

Part II – Freshman Applicant’s Essay (only for students entering their first year of college outside of high school college credits)

“The borrower is a slave to the lender, and the debtor to the creditor, disdain the chain, preserve your freedom; and maintain your independency: be industrious and free; be frugal and free.”

Benjamin Franklin, “The Way to Wealth”, (1758).

The materials and ‘Required Media’ below may offer you a new or different perspective from what appears to be the growing expectation that going to college means going into debt. Write a 700-850 word essay concerning the wisdom – or foolishness – of incurring debt, with special consideration given to debt used for college education.

The following questions need to be addressed in your essay based on the required media listed on the next page:

- Does the trend of ever-increasing college tuition justify ever-increasing levels of indebtedness for college students?
The amount of indebtedness for college students this year is \$37,172,¹ but average wages for graduates who actually got jobs only increased by 2.5% - to \$55,260.00.²
- Is the charge that indebtedness is a form of slavery warranted, or have things changed since Benjamin Franklin uttered those words in 1758?
- What advice about college, college loans, and debt do Dave Ramsey and Rachel Cruze give in their videos?
- Summarize the arguments for and against taking out a loan. What would “Poor Richard” likely say? What would Jessie Suren say now, after the fact?
- How might you see a similarity between current student indebtedness and the history of indentured servitude in the early United States as described in David Galenson’s work “The Rise and Fall of Indentured Servitude in the Americas: An Economic Analysis”? How does Jessie Suren’s experience factor in here?
- Apart from student loans, how could people pay for a college education? What are the advantages and disadvantages of taking out a student loan?
- If you end up with the new “average” student loan of \$37,172 at 5% interest, compounded annually, how much interest will you pay on that loan if you repay it in 8 years? Please refer to #2 on the Online Reading Sources section to answer this question. Please have someone check your work for this question. This calculation is a significant part of this application.
- Do you think that people should go to college to study whatever they’re interested in, or does “return on investment” (ROI) matter when considering a degree in college?

Question References

¹ Nitro College. <https://www.nitrocollege.com/research/average-student-loan-debt>

²NACE report. <https://www.naceweb.org/about-us/press/salaries-for-college-graduates-climb-even-in-the-face-of-the-pandemic/>

Required Media:

The Required Media includes 40 pages of text and 40 minutes of videos. You should be able to look through the materials in approximately two hours. All materials are available free of charge on the Internet.

Online Reading Sources:

1. Benjamin Franklin, "The Way to Wealth" (1758)
https://liberalarts.utexas.edu/coretexts/_files/resources/texts/1758%20Franklin%20Wealth.pdf
2. "Compound Interest Formula," *Corporate Finance Institute*. (2022)
<https://corporatefinanceinstitute.com/resources/knowledge/finance/compound-interest-formula/>
3. David W. Galenson, "The Rise and Fall of Indentured Servitude in the Americas: An Economic Analysis," *The Journal of Economic History*, Vol. 44, No. 1 (March 1984), pp. 1-26. A pdf of the article is available on <https://delegateneilparrott.org/scholarships/>.
4. Jane Quinn, "Seven Things They Don't Tell You About Student Loans" *CBS Money Watch* (December 2010)
<http://www.cbsnews.com/news/7-things-they-dont-tell-you-about-student-loans/>

Online Video Sources:

5. Jessie's Story- Jesse Suren is a student credited with equating being in debt with student loans as being a student loan debt slave.
 - a. America's Student Debt Crisis: Jessie's Story | Consumer Reports (2016)
<https://www.youtube.com/watch?v=PqzEcER8AJA>
 - b. #OutWithStudentDebt, A Day in the life of a Student Loan Debt Slave (2013)
https://www.youtube.com/watch?v=ns_nS2nsp5M
6. Rachel Cruze, "Students Reveal How They Went to College Debt-Free," *The Rachel Cruze Show* (2020)
https://www.youtube.com/watch?v=_6hdXWju-dk
7. Rachel Cruz and Dave Ramsey, "Rachel Cruze Talks College," *The Dave Ramsey Show* (2015)
<https://www.youtube.com/watch?v=tMtR7WFLBUA&t=2s>