

## The Student Debt Crisis: How Did We Get Here by Jordyn Buckland

As the amount of student loan debt soars above \$1.5 trillion in the United States, many Americans find themselves facing one of the biggest financial crises of their lifetime; the Student Debt Crisis. Millions of Americans have only now just started to see the impact of this crisis, and begun to understand the financial weight it will have on future generations, despite it being an inevitable result of years of legislation and corporate influence on the higher education system.

Back in the 1970's, a series of legislation and social changes encouraged more people to go to college. (Sanchez) As the demand for higher education increased, tuition prices began to rise, and so did the number of people who needed loans to afford it. (Watson) Initially, people did this by taking out home equity loans, but after the housing market crashed in 2008, banks reformatted the loan structures to be tailored more for college students. (Selingo) Another consequence of the housing market crash was the reduction in money states gave to public colleges, which resulted in universities receiving less income. The school's response to this was to reduce their rates to attract more students to attend, but that didn't reduce the students' need for loans. Perspectives on college education itself also began to change, and soon the idea of having a degree was not only desirable for future employment, it became a requirement. As schools accommodated for more students, prices began to rise again, and between the years 2008-2018, tuition costs at public schools rose an average of 36%. (Whistle) Today, 54% of college students take on an average of \$30,000 of debt each, which is a far cry from the average debt of \$9,000 back in 1993. (Kurt) (Farrington)

A direct result of this debt accumulation shows that people with student debt are indirectly influencing the economy. A lack of financial security has prompted people to delay significant milestones, such as marriage, having children, and the investing in new homes, cars, small businesses or retirement plans. (AICPA)

Considering the severity of the problem, there are few options and little advice available to students to protect their financial security should they decide on college being an absolute option. Much of the advice out there weighs down to warning students against more expensive institutions or playing the lottery with scholarships, but there are better options. Many vocational employers offer student loan repayment options, or even sponsor students to go and pursue even more advanced degrees, such as masters or doctorate degrees, but this cannot apply for everyone. Some are hoping for the US government to bail out the debt crisis by forgiving all student debt, but the current price tag as well as the unfair burden that would be distributed amongst taxpayers makes this option highly unlikely. (Kurt) The ultimate payoff of that is also not expected to last long as it still wouldn't address the true root of the problem, being exceedingly high tuition costs. Alternative solutions like limiting tuition rates of public colleges and relief packages for low income students would be likely to make a difference, however the debt crisis is not currently expected to be addressed by legislators until after the current public health crisis. (The Annie E. Casey Foundation)

For now, student loan repayments have been frozen to accommodate the massive loss in employment to prevent the situation from worsening, but it is still ultimately clear that without immediate change, it won't be long before the number of adults in the US with student debt will exceed 32 million and further damaged the already aching domestic economy. (Kurt)

### Works Cited

- AICPA. "Realities and Regrets of Student Debt." n.d. Infographic. 27 February 2021. <<https://www.360financialliteracy.org/Tools/Infographics/Realities-Regrets-of-Student-Debt>>.
- Farrington, Robert. *Average Student Loan Debt By Year*. 20 08 2020. 27 February 2021. <<https://thecollegeinvestor.com/32031/average-student-loan-debt-by-year/>>.
- Kurt, Daniel. *Student Loan Debt: 2020 Statistics and Outlook*. 07 01 2021. 27 February 2021. <<https://www.investopedia.com/student-loan-debt-2019-statistics-and-outlook-4772007>>.
- Sanchez, Claudio. *How the Cost of College Went From Affordable to Sky High*. 18 March 2014. 27 February 2021. <<https://www.npr.org/2014/03/18/290868013/how-the-cost-of-college-went-from-affordable-to-sky-high>>.
- Selingo, Jeffrey. *How the Great Recession Changed Higher Education Forever*. 21 09 2018. 27 February 2021. <<https://www.washingtonpost.com/education/2018/09/21/how-great-recession-changed-higher-education-forever/>>.
- The Annie E. Casey Foundation. *Solutions to the Student Debt Crisis in a Time of Economic Distress*. 20 04 2020. 27 February 2021. <[https://www.aecf.org/blog/solutions-to-the-student-debt-crisis-in-a-time-of-economic-distress/?gclid=Cj0KCQiA-OeBBhDiARIsADyBcE5nLDsAgLUJNhYJxAgxURKfz3-EEqUKP7gjUOGYbzCJqqUdqFTqOSQaAI\\_ZEALw\\_wcB](https://www.aecf.org/blog/solutions-to-the-student-debt-crisis-in-a-time-of-economic-distress/?gclid=Cj0KCQiA-OeBBhDiARIsADyBcE5nLDsAgLUJNhYJxAgxURKfz3-EEqUKP7gjUOGYbzCJqqUdqFTqOSQaAI_ZEALw_wcB)>.
- Watson, Patrick. *The Real Reason Behind the Student Debt Problem*. 06 February 2018. 27 February 2021. <<https://www.forbes.com/sites/patrickwwatson/2018/02/26/the-real-reason-behind-the-student-debt-problem/?sh=5b5a6faa1f92>>.
- Whistle, Wesley. *What is Driving the \$1.5 Trillion Student Debt Crisis*. 01 September 2020. 27 February 2021. <<https://www.forbes.com/sites/wesleywhistle/2020/09/01/what-drives-the-15-trillion-student-debt-crisis/?sh=b1bd4507aec3>>.