



The Plural Of Anecdote Is Data (Except For Student Debt)

Findings:

- **The average amount owed by students with debt graduating in 2012 was \$29,400.**
- **The average debt reported in anecdotal news stories is \$85,400.**
- **If the anecdotes were a random sample, there would be a 0.000007 percent chance reporters would get this result.**

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Here is your assignment: “<Insert name> was a student at <insert local university>, but after graduating last spring they still can’t find a job and are facing <insert outrageous sum> in debt.” Congratulations, you’ve just finished the lede for your student debt article!

Unfortunately, you also may have missed key facts in the college affordability debate that are too often ignored.

Between the proverbial rock-climbing walls and the humanities majors with six-figure debt who didn’t complete their degree, the problems with higher education financing are being well documented. And while these problems are not to be dismissed, there is another side to the story that is also true but has been less widely reported.

A college education is one of the best investments one can make. College graduates are more likely to be employed, and when they are

employed they make more money.

A closer look at some of the particulars around college financing reveals more nuance than overall media coverage has indicated. While tuition has consistently gone up, the net price actually paid has been much flatter as universities offer more tuition assistance and discounts to entice attendance. And while the average amount of debt incurred has been increasing over time, the increase in monthly payments is typically manageable.

It is possible that one of the biggest problems graduates face is less the increasing cost and debt associated with a college degree, but actually the economy they enter. Returns to a college degree (i.e., income) have largely been flat over the past decade, not to mention the impact of the financial crisis. So while a degree is still a good investment, it is necessarily a less good in-

vestment than it was a decade ago.

This nuance makes the debate and discussion more interesting, but is it getting captured accurately in the anecdotal stories that are highlighted in the press?

To test this, we examined close to 100 articles over a three month period which had stories of students and families burdened by student debt. We wanted to get a sense of what levels of debt are being highlighted in the media and compare that to actual average debt loads as collected in government statistics (NCES: 2011-2012 NPSAS).

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student debt are distinctly unrepresentative of the actual facts around student debt. For those graduating in 2012, government statistics indicate the average amount

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owed for those who had student debt was \$29,400. But the average level of student debt reported in news coverage is \$85,400 (Figure 1). If this reporting were a random sample of students for stories about debt, there is a 0.000007 percent chance

reporters would get these results (that's 7 one-millionths of a percent).

Another way to view this is that the average debt level reported through anecdotes represents the 98th percentile of all who have debt. This would be the statistical equivalent of surveying a selected group of American workers, finding an average income level of \$360,000, and therefore reporting that the economy is doing well.

It's pretty clear based on the facts of the reporting that coverage of the college cost and student debt issue is skewed. And there are a few arguments that might justify individual stories that are so at odds with the typical facts

