

The student loan debt crisis



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College was once considered a luxury but over the years, education has become accessible to more and more people, though the cost of college can be very expensive and doesn't give everyone the opportunity to attend. Many people still struggle to attend and one of those people could be the scientist that could finally cure cancer. There are programs out there that can help students, however many don't investigate them or just believe that it's best not to attend because even with help they wouldn't be able to afford to go. I don't believe college should be free, but I do believe it should be more affordable to give more people the opportunity to attend.

Student loans first appeared in 1840, exclusively for Harvard University students. It wasn't until 1965, when the U. S. Department of Education administered its first loans when Title IV of the Higher Education Act was passed, even though it was founded in 1867. Student loan debt started showing a little over 20 years later, in the late 1980s, when parents and students had incurred almost \$10 billion in federal student loans. Borrowers owed more than \$10, 000 in student loan debt and by the 1990s student loan debt skyrocketed.

College costs are quickly and continually rising and students and families are taking large financial risk to attend college. A one year at a nonprofit, four-year private college, including tuition, room and board, currently costs \$48, 510, compared with \$22, 240 in the 2000-2001 academic year (Nova & Schoen, 2019). Meanwhile, the median family income, after accounting for inflation, was \$59, 039 in 2016, little different than in 2000 (\$58, 544) (Nova

& Schoen, 2019). With the rising cost students and families are struggling and wondering if college is even worth it.

Scholarships can sometimes help offset the cost of attending school but are only available to a handful, and not everyone is in the position to apply for them. As well as scholarships do not always cover the entire cost of tuition. Some schools and states are trying out new programs to help student out even more. Some reports show that a degree is becoming less relevant and people are looking at other options such as technical schools, the military, and apprenticeships.

In recent years student loan debt has tripled. According to StudentLoanHero.com, “ Americans owe over \$1. 56 trillion in student loan debt, spread out among about 45 million borrowers. That’s about \$521 billion more than the total U. S. credit card debt, (para. 1). Among these borrowers and individuals who didn’t even complete their degree. With record low unemployment in recent years more Americans are defaulting on their loans or are in income-based repayment plans that will cost them more in the end. And with the rising cost of college, we will only see this number grow.

Student loan debt affects individuals and families. Adulthood milestones are being suppressed by our current student loan system by creating stress and health issues, such as depression, hindering marriage, owning a home and saving for retirement. Student loan debt also affects the economy. With the growing student loan debt crisis more graduate will be hesitant to start a business after graduation than individuals who are debt-free. High student loan debt can affect purchasing a home for many as well, slowing the home buying market. Those in default can’t afford to purchase a home or even

save for retirement. In recent years a growing number of senior citizens are going into retirement with high student loan debt for themselves, their children and sometimes for their grandchildren. Shockingly, 65% of seniors who graduated in 2017, had student loan debt (StudentLoanHero. com, 2019). Even more shockingly student loan debt is only second to mortgage debt in the United States. Liberating students from the expensive costs of education can cause less burden, stress, and financial difficulties after graduation.

Democrats and Republican have had many different views and suggestions to fix the student loan system over the years. Most of the 2020 Presidential Candidates have spoken about their views on student loans publicly. Senator Elizabeth Warren, previously a college professor, has expressed her plan of eliminating up to \$50, 000, in student debt per person. Bernie Sanders propose cutting student loan interest rates and allowing borrowers to refinance their loans, in his “ College for All Act” proposal. Currently President Trump hasn’t really mentioned any remarks on student loan reform. A recent proposal from U. S. Senator Lamar Alexander, who is advocating a Republican backed student loan plan that will deducting payments from a borrower’s pay check, as well as force colleges to prove degrees are worth the students time and money (Friedman, 2019).

I don’t believe college should be free, but I do believe it should be more affordable to give more people the opportunity to attend. As well as graduate without having to spend the rest of their lives paying loans back, for a degree they may never even use. Only 27% of undergraduates work a

job directly related to their college major (Abel & Dietz, 2014). But the biggest question is what can be done?

References

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