

A Macro/Meso/Micro Analysis of the Student Loan Debt Problem in the United States

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Abstract

This paper analyzes the U.S. student loan debt crisis through historical context and a macro/meso/micro-framework. The 1970s and 1980s marked a significant transition from grants to loans, driven by neoliberal views of higher education as a private good, increasing the financial burden on students. I use Yingyao and Polillo's (2016) framework for understanding power to explore how student loan debt is experienced at macro, meso, and micro levels. There is a particular focus on how students and the federal government put universities in the position of navigating competing demands from students and the federal government. Recent trends, such as free community college programs and growing public support for loan forgiveness, indicate a cultural shift toward recognizing higher education as a public good. However, systemic changes are needed to address debt inequities and reduce the financial burden on students. I call for a reimagining of cost-sharing dynamics and a renewed commitment to higher education as a societal investment rather than an individual responsibility.

Keywords

Higher education, student loan debt, history

Suggested Citation

Bacigalupa Albaum, A. (2025). A macro/meso/micro analysis of the student loan debt problem in the United States. *Journal of the Student Personnel Association at Indiana University*, 18-32.

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In August 2022, President Biden announced a federal student loan debt forgiveness plan that the Supreme Court eventually halted (Hammond, 2023; Hurlley, 2023). Despite the Supreme Court order, President Biden has found other ways to begin forgiving student loan debt; as of February 2024, \$138 billion of loan debt had been forgiven for almost 3.9 million borrowers (The White House, 2024). This political strategy has been the culmination of years of advocacy and shifts in public opinion regarding reducing student loan debt, part of a larger conversation of who should bear the burden of paying for higher education.

The term cost-sharing refers to the shift of the higher education cost burden to students and parents (Johnstone & Marcucci, 2007). Cost-sharing can refer to the policy maneuvers that caused these shifts and the costs of higher education split between governments, philanthropy organizations, and individuals. The introduction of student loans by the federal government through the National Defense of Education Act (NDEA) in 1958 helped alleviate the cost burden for individuals while maintaining cost-sharing programs. The subsequent updates to student loan policy have led to the three basic categories used to define student loans today: Direct Loans (federally sourced), Federal Family Education Loans (federally sourced), and private loans (private loans through private banks) (Johnson et al., 2012). In March 2024, the total outstanding national student loan debt balance was \$1.727 trillion, with the average public university student borrowing \$32,637 to pay for their undergraduate education (Hanson, 2025).

This paper will examine the challenge of reducing student loan debt and shifting the cost burden of higher education in three phases. First, I will look at the historical background of the student loan debt crisis, beginning with the university-building era cost-sharing dynamics. I focus mainly on the post-war era and the cultural and policy shifts that led to increased access to higher education and the subsequent development of federal student aid in the context of the privatization of higher education. I then conduct a power analysis using the macro-, meso-, micro-framework proposed by Yingyao and Polillo (2016) to understand how institutions navigate cost-sharing dynamics. I end the essay by exploring current trends and future directions for cost-sharing, including increased state investment through free community college, restructuring federal aid, and the less-discussed graduate student loan debt crisis.

Historical Background

The present student loan debt crisis is a more recent phenomenon, rooted in legislative changes to the federal student loan program in the 1970s and 1980s. The first disbursed student loans trace back to the early nineteenth century (Adam & Bayram, 2019). Because early American higher education generally did not charge tuition, and because I situate the student loan debt issue with federal government policies, this analysis will focus on the post-civil war history exploring how the federal government's involvement in higher education grew and how the cost burden of education shifted over time.

I begin with the passage of the Morrill Act and philanthropic giving in the University Building Era; both contributed to the expansion of higher education in the late nineteenth century. I then discuss the GI Bill and the Truman Commission as cultural and policy nudges for federal action to further support higher education expansion. The passage of the Higher Education Act in 1965 followed, representing a large investment in federal funding for higher education. The 1970s and 1980s saw the creation of Sallie Mae and the passage of the Middle-Income Student Assistance Act, yielding a shift from grant aid to student loans. I end by exploring the early 2000s and the impact of the Great Recession of 2008, which brought the issue of student loan debt to the mainstream media and sparked political debates.

