Declining Fiscal Responsibility in American Education

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Abstract

A common issue addressed by candidates during the last U.S. presidential election, was one of college affordability and the current amount of student loan debt. The U.S. has reached $1.7 trillion in student loan debt making it a challenge worth exploring. This manuscript investigated the culpability of three groups of people that have contributed to the student loan deficit. The manuscript begins with a brief history of the current student loan debt crisis in order to orient the reader. Then, the government's role in providing loan monies was explored as the first discourse. The author makes the argument that government leaders have failed in their commitment to the American tax-payer. Next, student loan borrowers have their fiscal literacy and demonstrated responsibility contested. Student loan borrowers, asserts the author, need a more suitable education about the loan/repayment contracts in which they engage. The third entity examined were institutions of higher education. Colleges and universities had their decisions analyzed that have led to unaffordable higher education. The author concludes with final thoughts that indicate each of the three major contributors have some amount of liability in the growing deficit. The author will close with final thoughts and questions regarding the discourse of declining fiscal responsibilities in American higher education.

1. Introduction

This paper will explore discourses of declining fiscal responsibility in the American college system. This manuscript will provide evidence that culpability of fiscally irresponsible decisions surrounding the student loan process occur with three main contributors. First, the author will discuss the declining responsibility exhibited by the federal government (the primary lender). Secondly, the paper will evidence declining fiscal accountability in regard to the borrower (student). Finally, liability of the primary benefactor (the academic institutions) will be communicated. Declining responsibility in all three of those entities have contributed to a $1.7 trillion (and growing) debt crisis in the U.S.

2. Brief History of How We Got Here

The beginnings of this fiscal decline have been traced as far back as the mid 19th century when the Morrill Act (1862) provided states with federal land (much of which had been stolen from indigenous peoples) to either establish colleges and universities and/or sell off for funds to establish colleges/universities [1]. The land that states attempted to sell, often did not sell as quickly as predicted or was sold for far less than the predicted value so that the colleges/universities could have immediate needed monies [1]. Many colleges closed in the 19th century, according to Shermer [1], due to their reliance on varied and inadequate financing that was a mix of donations, tuition, fees, government support, and business partnerships. The financial struggles stemmed from building and maintaining a physical campus. And, under the 1930's Franklin Roosevelt administration, federal funds to public universities were only made available for construction projects (not for academic usage) because the government felt colleges could self-sustain through tuition while federal funds were utilized elsewhere (most notably, federal defense projects). Thereby, colleges were left funding much of academia through donations and tuition/fees. Concurrently, students were enrolling in college "work-study" programs, that have recently become viewed as free labor in which the financial benefit for the student has not kept up with inflation. Shortly after World War II, the GI bill and the Servicemen's Readjustment Act (1944) helped highlight the amount of discriminatory practices that were occurring in colleges. For example, servicewomen or servicemen of color were denied some GI Bill funds making it difficult for minority populations to afford college. Then, in 1965, the federal government created the "Guaranteed Student Loan Program" which allowed the government to provide more funds directly to the student instead of the colleges and universities [1].

Post-war, Shermer [1] points out that private lenders started profiting off of loaning monies for education purposes. And, the U.S. developed a complicit attitude toward "financing" college rather than "funding" college [1]. Colleges, in order to continue functioning have become increasingly reliant on tuition and fees as an alternative to previously provided federal funding.

Steady tuition increases have occurred at a faster rate than the average American income [2]. Thereby, American college students have been forced to take out

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student loans to pay for their education. In the thirty years between 1991 and 2021, report Dickler and Nova [2], college tuition more than doubled at public institutions while household income remained stagnate. College students became reliant on borrowing monies and lenders were happy to provide. With no limits on the amount of student loan monies being provided, Colleges and Universities saw an incentive to continue to raise tuition rates even higher. More students also began to expand their credentials by attending graduate school, which continued borrowing. In fact, over 40% of current student loan monies are for post-graduate degrees (Master's and Doctorate degrees). While tuition rates doubled since the 1990's, the loan rate has tripled because college students feel they "need" more monies to attend school for more degrees and for longer periods of time [2].