Fig. 1: Distribution Of Student Debt, Actual vs. Anecdotal Reporting

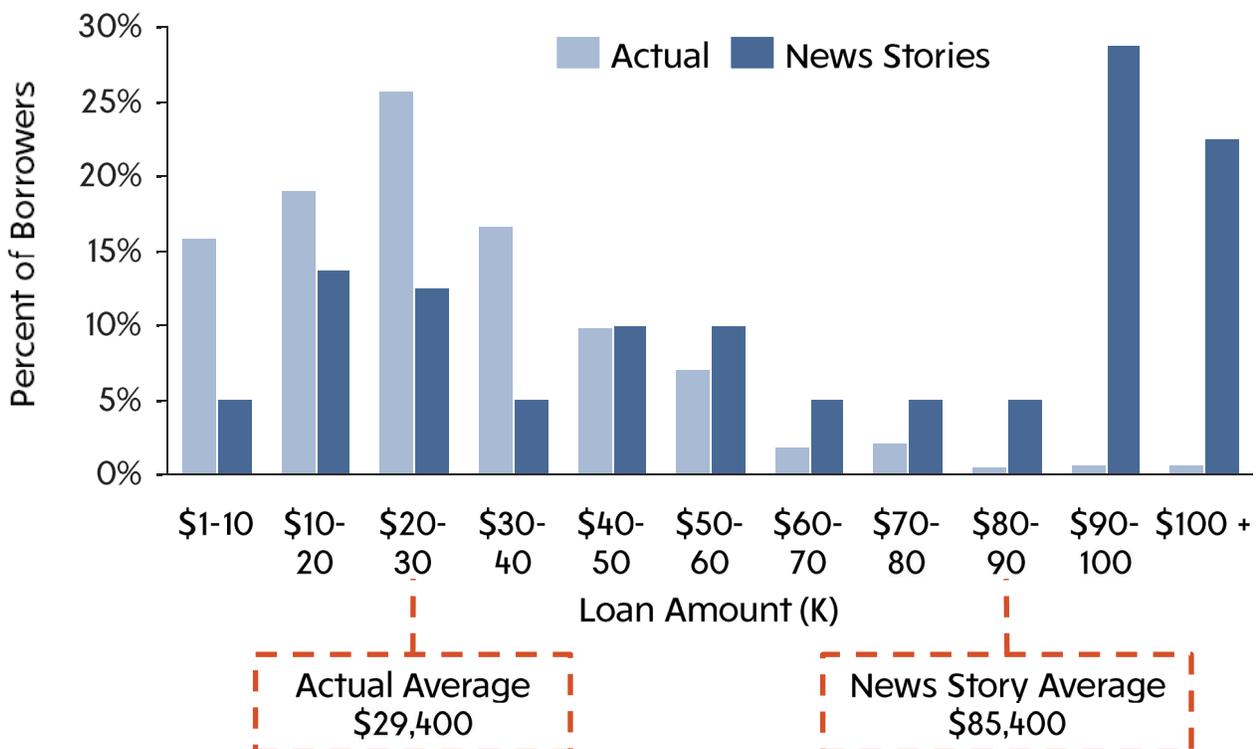
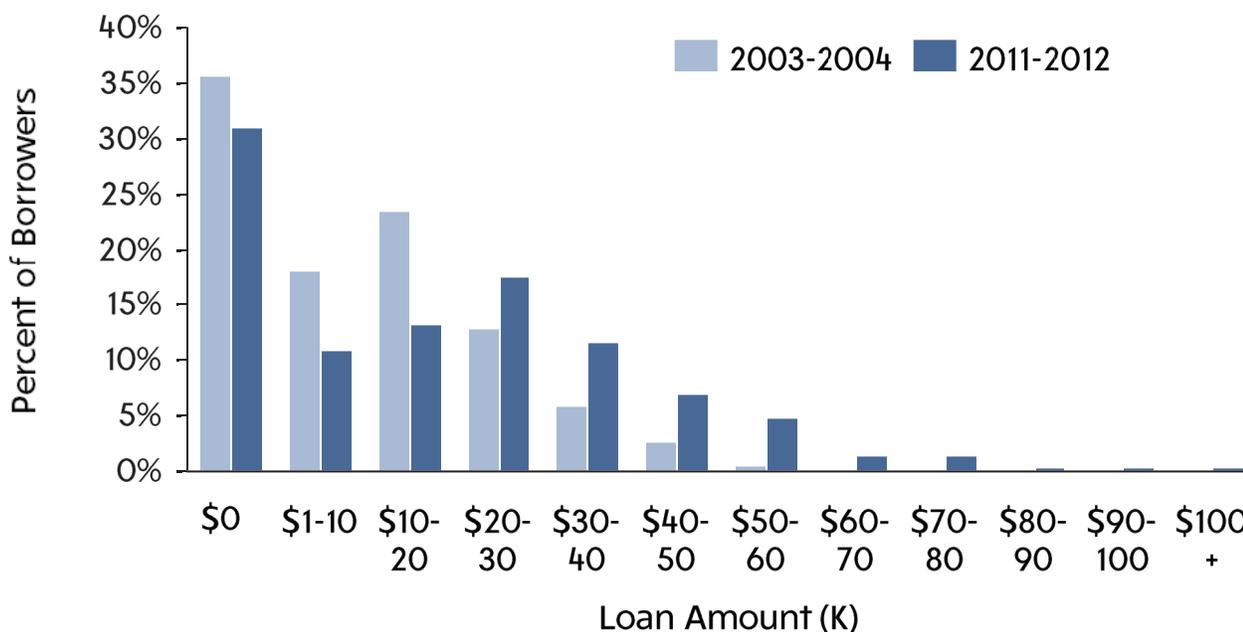


Fig. 2: Nominal Change In Distribution Of Student Debt



across the entire population. One is that these are special cases, and that is the definition of being news-worthy. That is true, but then these articles are human interest stories, and should not be serving to illustrate the larger discussion around student debt.

The other possibility that could justify systemic reporting of very high debt levels is more interesting. It is possible that the real problem with college debt is not actually the average debt incurred, but is actually the rare cases where students take out much larger amounts of debt, and while still rare, such a trend is increasing.

The greatest concern with this skewed coverage is the potential to impact aspiring students who may make decisions based on news coverage.

There is some evidence of more people incurring higher levels of debt. More people are taking out loans for college, and the amount borrowed has been increasing (Figure 2). But while this is a mild trend, the number of people with debt at elevated levels is still very small compared to the overall population of people borrowing for education, even in nominal terms. If we look at the real change in average debt held by individuals graduating with debt, it increased from about \$22,700 to about \$29,400 over the period 2003 to 2012.

The greatest concern with this skewed coverage is the

potential to impact aspiring students who may make decisions based on news coverage. There are two scenarios here. The first is that potential students get the incorrect impression that a degree is not worth it and they take a pass on higher education all together. This would be a mistake individually and would come at an economic and social cost collectively. The second scenario is that students are more judicious about their college selection and think through their plans of how to pay for school and what they want to accomplish while pursuing their degree.

We should hope it's the latter outcome, but just in case, a little more perspective in the coverage of the student debt issue would probably be a good idea. []