

# Student Loans Cause 36 Million to Drop Out of College

According to a new report, since 2009, 36 million Americans have attended college without earning a degree. Consequently, 850,000 individual private loans valued at more than \$8 billion are now in default. With high and variable interest rates, these loans can cost students more in repayment than the actual cost of tuition. From 2005 to 2011 alone, private student loan debt more than doubled from \$56 billion to \$140 billion.

Among Black students who did not complete college, 69 percent cited high student loan debt as the reason. Soon after dropping out of school, these ex-students began struggling with repayment without the earning power a degree could have provided.

The report, *The Student Debt Crisis*, is authored by the Center for American Progress, an independent, nonpartisan institute. The October report analyzes key factors in this looming financial crisis including changes in debt over time, the role lenders have



## RESPONSIBLE LENDING

Charlene Crowell

played in the current crisis, who has incurred debt and factors contributing to the rise of student debt.

Most of the \$1 trillion in combined federal and private student loan debt can be attributed to the increasing cost of college, the choice by state legislatures to make higher education a lesser priority in annual budgets, aggressive lending practices, and the recession cutting into the savings and earning power of families, the report stated.

"Students of color, particularly African-Americans are graduating

with more student debt: 27 percent of black bachelor's degree recipients had more than \$30,500 in debt, compared to 16 percent for their white counterparts. And with Pell Grants facing cuts, many students of color who rely on these awards to help pay for school will be forced to borrow at even greater rates," the report observed.

Among students of color who

student loans that need to be repaid. Among young African-American college graduates under the age of 34, more than half – 56 percent – have delayed purchasing a home.

Further, the lengthy time it now takes for most new graduates to find employment brings another dimension to student debt challenges. While nearly 9 percent of recent White graduates are unemployed; nearly 11 percent of Black graduates and 13 percent of Latinos are unemployed.

Financial pressures have forced many state and local governments to make painful cuts, including in education. This reduction in funding left many institutions of higher learning with fiscal challenges. Some school endowments also lost funds as a result of the recession. As a result, most schools turned to raising the cost of tuition to replace needed revenues. To make matters worse for students, many

state-sponsored scholarships and grants were reduced, if not eliminated.

As costly as college has become, there are still valid reasons to pursue higher education. According to Wilbert van der Klaauw, an economist with the Federal Reserve Bank of New York, the disparities in lifetime earnings are stark. Americans with degrees can expect their collective earnings to reach \$2.3 million. For people that attended college but never completed a degree the lifetime expected earnings drop to \$1.5 million.

The report concluded, "The overlap of the recent recession and the continuing rise in student debt has created a perfect storm that is overwhelming many borrowers."

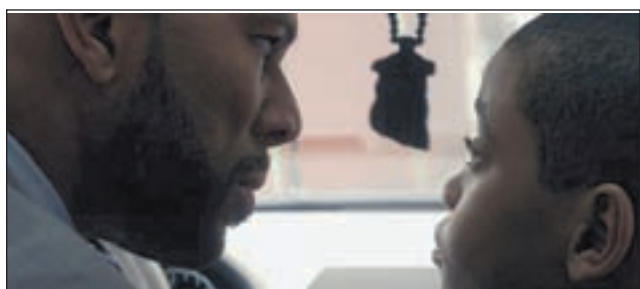
*Charlene Crowell is a communications manager with the Center for Responsible Lending. She can be reached at: Charlene.crowell@responsiblelending.org.*

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graduate, the report found that 81 percent of Black students and 67 percent of Latino students typically have one hand holding a degree and the other clutching multiple

## Movies

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Luv

nephew (Thiecoura) on a camping trip without his long-estranged brother's (Johnny Knoxville) permission. With Maura Tierney, SNL alum Darrell Hammond and the late Patrice O'Neal.

A *Royal Affair* (R for sexuality and violent

images) Romance drama revolving around a philandering queen (Alicia Vikander) who schemes with the help of her Royal doctor lover (Mads Mikkelsen) to wrest control of the Danish throne from her insane husband (Mikkel Boe Folsgaard), much to the chagrin of her

miffed mother-in-law (Soren Spanning). (In Danish, French, German and English with subtitles) ]

**Starlet** (Unrated) Intergenerational drama, set in L.A., about the unlikely friendship which blossoms when an aspiring, young actress (Dree Hemingway) finds a small fortune in cash hidden inside an object for sale at a cantankerous, elderly widow's (Besedka Johnson) yard sale. With James Ransone, Asa Akira, Liz Beebe and Amin Joseph.

## Craig

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ple around them to do their job. The most successful people I've met in my life are the ones who've had the ability to encourage and get the best out of people.

KW: Attorney Bernadette Beekman asks: What is your favorite charity?

DC: I have several: Dr. Bernardo's children's chari-

ty... a friend of mine runs a charity called Safe Africa, which is dedicated to the eradication of disease and poverty in Africa... another is the RNLI, the Royal National Lifeboat Institution, which I try to help out as much as I can... and a few others. But you know what? It may be a cultural

thing, but I kind of keep my charity work private, maybe because I'm English. I think it's a private matter. That's the way I grew up.

KW: Thanks again for the time, Daniel. It's been an honor.

DC: Nice to talk to you, Kam. Bye!

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**Pastor Annie Gutierrez**

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