The University Building Era

The Morrill Act

The Morrill Act of 1862 represents the first large-scale federal investment into the United States higher education system through the forced acquisition and sale of Indigenous land to strengthen or develop new institutions across the quickly expanding United States (Thelin, 2019). Thelin cautions that the federal government's contribution should not be overstated, given that this policy reflected a federal land policy more than a federal higher education policy. It is nonetheless notable as recognition by the federal government of how higher education might be used to further its goals. While not an ongoing funding source, this is an early example of the federal government taking on the cost burden of supporting higher education. At the same time, philanthropy took on the cost burden of expanding higher education across the United States.

Philanthropy

Philanthropy in higher education has a long history of supporting institutions, though its role and types of gifts have changed over time. Thelin (2019) noted that between 1893 and 1916, philanthropic gifts increased dramatically across the country, and the portion of those gifts going to higher education increased from 47% to 75%. The increase in giving in this period saw public figures without ties to higher education nonetheless give gifts to higher education institutions (Curti & Nash, 1965). These gifts were often given without specific intentions to allow the university presidents some flexibility in determining their use (Thelin, 2019). The philanthropic pattern of this era indicated a recognition of higher education as a public good. While federal governmental sources had not yet stepped in to provide ongoing funding, the increase in philanthropy and the Morrill Act underscore a recognition of higher education's importance to a growing society.

The University Building Era ended with significant growth in the university system overall (Thelin, 2019). As the economy grew and the personal benefit of attending college became more apparent, particularly in the late 1910s and onward, the perception of a college education as a public good, paid for by taxes and donations began to be viewed as a private good, paid for by the student through tuition (Adam & Bayram, 2019). Adam and Bayram note that it was in the 1920s and 1930s that tuition charges became "an accepted and integral part of the economics of higher education" (p. 39).

GI Bill and the Truman Commission Report

The GI Bill, passed in 1944, provided, among a host of benefits, the opportunity for white male veterans to attend higher education institutions with their tuition paid by the federal government. The main intention of the GI Bill was to reduce unemployment as the returning World War II veterans would shock the workforce by re-joining at once (Thelin, 2019). Once again the federal government developed legislation that would impact higher education to solve a societal issue. While the GI Bill was more successful in providing access to higher education than Congress had expected, D. A. Clark (1998) argued that the true success of the GI Bill was the cultural change it sparked across the country. Whereas higher education had previously been a space for the elite, the influx of veterans into higher education changed this perspective and instead introduced higher education as a step along the path to achieving the American Dream.

The influx of veteran students into the system, despite the tuition assistance from the government, created concern for college administrators who felt that private support wouldn't be able to cover their increased operating expenses (Curti & Nash, 1965). Three years later, in 1947, the Truman Commission Report called for equal access to higher education. Recognizing the financial strain it would

place on institutions, the Commission noted that the federal government would have to increase the amount of support it provided to institutions (Hutcheson, 2007).

The GI Bill and the Truman Commission Report both served in the 1940s and 50s to reinforce a need for expanded access to higher education and a shift in cost-sharing dynamics. Creating a social interest in further increasing access to higher education helped shift the Overton window for policy change. The Truman Commission Report, potentially ahead of its time, provided some policy pressure for the government to adopt the cost burden of increasing access to higher education rather than the student.

1965 Higher Education Act

After years of advocacy for comprehensive support of higher education, including the passage of the NDEA, Lyndon B. Johnson passed the Higher Education Act of 1965, representing the federal government's largest commitment to supporting higher education in the United States (Hawkinson, 1977). The Higher Education Act of 1965 (HEA) has four main Titles to the act which provide funding for continuing education (Title I), assistance for libraries on college campuses (Title II), assistance dedicated to developing institutions (Title III), and the establishment of a grant and loan program for low-income students (Title IV). The impact of the HEA on increasing access to higher education, particularly for low-income students, cannot be understated. The following two decades would see increases and expansions of the program, opening the door to loans for students from middle-class families.