The federal student loan debt in the U.S. is currently over $1.7 trillion [2]. Wozniak [3] identifies three likely reasons for the current student loan debt crisis: 1) The federal government's open view that more people should be able to attend college creating more liberal lending practices; 2) The fact that more students want to attend college due in large part to the raising of credential requirements in the workforce; And, 3) The colleges for adopting a more "tuition-based" business model. The author similarly will delve into the fiscally irresponsible behaviors of the three main handlers of the student loan process: 1) federal government as the primary lender, 2) student loan borrowers, and 3) the colleges that benefit from loan monies.

3. Government Responsibility

In June 2019, many presidential candidates expressed where they stood on college affordability and college loan debt. Berman [4] disclosed that presidential candidates at that time (author note: some dispositions have changed since the presidential election) could be classified into one of four ideological categories: 1) candidates that expressed advocacy for reducing (or eliminating) college tuition; 2) candidates that advocated for reducing student loan interest rates; 3) candidates that advocated for student loan forgiveness (cancellation of some/all debt owed); or, 4) candidates that did not express advocacy for any of the afore mentioned policy dispositions. Table 1 identifies where some of the U.S. presidential candidates expressed their support in 2019 [4].

Table 1. 2019 Positions on College Affordability

Affordability Position	Candidates
1) Free or Reduced Tuition	Booker, C. (D – NJ) Gabbard, T. (D – HI) Sanders, B. (D – VT)
2) Interest Reduction on Student Loans	Bullock, S. (D – MT) Gillabrand, K. (D – NY) Hickenlooper, J. (D – CO)
3) Student Loan Forgiveness	Biden, J. (D – DE) Swalwell, E. (D – CA) Warren, E. (D – MA)
4) No Expressed Advocacy	Sanford, M. (R – SC) Trump, D. (R – FL) Walsh, J. (R – IL)

While most candidates had broad ideological proposals for resolving the student loan debt crisis, the U.S. "short-term" solution, as of the writing of this manuscript, was to allow some form of "forgiveness." Wozniak [3] suggests that free/reduced college tuition and interest rate reduction would have required fiscal sacrifice and more advocacy than was perpetuated from the lenders that benefit from higher interest rates and/or the higher education institutions that have become accustomed to the "tuition-based" model in which they benefit.

An emerita economics professor from Ohio University, Vedder [5], claims that dependency on student loans is the "single biggest mistake in American higher education." That claim, Vedder [5] indicates, extends as far back as President Reagan's Secretary of Education (Bennet) in 1987. The federal government was pressing in the 1980's for institutions to share monetary resources. Many colleges that were successful at generating higher amounts of tuition did not want to "share" with their in-state colleges generating less tuition and fees. It is highlighted, by Vedder [5], that community colleges, historically black colleges, and endowed small liberal arts colleges were (and presently) left vulnerable to the government press to share financial shortfalls.

In 2019, the Wall Street Journal Editorial Board [6] similarly referred to government subsidized loans as a "great scam." The Editorial Board explains that in 2012, the Congressional Budgeting Office (CBO) of the U.S. government scored student loans as a governmental profit center and the federal government began to eliminate the need for private student loan lenders. Specifically, the CBO estimated a $219 billion gain over a ten-year time period. However, what manifested was a $309 billion loss that has now been passed on to the American tax payer [6]. This was approximately a $528 billion error by government leaders. American government leaders demonstrated extremely poor foresight in their prediction. James Kvall (President Obama's Higher Education Advisor), is quoted as saying, "We are running a big experiment here: No generation before has carried student debt burdens anything like what today's students are carrying. There will be substantial amounts of student debt that will never be repaid [6]." Even presidential advisors referred to the CBO prediction as an "experiment." And, the lack of governmental foresight ends up being costly to the average American tax-payer.

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Severe repayment delinquencies in the U.S., claims the Wall Street Journal Editorial Board [6], were the highest in student loans. Although delinquencies were the highest in student loans, the federal government chose to continue lending more and more monies to the student borrowers, in comparison to other types of loans that the federal government could have chosen to "experiment." Table 2 shows the delinquent payments on loan types in the U.S in 2021.

