

Higher education and its financial burdens

Business



College is seen as a crucial mark of success in education.

The right college diploma is one of the greatest tools one can have for becoming successful, but this tool has become notoriously expensive in modern times. With a variety of challenges facing a recent graduate, ranging from high interest rates, to the already astronomical price of college itself. The first thing to consider is the price of college. The estimated expense for one year of undergrad schooling (tuition plus room and board) at Harvard is fifty-nine thousand dollars, and at Rhode Island College the estimated cost is eighteen thousand dollars (R.

I. residents, tuition plus room and board). These two prices represent the two extremes of college expenses. This poses the question, is paying a huge amount of money for college worth a degree that may not be an express ticket to a well paying job? One way around this question is considering the benefits of tech and trade schools. The average wage for a master plumber is around forty-five thousand dollars, and an undergraduate's degree in plumbing at New England tech is around twenty thousand dollars. This affordable alternative might not be as prestigious as a law degree from Harvard, but is a profitable career with a low cost of tuition.

My second point concerns loans and interest. Interest is a percentage charged by the bank and added on to the principle, making the amount due higher than the original loan. Interest is the main source of income for banks. Most interest rates, such as home mortgages, have come down in the past few years, but student loan interest rates have practically remained the

same (around 6.5%). A loan taken by student may take a lot of time to be paid back, and with time, interest is sure to follow and add up.

With expensive tuition plus room and board, a student could borrow a large amount that would become due upon graduation. Taking into account the slow job market and the compound interest, it would be very difficult for a student to pay off the loans, since the amount of money added by interest can increase dramatically, especially for more expensive schools. The third point I would like to make regards wealth. College is obviously the final stage of education, specialized in honing in on talents of students and making said talents into careers. The main problem in this idea is that college is so expensive that unless the student was born with a very specific set of abilities, he/she will have a very hard time paying for this education.

Another issue with these loans is that a student can take ages to pay it back, and place young adults fresh out of college with loans at a big disadvantage compared to people around them without these loans. A student without loans has more freedom when it comes to money. He can buy a house, begin investing in a 401-k, overall, accumulating more wealth. Whereas another student with the same degree from the same school who had to take out some loans would first need to devote at least part of his income to pay of the debt, thus handicapping his abilities to accumulate wealth. Paying for college is proving to be a life long financial burden on a graduate and potentially their family. Upon looking at these three points, one question remains on the table.

Is college graduation the beginning of a wealthy life, or a financial funeral?