From Grants to Loans: The 1970s

President Lyndon B. Johnson's 'Great Society' view of higher education as a public good in 1965 faded quickly throughout the seventies and eighties (Scott et al., 2023). As a public good, the federal government assumed a large share of the cost burden. However, as the public perception of higher education shifted to education as a private good, the cost burden shifted to the private citizen. In a report on the shifting dynamics of student aid from the 1970s to the 1990s, Thomas Mortenson (1990) found that, "in 1975, 76 percent of all federal aid was in the form of gifts such as grants, scholarships, and benefits. By 1988 the share of federal aid that was gift aid had dropped to 30 percent" (p. 15). Mortenson goes on to detail that this shift resulted from the elimination of some gift aid programs, the expansion of the student loan program through the Middle Income Student Assistance Act, and the creation of private lenders. The legislation passed during this period also gradually shifted the allocation of gift aid to support middle-income students and the allocation of student loans to support low-income students, which was the inverse of the original intention of these programs. Not only was the federal government shifting costs to students, but it shifted the costs to those who could least afford it.

The Creation of Sallie Mae

Banks were unwilling to take on the risk of student loans in the 1970s due to the economic downturn; they viewed the interest rates as unprofitable at a time when the market was already struggling (Mitchell, 2021). Treasury Secretary Charles Walker proposed that Congress create a corporation to buy student loans from banks, allowing banks to make new loans to students. Congress passed the law, and the Student Loan Marketing Association was created and nicknamed Sallie Mae, offering an 80% guarantee on defaulted student loans. Four years into its existence, states were reticent to take on the risk of assuming student loan debt, so the government passed a new law providing a 100% guarantee on defaulted loans. This process gave lenders a risk-free environment without concern for the amount lent; they became highly incentivized to distribute student loans. Throughout the seventies,

Sallie Mae supported legislation that would increase access to student loans, culminating in the Middle Income Student Assistance Act, opening student loans to everyone.

The Middle-Income Student Assistance Act

With the rising costs of college now particularly challenging for students in the middle class to bear, providing aid to middle-class students became a politically popular stance (Thelin, 2019). The Middle Income Student Assistance Act (MISSA) was passed in 1978 and made all students eligible for student loan programs, regardless of family income. By 1980, Congress had passed a law allowing Sallie Mae to sell company shares to the public, creating a further influx of cash as Wall Street investors took advantage of the profit guarantees (Mitchell, 2021). Lenders continued to push student loans, now with a much wider audience.

Philanthropy

As the federal government and students stepped in to assume a larger share of the cost burden of higher education, philanthropy found itself providing a much smaller percentage of institutions' financial need (Curti & Nash, 1965). As the percentage of funding dwindled, philanthropic organizations lost the power they had during the University Building Era when wealthy men could revolutionize the field. Curti and Nash (1965) remark that in the twentieth century, "even the giant foundations [were] unable to do much more than make pilot and experimental studies" (p. 146).

As the wave of privatization swept across institutions and the economic struggles of the 1970s led to decreased state funding, foundations found themselves taking on a greater share of the cost burden and regaining some power over the direction of higher education (Curti & Nash, 1965; Thelin, 2019). The 1980s brought forth a new generation of funders who focused on educational issues rather than individual campuses; this period marked philanthropic efforts shifting into playing the role of funding innovation (Thelin, 2019). In this era, institutions no longer could depend on being the sole recipient of a foundation's giving. As the federal government shifted the cost burden to students and the economic downturn lessened states' contributions, institutions competed for philanthropic donations in a marketplace that valued innovation. The cost-sharing dynamics created uncertainty in funding, where the only financial input institutions maintained control over were their incoming tuition dollars.

In this uncertain environment, it is unsurprising that institutions would increase tuition. The 1980s saw tuition increases that more than doubled, often outpacing inflation and the Consumer Price Index (Johnson et al., 2012). While student loans bear some responsibility for tuition increases, Johnstone and Marcucci (2007) also point to increased per-student costs, increased participation in the system, and decreased support from governments. By the 1990s, the dysfunction of the student loan system and the high default rates became apparent, leading to an overhaul of the system that included Congress becoming a direct loan services provider while stripping away provisions that would allow students to file bankruptcy. Rather than having Sallie Mae or private banks profit from student loan debt, the debt would be able to make money for the government (Mitchell, 2021). The 1990s were characterized by rising caps on the amount of student loan debt parents and students could assume to pay for the student's education (Eaton, 2017). Student loans continued growing into the early 2000s.

