Background

- Student Loan total burden now exceeds $1.4 trillion
- An increase of more than 380% over 2004 (Fed Reserve Bk of NY 2017)
- Average student loan debt $26,200 (Thorson & Horstman, 2014).
- Nearly 40% of Young adult households are repaying student loan debt (Ratcliffe & McKernan, 2013).
- The disadvantages of student loan debt is apparent when compared to their debt-free peers (Elliott & Lewis, 2015).

Social Contract Theory

- A college degree is an implicit social contract that education leads to increased human capital and therefore entrance to the middle class and access to better jobs (Rubin, 2012).
- Use of student loans attributed to the belief that higher education is a necessary career investment despite increased debt (Johnson et al., 2016).

Sample

Arizona Pathways to Life Success (APLUS)
- 4 waves from 2008-2016 (N=282)
  - 18-21 years old at Wave 1
  - 21-24 years old at Wave 2
  - 24-27 years old at Wave 3
  - 26-29 years old at Wave 4
- 177 (62.8%) female, 105 (37.2%) male
- 166 (58.9%) White, 62 (22.0%) Hispanic/Latino, 22 (7.8%) Asian/Asian American/Pacific Islander, 17 (6.0%) African American/Black, 15 (5.3%) Native American/other
- 129 (45.7%) Low socioeconomic status, 66 (23.4%) Middle socioeconomic status, 80 (28.4%) High socioeconomic status
- 218 (77.3%) Not first generation students, 64 (22.7%) First generation students

Purpose

Do young adults feel that higher education is worth taking on debt? (RQ1)
What is the association between young adults’ experiences of living with student loans and life satisfaction? (RQ2)
Convergent parallel mixed methods approach

Qualitative Results

“What advice would you give to high school seniors who are seeking student loans to pay for college?”

Plan Ahead

- Be careful with how much you take out. You may only borrow a thousand here and there each semester but over time and with interest it adds up.
- Think about how your career goals impact your ability to pay back loans and make decisions based on multiple factors.

Making Decisions Based on Future Outcomes

Look for Alternatives to University

- Go to community college for first two years. If you can’t afford to pay for 4 years, pay for 2. University costs are a joke and students are forced into debt for no reason.

Repaying Loans

- If you seek out loans, do so responsibly. Once you graduate pay as much as you can every month (not just the minimum payment).

Social Comparison & Character Statements

- “Students need to understand what it means to pay interest, and just how much they could be paying per month for loans. Many of my peers regret the college choices they’ve made because of the debt they’ve accumulated. They really had no idea what they were getting into.”

Quantitative Results

Life Satisfaction, 5 Items, (α=.903)
- In most ways, my life is close to my ideal.
- The conditions of my life are excellent.
- If I could live my life over, I would change almost nothing.
- Scale range: 1=Strongly disagree to 5=Strongly agree

Results

A general linear model (GLM) examined change in life satisfaction between valence groups across 4 time points.

Conclusion

“How is higher education supposed to be? Who is higher education for? Have we fulfilled the social contract?”

Implications

- “Truly understand what it means to take out loans before making that significant commitment.”
- Longitudinal study started before the Recession when the main concern was Credit Card Debt.
- Strong message of Responsibility to Repay – and to be Wary!
- No indication of college as a time to ‘find yourself’ or a moratorium.
- Was it worth it?

Selected References