org](http://www.StudentAid.org).*

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[Editor: A photograph of the author is available for download at [www.NASFAA.org/Subhomes/MediaCenter/JustinDraegerPhotoMediaCenter.jpg](http://www.NASFAA.org/Subhomes/MediaCenter/JustinDraegerPhotoMediaCenter.jpg).]