The Early 2000s: Declining Public Funding and the Great Recession

Entering the 2000s, Thelin (2019) quotes university presidents as saying, "We used to be state supported, then we were state assisted, now we are state located" (p. 355), reflecting dwindling state support for university operating budgets. Across the board, universities were tightening their budgets as

not only state appropriations declined, but donations, endowment returns, and federal research grants also declined.

With the widespread adoption of the internet and expectations of needing a competitive workforce for a globalized marketplace, U.S. Secretary of Education Margaret Spellings formed the Commission on the Future of Higher Education in 2006. The Spellings Commission reinforced the importance of higher education but through the lens of labor market projections and global competitiveness (Hutcheson, 2007). The Spellings Commission report placed higher education as a major economic engine that also served “as cultural and civic centers” (C. Miller et al., 2006, p. 6).

Two years after the Spellings Commission Report was released, the United States entered the Great Recession, an economic downturn people felt across the country. In higher education, diminished returns and losses in endowments, as well as further cuts to government support, led to tuition increases (Adam & Bayram, 2019). Households saw wage cuts and job losses. Adam and Bayram (2019) state, “these increases in tuition and fees forced students to take on more and more student loans. From 2005 to 2015, the amount of outstanding student debt more than doubled, rising from about \$450 billion to more than \$1.1 trillion.” (p. 22). Student loan debt became a national conversation as students and economists began protesting the economic impact of the high-cost burden students bore as state and federal cost-sharing lessened.

The Morrill Act, HEA, and MISSA are all policy changes that impacted the government’s relationship with the cost burden of higher education. The GI Bill and the 2008 recession represent cultural shifts in how the public viewed higher education. The GI Bill produced a shift in support toward broader access to education, and the 2008 recession represented a cultural shift in the awareness of student loan debt and its potential cost to society. The GI Bill’s success preceded the implementation of the Higher Education Act. After the election of President Biden brought loan cancellation to millions of Americans, it would seem that the 2008 recession and the cultural awareness of the challenge of student loan debt preceded policy opportunities to address the issue and once again shift the cost burden of higher education. It should be noted that a variety of factors will have influenced support for debt cancellation policy, including a recent government report showing that student loans are costing the government far more than they earn (U. S. Government Accountability Office, 2022).

Organizational Analysis

Reducing future student loan debt, while maintaining a highly accessible higher education ecosystem requires shifting the cost burden away from the student. I use the framework proposed by Yingyao and Polillo (2016) to examine the power dynamics associated with shifting the cost burden across three levels: macro, meso, and micro. The macro-level focuses on forces that shape large-scale social formations and outcomes such as the institutions (philanthropic organizations, state governments, and the federal government) that provide funding to colleges and universities. Micro-level structures refer to students' experiences and the loan debt held by individuals.

Yingyao and Polillo (2016) offer the meso approach to power as a third level that functions as an intermediary between the micro and macro. The meso-level operationalizes macro-level power while simultaneously shaping the nature of said power for the micro-level by “making it [macro-level power] invisible and multiplying the sources from which power springs” (Yingyao & Polillo, 2016, p. 52). Educational institutions operate in this meso space where power is diffused and moderated through formal structures.

The Spellings Commission and the increasingly market-based approach to higher education necessitates understanding neoliberalism as a force that shapes how micro-, meso-, and macro-level entities interact. Neoliberalism is a philosophical viewpoint that sees higher education as an economic

charter between a university and an individual. It encourages institutions to adopt industrial models of education that prioritize privatization, commercialization, and corporatization (Kezar, 2004). Neoliberalism alters power dynamics by de-emphasizing the state and instead focusing on competition between actors (Slaughter et al., 2015). The increase in student loan debt has coincided with an increase in neoliberal sentiment that education is a private good (Coco, 2013), which aligns with the neoliberal argument that the benefits of higher education are mainly private (Slaughter et al., 2015).

Macro-Level Forces: Funders

This section focuses on the state and federal governments and philanthropy organizations funding higher education. While institutions' funding sources vary widely across states and institution types, this analysis focuses primarily on public institutions to examine the power dynamics of cost-sharing for a public good in the context of a neoliberal perspective.

