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How Do People Make Ends Meet?

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It will take decades to calculate the damage caused by the Great Recession, but there is little doubt that even those lucky enough to have jobs are struggling. For young people starting their careers, that is especially the case.

Two-thirds (65.6%) of undergraduate students in four-year programs graduating in the 2007-2008 school year had some debt, [according to FinAid.org](#). The average student loan debt among graduating seniors was \$23,186. One quarter borrowed \$30,526 or more and one-tenth borrowed \$44,668 or more. Graduates of graduate and professional schools often face six figures in debt.

For people in many professions that require [college degrees](#), that debt load leaves precious little money left to save for retirement, or anything else for that matter. Monthly loan payments vary depending on the amount financed and type of loan though the average student that borrows about \$20,000 gets pays a monthly payment of \$270, according to Sallie Mae. As Ron Lieber noted recently in the [New York Times](#), the student debt crisis creates a serious marketing problems for [colleges](#), which traditionally have held the promise of a golden ticket to prosperity.

“Urging students to attend a cheaper college or leave altogether suggests a lack of confidence about the earning potential of alumni,” he writes. “Nobody wants to admit that. And once a university starts encouraging middle-class students to go elsewhere, it must fill its classes with more children of the wealthy and a much smaller number of low-income students to whom it can afford to offer enormous scholarships. That’s hardly an ideal outcome either.”

But they may have little choice.

According to the U.S. Department of Labor, the average American family, or “consumer unit”, earned \$63,091 in income before taxes and incurred expenditures of \$49,638 in 2009. Every month, they spent about \$289 on food eaten at home, equaling \$3,465 on a yearly basis.

Transportation costs run about \$8,758 on things such as gasoline, [car](#) payments and car repair. That equals \$729.83 and includes more than one vehicle. There are 2.5 persons in a consumer unit, though most people will count their children as a whole person for tax purposes.

For single people, it’s harder to make ends meet because many have no one to share the burden of their expenses. The average rent on a 1-bedroom apartment is \$996, according to Rent.com. It’s considerably higher in major cities such as Los Angeles, New York and Washington, D.C. A single person can spend between about \$150 and \$300 on buying food to eat at home, [the U.S. Department of Agriculture says](#). Add about \$300 for monthly car payments along with utilities,

entertainment and other miscellaneous expenses and it's easy to see the fragile state of the [finances](#) of many Americans.

Most student loans are paid off in about 16 years, according to Mark Kantrowitz, publisher of FinAid.org. He added that data on loan repayments by different majors is not reliable.

"Probably when the loan nears the end of repayment the borrowers pay off the remaining balance with a lump sum," he writes in an email. "Plus, a percentage of the loans will be paid off early each year."

Thanks to the burdens of student loans and daily expenditures it may take even longer for some people to get on their feet financially. Salaries continue to be cut or frozen. Public servants are hit especially hard. Remember, the average starting salary of a teacher with less than one year of experience is \$34,539, [according to PayScale](#). With 5 to 9 years experience, that raises up to about \$43,000. Social workers with masters degrees, a prerequisite for getting many jobs, [earn \\$35,223 to \\$49,221 in total pay](#). Compensation for police officers ranges from \$35,545 to \$61,366.

The debt crisis is not isolated to high-paying jobs. [A law student in Boston](#) recently gained headlines when he pleaded with his dean to let him quit school in exchange for a tuition refund. Doctors avoid lower-paying specialties such as family medicine because of their high student loans. And it doesn't end there.

Universities in some states [have pushed through double-digit tuition](#) increases. That will continue as states continue to slash aid to education making college only affordable to the lucky few and a [financial](#) burden to everyone else.

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