

## Paying the pauper — ways to reduce student debt

**T**he savings and loan debacle, junk bond trading, insurance company failures, and insider trading are the financial scandals that we are exposed to in the media these days. Unless you've been burned by one of these, they are simply filler in the paper or another reminder of the excesses of the 80s. It takes something closer to home to bring the harsh realities of life out there into our own.

Several months ago, such a moment occurred for me when the difficulties of making it today hit home. A young applicant to our graduate training program sat across from me and asked, quite innocently, how much she could anticipate earning in her first year of practice as an associate. Usually, such a remark is the kiss of death for someone who is supposed to exude idealism and academic hunger and not be concerned with the material. She continued in the same breath to say that when she finishes her education, her loan payments will be \$2000 per month and she wondered about her ability to live on an associate's salary.

Two thousand dollars a month! This equates to the take home pay of only the top 10 to 15% of Americans. It is twice my monthly mortgage payment. It isn't the American dream and even if dentistry has another golden age, as some predict, this young woman won't be enjoying it until she's in her golden years.

Shock turned to introspection as I wondered how this happened. For this young person, eight years of private education meant a mountain of accumulated debt. She isn't alone. The average student indebtedness as reported by 80% of this year's graduating dental school seniors is more than \$55,000. Public graduates get away relatively easy, owing only little more than \$42,000 as compared to private school graduates, whose average debt is a whopping \$79,000! And remember, this is the average debt... some private dental schools report an average student indebtedness of \$100,000 or more!

It's easier to understand several things after a revelation of this magnitude. One is the popularity of general practice residencies and just recently, similar increasing interest in pediatric dentistry postdoctoral training. Both "pay to stay," providing stipends and deferring the repayment of student loans for a year or more. The other is why graduates

aren't setting up independent practices initially upon graduation. A cautious person is reluctant to assume more debt and our recently cautious banks are even more reluctant to add to that debt.

Reduction of debt and successful business careers are high priorities for these young people. The June/July 1992 issue of *Impact*, the publication of the Academy of General Dentistry reported results of a survey of 2400 members, all of whom were less than 10 years out of dental school. Those within three years of graduation from school placed dental school debt high on their list of concerns. All of organized dentistry needs to be concerned with this issue. Membership in our Academy requires American Dental Association membership, which doesn't come cheap. Putting aside all the rhetoric about the importance of membership in organized dentistry and how dentists can't afford not to belong, the issue becomes one of priorities. For an ever-increasing number of young dentists the choice is simple... meet or eat!

Debt reduction doesn't seem to be an element of practice association agreements, and it would seem that this would be a strong selling point. Loan forgiveness and debt servicing has worked reasonably well for the government and a similar buy-out in exchange for a commitment to a practice sounds like a winner. Interestingly, none of the people involved with associate agreements I spoke to had heard of anyone offering such an arrangement in an associateship package. Sadly, to the contrary, I heard horror stories of low-balling recent graduates, particularly women, whose personal situations made them prey as cheap labor. That's no way to build a profession!

Rest assured that postgraduation debt will figure more and more into the future of dental education, choice of a specialty and health care reform. It's a problem that won't go away. We can all begin by recognizing it and counselling students early in their education, well before they decide on a career. As a respected member of the community, you carry great clout in helping young people decide on careers. Giving some high schooler a valid and balanced picture of the future is a service equal to any we provide as clinicians.

Dental schools must counsel interested students not only on the availability of loans, but also provide

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real-life advice about what a dentist will have to make to reduce a debt, the real prospects for setting up a practice, and what a graduate can expect to gain by choosing one school over the other. This needs to be done with the same effectiveness and impact that my applicant's revelation had on me! Dentists looking for associates and partners can look at debt reduction as a way to attract people and to show their commitment to the young professional.

The 90s promise to be a time of hard choices and "dancing with the balance sheet of life." We can all help make it a little easier for someone else.

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