State Governments

State governments historically have provided funding to institutions to cover operating costs. As such, they do not necessarily dictate institutional changes or programs they want to see implemented. However, states are highly concerned with the health of the state economy and will prioritize institutions that serve this space. Thus, it is not surprising that two-year institutions have seen a smaller decline in their state funding than four-year institutions (Kelchen et al., 2020). An additional challenge for institutions is the states' budget structure. Higher education is generally located in discretionary spending, which requires yearly approval (Johnson et al., 2012). States' tendency to prioritize healthcare and K-12 spending in economic downturns creates an additional layer of uncertainty for institutions (Kelchen et al., 2020)

While often unwilling to insist on specific institutional changes, states have increasingly adopted 'performance-based' funding models. These models encourage institutions to focus on practices that will improve graduation and retention rates. Research on the models generally shows mixed results, with some noting successes (Laderman et al., 2023) and others showing fewer changes or harm to the overall system (Shen, 2022). States employ a neoliberal approach to funding higher education, prioritizing a quick return on investment through graduates' employment in high-need sectors.

Federal Government

The federal government views higher education as an economic engine for the country and vital for national defense. Beyond issuing student grants and loans, federal research grants to R1 institutions have played an essential role in providing external funding for institutions (Rosinger et al., 2016). Today, the National Science Foundation, National Institute of Health, and the Department of Defense award most federal grants to STEM fields of study (USA Facts Team, 2023). The expectation was that research from these institutions would serve society, thus the federal government was funding a public good (Pusser, 2006).

The federal assumption of student loan debt, as traced in the historical analysis, indicates that, while the initial goal of the student loan program was to broaden access to higher education, the updates to the program over the years have instead allowed institutions to raise tuition and create a profitable enterprise for the government. From a neoliberal perspective, the student loan program allowed market forces to create competition between institutions for student dollars, ideally incentivizing institutions to improve their educational offerings to attract students to their campuses. The analysis further explores the effectiveness of this approach in the micro- and meso-sections.

Philanthropy

Philanthropic organizations today continue to take on their role of funding innovation in higher education. They allow institutions to pilot new ideas and take on the financial risk associated with innovation for the public (Curti & Nash, 1965). As private organizations, they do not determine philanthropic missions with input from the public. By taking on the risk of innovation, philanthropic organizations carry power in determining how the higher education systems evolve and the types of issues addressed.

Micro-Level Forces: Students

Consumer Power of Choice

Shifting the cost burden to the students through increased tuition prices transforms higher education from a basic good to a privilege by linking it to consumer choice (Martin, 2016). Consumer choice exerts power over institutions by allowing the consumer to choose between options, setting up market competition for resources (Rhoades, 1987). This dynamic cedes some power from macro-forces to the micro-level. Initially, this power of choice triggered an amenities arms race, as students prioritized campuses that had developed high-quality amenities. More recent criticisms of this approach view neoliberal forces as causing students to prioritize economic prosperity, harming society as “fewer citizens opt to contribute to a larger social vision” (Martin, 2016, p. 366).

Return on Investment

The assumed power of consumer choice is moderated by the economic realities of carrying high student loan debt. The high cost of student loan debt impacts individuals post-graduation in delaying their ability to assume economic burdens such as homeownership or starting a family (Adam & Bayram, 2019; Velez et al., 2019). This, in turn, impacts students’ choice; studies show that carrying high debt impacts the majors students select in college (Martin, 2016), and the career they embark upon after college (Choi, 2014; Rothstein & Rouse, 2011). The debt burden is significantly greater for Black and Latine students, who are more likely to carry student debt and at higher amounts than their White and Asian peers. (Johnson et al., 2012). Students are most likely to study fields with direct connections to majors that have an apparent workforce need (Slaughter et al., 2015), prioritizing specialization over general education. Student loan debt has caused individuals to cede their power of consumer choice to perceived market needs. The impact of this has been an oversaturation of some markets - nationally, 32% of students major in STEM, while only 13.4% end up working in STEM occupations (US Census Bureau, 2023). With student loan debt driving student decisions, their consumer power of choice becomes co-opted by financial necessity and career attainment.

