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# Whether College Is Worth The Cost

## Introduction

Rob Wilson, President at Employco said, "We have this idea in our society that a college degree is the gateway to financial freedom and success, but the statistics don't necessarily bear that out." A report conducted from Project on Student Debt said that two-thirds of seniors who graduated in the year 201,1 borrowed to pay for college. The average debt was \$26,600 at graduation. This was a five 5% increase from previous year. In addition, recent headlines suggest individual student loan debt is upwards of six figures for recent graduates.

This poses the question: Is college worth the cost for people in this rising college debt crisis? Should the younger generation put so much emphasis on a college education that they could be paying for well into retirement? In this essay, I will discuss three main points on student loan debt. Three main points are: Is the investment worth the payoff, defaulting on loans, and student loan debts causing younger graduates to avoid major life decisions.

## Body

Many studies have reported on the burden of student loan debt, how it affects millennials, and how this may influence what they save for retirement. An Aon Hewitt study found that the debt and its associated consequences are issues that actually span generations. According to the study, 44% of Millennials reported having student loans along with 26% of Generation Xers and 13% of Baby Boomers.

An analysis from the GAO's recent data shows that the number of borrowers, especially older borrowers, who have experienced offsets of their Social Security benefits because of such unpaid loans has increased over time. From year 2002 through 2015, the number of these borrowers- of any age- with Social Security offsets increased from about 36,000 to 173,000. In addition, roughly 44% of borrowers age 50 or older, at the time of their initial offset, saw the maximum possible amount of their Social Security benefit withheld which is up to 15% of their payment. The offset for the remaining 56% was less than that maximum but most of these borrowers had between 10% and 15% of their benefit payment offset.

Older Americans, who are in or approaching retirement, and other borrowers who default on their federal student loans are subject to a number of actions to recover the amount owed, including Social Security offsets. Older borrowers who remain in offset may progressively

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experience financial hardship. This is the case for a growing number whose Social Security benefits have fallen below the poverty guideline because the offset threshold does not adjust for cost of living increases. In year 2004, about 8,300 borrowers in the 50 and older group had benefits below the poverty guideline compared with almost 67,300 in the year 2015. This growth was correspondent to an increase from 38% of that age group of borrowers in year 2004 to 64% in year 2015.

More than 44 million Americans owing \$1.6 trillion in repayments for student loan and more than two thirds of those debtors are in default. Jeremy Epstein, at a presidential debate asked how quickly recent graduates are able to find good jobs in a tight economy because it is a common concern among Americans. Mitt Romney, the Republican candidate, responded that 50 percent of students coming out of college were not finding jobs. However, according to the Project on Student Debt's report, only 8.8 percent of recent graduates are unemployed. Anthony P. Carnevale, the director of Georgetown University's Center on Education and the Workforce, says that only about 14 percent of recent graduates are either unemployed or underemployed. Although there is conflicting data on this subject, it is apparent that there is a problem, regardless on how big, with recent graduate find good jobs after graduation. In fact, in a protest in November (2011) in New York, students carried signs showing their education-loan debt.

In a new report from the Project on Student Debt, part of the Institute for College Access and Success, found that approximately two-thirds of seniors who graduated in 2011 borrowed to pay for college and that their average debt was \$26,600 at graduation. Student debt is taking a overwhelming toll on new graduates, to the point where many feel their lives are 'hung up' and they can't make major moves forward, such as getting married, buying a house or pursuing more education.

Chris Duchesne, who is the vice president at EdAssist – a company that assists businesses with their tuition programs said, “Rather than opening up pathways to success, in some cases, these big education bills are having the reverse effect,” he also went on to explain, “first, student loan debt burden may disqualify millennials for mortgage loans due to low credit scores and high debt ratios. Second, debt aversion may discourage student loan holders from taking on additional debt for homeownership.’ Chris also included a statement that, “most college grads end up moving home after graduation to live with their parents, and it takes several months or more for them to find a job. In many cases, that job won't be in their field of interest, and these young people end up spending a good chunk of their paycheck paying off their hefty student loans.”

A number of efforts to provide more effective financial counseling for students, such as the Empowering Students Through Enhanced Financial Counseling Act or the Financial Literacy for Financial Aid Act, have been introduced in Congress, according to a review of bills on

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Congress.gov, but the fate of the bills much alike some of the similar versions of which have been introduced in the past, remains unclear.

The Project on Student Debt offers some recommendations in its report. They think that the federal government should provide key information that students and families need to make wise decisions when deciding which college to attend. Among these things, including the average debt at graduation at all colleges that receive federal funding. This recommendation echoes an element of the new Financial Aid Shopping Sheet that includes federal agencies encouraging institutions to use the report. It also suggests that federal officials restrict unnecessary and risky borrowing by requiring school certification of all private loans. In addition, they recommend reducing the need to borrow by increasing need-based grant and tax aid.

The GAO also suggests that Congress deliberate adjusting Social Security offset provisions in order to reflect the increased cost of living. They are also making five recommendations to Education which includes it clarifies documentation requirements for permitted relief that results from disability. Education generally agreed with the GAO's recommendations in these matters.

## Conclusion

Is college worth the cost for people in this rising college debt crisis? I believe that it ultimately depends on the goals of the graduate. These days, some careers will definitely require a four-year degree but the ever-growing reality is that we need skilled workers in this country. Many companies are willing to pay good money to get those skilled workers and some will even pay for the training. This means that workers can actually get paid to learn invaluable job skills that will look good on their resumes no matter which career they end up choosing.

However, higher education is important and should be made more accessible for people of all income brackets. People should not be paying for their college education well into retirement and cause young folks to delay making adult life decision because of their impending student loan debt. I do think that not having a college education should be the cause of people not having the opportunity to obtain good jobs or progress in current jobs. Steve Jobs once said, "I'm not dismissing the value of higher education; I'm simply saying it comes at the expense of experience." And I think that he hit it right on that head.

Job experience is so valuable these days and I believe a person with no college education and 10 years' experience is far more irreplaceable than someone fresh out of college and just entering the workforce. Those people who have put in the time, learned on the job, and have developed invaluable experience should have just as much opportunity as those who spent thousands of dollars to gain additional schooling.

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