The Effects of Student Debt

One might wonder how debt from the college experience has become an increasingly widespread problem in America. This dilemma stems from a lack of state funding. Between 2006 and 2012, “29 states allocated less money to higher education” (Elliott). In turn, with less coverage by the state, college students are left with the burden of making up the difference by paying higher tuitions. According to William Elliott, “Even the traditionally more affordable in-state, public four-year college costs were $8,655 for the 2012-13 school year, an increase of 4.8 percent from the prior school year.” The climbing prices for a college education directly correlate with the debt students acquire. College students’ accumulated debt from tuition can potentially lead to a spiral effect of continuous debt, which may have long-term negative consequences such as declines in local economies, delays in marriage and parenthood, and neglected retirement funds.

In addition to tuition rising, the coverage by federal financial aid has plummeted, leaving students with fewer options. Federal financial aid is money given by the government to college students to help with their educational costs, but a student’s eligibility is determined by his or her assets and income (Elliott). Elliott states that in the last decade, the maximum coverage of the Pell grant dropped from 98 percent of college tuition and fees to only 64 percent. In other words, not only are students being asked to pay more, but they are also receiving less financial help than
was once offered by the government. Therefore, applying for a loan has become the most common solution to affording a higher education.

First of all, the debt that college students acquire from tuition and other college fees can result in a pattern of debt throughout their lives that may negatively impact local economies. Over recent years, tuition has skyrocketed, yet real income has eroded (Elliott). This makes affording the electricity and water bills a struggle for some people, let alone college tuition. Graduated college students have to begin repaying loans “six months after earning their diploma or dropping below half-time status” (“Helping Clients Graduate”), so they have less purchasing power than the average American. Kristin Broughton states, “Overall student loan debt reached $1.3 trillion at the end of 2016;” she continues by suggesting that “[this] surge in student debt is a drag on the overall economy because consumers burdened by high debt are buying fewer goods and services.” If graduates cannot afford to buy as many goods and services, their local economies will not be as stimulated. Now on a larger scale, this is county wide, so overall economy will suffer in the long run.

Furthermore, missed or late payments on a loan could hurt college graduates’ credit scores and damage their “ability to qualify for home loans” (Broughton). Having low credit could make it more difficult for graduates to get approved for loans for a new car or their first house, but it also could make it much harder to get accepted as a tenant if they look to rent. Not being accepted could result in young adults being forced to wait on becoming more independent and having to stay with their parents until their credit improves. For older students, it may require them to stay where they reside until they improve their payment history. Long-term renting is worse for people struggling financially because it is not an investment; therefore, after spending all that money, the tenant will not own any property. In fact, “about 360,000 fewer
young Americans owned a home in 2015 because of student debt” (“Student Debt”). Even if graduates’ credit scores are not heavily impacted, loan payments may prevent someone from affording a monthly mortgage or rent payment. All in all, educational debt can act as a barrier to getting into a new home.

Not only can educational debt act as a barrier to purchasing a home, but it also can delay young graduates’ plans for “marriage and parenthood” (“Student Debt”). Owning a home, getting married, and starting a family are heavily associated with adulthood (“Student Debt”). Generally, it is more common for a couple to live together before marriage or for the couple to move in promptly after marriage. So, if graduates must wait to get their own place because of student loan debt, it may put off their decision of when to get married and have children.

Similarly, accumulated student loan debt could potentially delay the start of a retirement fund (“Helping Clients Graduate”). On average, it takes 21 years for college graduates to pay off their loans (Ross), so it is entirely possible, especially for older students, for their children to start taking on student debt while the parent is still working on repaying their own. As people get older, it is wise to save for retirement to ensure a maintained lifestyle. For a young college graduate, a delay in these savings may not impact them heavily. On the other hand, for those who are older, acquiring debt at a later age leaves less time for procrastination.

Moving forward, to every problem there are solutions. Based on a survey of 518 former college students, “47% said they may not have gone to college if they knew the impact that college debt would have on their lives” (Nemeroff). To possibly provide a more pleasant response in the years to come, graduates could consider loan forgiveness and loan refinancing (Nemeroff). The main solution would be states to reinvest in higher education so it may be more affordable and so that loans will not be astronomically high. There is much to be done to
equalize tuition prices, but until then it would be best for parents to urge their children to take advantage of dual enrollment and advanced placement courses during high school. These classes are free and can earn them college credit. Also, current college students should apply for as many scholarships and grants as possible to lower their costs.

In conclusion, a college education currently has great demand in America, and people are willing to get themselves into financial holes to attain one. Student debt acquired from college tuition and fees may cause recurring debt and other unintended consequences such as a decline in local economies, a postponement of starting a family, or an insufficient retirement fund. However, doing what is necessary to lower tuition costs could result in a more stable economy and more freedom for graduates to live their lives and start a family comfortably.
Works Cited


"Helping Clients Graduate from Student Debt; Advisers Are Adding Value to Their Practices by Helping Millennials Come Up with Better Ways of Paying Down Their College Loans." Investment News, 8 Aug. 2016, p. 0010. Academic OneFile,


Ross, Scot, and Mike Browne. "Sentenced to Debt." The Progressive, Nov. 2013, p. 32+. Academic OneFile,