Meso-Level Forces: Colleges and Universities

Higher education institutions depend on external sources of funding, often which come with expectations for outcomes or are tied to certain behaviors. As curators of innovation, philanthropic donations assist institutions in piloting new ideas, which can be taken to state or federal funding spaces as an argument for long-term funding. An example of this scenario is the \$500,000 donation the California Community College Chancellor’s Office received in 2019, designated to address student hunger (Jimenez, 2019). Campus food pantries opened on campuses to pilot the idea as campuses were eager to access the funding. After developing the programs, community colleges turned to the state to request (and were granted) continued funding (John Burton Advocates for Youth, 2021). Although the food pantries helped students, they replicated community services on college campuses—expanding but also potentially introducing inefficiencies into aid systems. Past philanthropic efforts provided funds to

institutions and entrusted them to decide on their use (Thelin, 2019), contemporary philanthropy has some power in dictating the types of endeavors institutions engage in to secure grants. Institutions then decide if the philanthropic goals align with their own and, if not, how declining an opportunity may impact their ability to compete with institutions that do take on developing a certain service. In this case, market forces generally encourage institutions to work with philanthropy to homogenize services to stay competitive.

State funding has changed over time as states adopt different funding models, which institutions must respond to. A challenge with state funding is how it changes across states, contributing to an unequal higher educational system (Laderman et al., 2023). In a marketplace where institutions compete for students, variation in state funding can create a disadvantage for some institutions, which need to increase efforts to secure funding from other sources to compete, causing inefficiencies in the delivery of their education (Sav, 2016). Performance-based funding models incentivized institutions to adopt practices that would increase graduation and retention rates. Some institutions responded by inflating their graduation rates through the creation and back-awarding of degrees and certificates or by increasing admissions selectivity, impacting students by contributing to degree inflation (Shen, 2022). These practices, increasing funding for institutions in the short term, have caused states to continue adjusting the funding formulas, introducing uncertainty into institutions' funding projections.

Federal grants have long prioritized national security issues, favoring STEM fields of study. At a departmental level within institutions, departments with access to federal grants are likely to shift their focus to research at the expense of teaching (Rosinger et al., 2016). In contrast, departments that do not will focus more on teaching and bear a greater direct cost to the institution because they cannot access external funds. This unequal funding creates inequity within the institution as departments with access to federal grants have the resources to support many faculty and students but take on less of a teaching load. On the other hand, the departments with the highest teaching load find themselves dependent on institutional funding. These departments generally bear the brunt of general education courseloads but are at the mercy of institutional budget cuts. To manage this, institutions may cut general education course options, impacting the student experience as fewer courses are available, potentially extending students' time to degree.

With increased tuition prices, students have become another funding source for institutions. The availability of student loans and grants incentivizes institutions to maximize tuition prices and grow increasingly large to serve more students. Macro-level forces expected market competition to yield a better education; however, the students wielded their power to set off an 'amenities arms race,' prioritizing institutions with the most luxurious accommodations (McClure, 2019). With a new generation of students preoccupied with their post-graduation career prospects (Seemiller & Grace, 2016), universities are responding by bolstering their career center services (Alonso, 2023). In both cases, macro-level power over resources has been re-directed by the actions of micro-level forces, with the institutions attempting to satisfy both. Across the market, this has led to a homogenization of services provided by institutions as students become highly focused on career outcomes.

Discussion

Higher education institutions have faced criticism for not knowing their purpose (Legon, 2019; Mintz, 2024; Wilson, 2021); this power analysis has sought to show that the cost-sharing burden between parties with disparate motivations leaves institutions in a position of not having any power to determine their purpose while increasing homogenization of institutional offerings, which forces institutions to provide more and better services for decreasing returns. Institutions that function at the

behest of their funders operate according to the parameters set by those providing the funds—including students, though students’ power is diluted by the student loan debt crisis.

Reducing student loan debt in the future would require shifting the cost burden away from the student. However, in its current configuration, the federal government profits from a functional loan system and prioritizes national defense efforts. State governments profit from a strong economy, favoring a neoliberal approach to education, and philanthropies no longer carry financial power to make significant changes to the system, instead funding innovation as a form of policy advocacy. The innovation they choose to fund depends on their privately decided goals.

As long as public funding sources are motivated by seeing a return on investment through the private benefit of a college education, and public sentiment remains focused on the private benefits of higher education, the privatization of higher education will maintain the cost-sharing schema as it currently is, with the student holding an increasingly large share of the burden.

Future Directions

Recently, the cultural and policy narratives around student loan debt have begun to change. The Government Accountability Office report naming student loans as a liability (U. S. Government Accountability Office, 2022), along with increased public support for loan forgiveness (Newall, 2023), have seen President Biden using a variety of tools to cancel student loan debt (The White House, 2024). While this is a short-term, band-aid solution to a more significant problem, it signals the need to overhaul the system as profitability has waned. Public pressure no longer wishes to see individuals bear such a high cost for an undergraduate education as it reverts from being a privilege to a basic necessity—the most recent report from the Center on Education and the Workforce predicts that 72% of jobs will require at least some post-secondary education by 2031 (Georgetown University Center on Education and the Workforce, 2024).

Growth in post-secondary education-required jobs will occur in blue-collar jobs, now more commonly needing certificates or Associate’s degrees to enter the labor market (Georgetown University Center on Education and the Workforce, 2024). States have responded by passing bills funding K-14 education. As of 2022, 24 states had passed legislation to make community college free for in-state students (Dickler, 2022). These programs may not have directly grown from the student loan issue, but their goals and outcomes will likely have implications for higher education and society far beyond what short-term impacts reveal¹. Although unable to make it through the 117th Congress, three bills at the federal level were introduced to fund free community colleges (The Institute for College Access & Success, 2021).

These trends speak to an opportunity for a new shift in the cost-sharing dynamics of higher education. In the wake of free community college programs and tuition increases in four-year programs, the United States has already begun to see a surge in community college enrollment over 4-year institutions (Cachero, 2024). A recent article has nicknamed Generation Z the ‘Toolbelt Generation’ as more students opt for blue-collar careers out of high school (Chen, 2024)². Data from the National Center for Education Statistics shows that the 2021-2022 academic year saw the average student loan amount decrease by 8% (National Center for Education Statistics, 2023). This may indicate that students are no

¹ Of particular note should be the opportunity cost of attending community college (Schmid, 2010) and the historic and contemporary ‘cooling out’ effect community colleges have on the higher education ecosystem, which disproportionately impacts students of color (B. R. Clark, 1960; Dowd & Melguizo, 2008).

² The choice to pursue blue collar careers and apprenticeships represent students opting for highly vocational fields of study, which will impact the viability of liberal arts departments across the country, despite employers consistently noting the importance of a liberal arts education in developing the skills they hire for (Finley, 2021).

longer content to borrow money to meet high tuition prices. As students reject the cost burden placed on them, institutions must work with other stakeholders in the field to rebalance cost sharing.

Thus far, this analysis has not addressed the challenges of graduate loan debt. As with undergraduate student loans, graduate student loans have been increasing over the years, and average loan balances are in the multiple hundreds of thousands of dollars for medical doctorates and hover around \$100,000 for other terminal degrees (National Center for Education Statistics, 2018). The Washington Post named graduate student loan debt the ‘problem that no one talks about’ (Douglas-Gabriel, 2020). B. Miller (2020) argues that not addressing the graduate student loan debt issue will hamper efforts to address undergraduate student loans. Unlike an undergraduate education which has slowly achieved public recognition as a necessity, graduate school degrees are viewed as a private good, with the degree serving the main purpose of improving the holder’s socio-economic status (Denecke, 2009). Graduate degrees may need a cultural shift that recognizes their societal necessity before there is an opportunity for policy change to lessen the debt burden on graduate students.

Conclusion

Since its inception in 1958, and expansion in 1965, the ongoing edits and adjustments to the federal student loan program have resulted in it becoming a ‘Frankenstein’s monster,’ according to Professor John Brooks at Georgetown University (Swaminathan, 2020). The historical debate of university cost-sharing is tied to the philosophical question of who should pay for higher education? Far from President Johnson’s view of a Great Society, which saw higher education as an abstract societal good for all, and which promoted democracy in addition to its private and economic benefits, today’s primary view of higher education is through a concrete understanding of the measurable benefits it provides to society. While the current cultural shift has seen an increasingly positive sentiment towards free community college, this continues to rest on the argument that higher education fulfills an economic purpose. Seeing a significant shift in the cost burden to reduce student loan debt will require a shift away from students carrying a high-cost burden for the price of a college education. Arriving to that cost-sharing distribution will require a greater philosophical shift in the perception of the purpose of higher education.

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