Table 2. Delinquent Payments on Loans [6]

Type of Loan	Percentage Delinquent
Credit Cards	23%
Automobile Loans	21 %
Mortgages (Home Loan)	11% (Record Low)
Student Loans	35%

It is speculated by the editors [6] that the rationale behind higher volumes of severe delinquencies on student loans as opposed to loan types is due to four main reasons: 1) there is nothing tangible to take away from student loan borrowers (e.g., eviction from one's home if mortgage payments are delinquent or repossession of one's car if auto loan repayments are delinquent); 2) the U.S. government is now "forgiving" student loans, thereby absolving consequences for those who misspend borrowed monies; 3) some borrowers misunderstand the Income Based Repayment Plan (IBRP) and the federal government's operationalization of "public service;" and 4) the U.S. government eliminated the need for private lenders by institutionalizing student loan lending at the government level. Private lenders, unlike the federal government, had demonstrated the ability to either regulate lending to "high-risk" borrowers or limit the ceiling amounts borrowers were allotted. The federal government as primary lenders have not been able to demonstrate such restraint and instead have used the American college student as the afore mentioned "experiment."

Concurrently, Cohen [7] points to the bankruptcies of municipal governments as evidence of fiscally irresponsible government leaders. Loria and Ponsot [8] report that some of the municipal bankruptcies have included Detroit, MI; Stockton, CA; Bridgeport, CT, and Harrisburg, PA. Millions of Americans living in those municipalities had placed their faith in government leaders not to overspend. If government leaders cannot be entrusted with the fiscal responsibility of their own municipalities, why would they be trusted to resolve a $1.7 trillion-dollar federal debt crises?

Policy makers in order to continue their re-election campaigns have made promises to "cut taxes." But, at the same time, they have spent more money [1]. This governmental disposition has, as pointed out by Shermer [1], created an attitude that higher education is sacrificed from federal spending/funding (and often becomes the target of promised cuts) because, politicians are quick to believe, that colleges and universities can continue to be reliant on tuition. Therefore, tuition is driven upwards to the point of unaffordability. Such fiscal irresponsibility is a disturbing trend in the U.S. government. The author questions how much fiscal responsibility do government leaders demonstrate? And, when the higher education of future generations is at stake, should government leaders be required to demonstrate more fiscally responsible behavior?

4. College Students Responsibility

Given that student loan debt in the U.S. has reached over $1.7 trillion, it is possible that college students themselves are ill-prepared to take on financial responsibility. Nova [9] reported that only 17 U.S. states require grade school students to take courses in personal finance. And, only five U.S. states (AL, MO, TN, UT, and VA) received an "A" grade for producing financially literate high school graduates [9]. Another 15 U.S. states were graded at the "D" or "F" level for producing financially literate graduates. Twenty-eight states, at the time of this writing, did not even offer an opportunity for financial education in their public grade schools. Since it is high school students that are making the decisions about future college attendance and the decisions about how they will finance college, Nova [9] suggests that preparatory education should be a pre-requisite. However, such a fundamental pre-requisite is not being met in a majority of U.S. grade school education. Thereby, a culture of ill-prepared and undereducated "borrowers" exists in the U.S. This section will delve into college students' fiscal literacy and their ability to act responsibly with borrowed monies.

4.1. Are Students Fiscally Literate?

Bidwell [10] asks, "if college students are financially literate?" After a survey was issued to 43,000 college students in 2014, Bidwell [10] concluded that the majority of U.S. college students were not financially literate.

Specifically, Bidwell [10] determined that college students had not acquired enough financial literacy to manage money. Only 39% of surveyed college students utilize a financial budget for their daily activities. Another 38% had not even bothered to check their checking/savings account balances in the prior month. Further, it was discovered that less than 10% of surveyed college students understood the concept of 'compounding interest.' And, slightly less than 15% (14.4%) indicated interest in saving monies for their own retirement. Bidwell [10] concludes by stating that over a three-year time period (2012 - 2015), college students demonstrated declining responsible financial decisions.

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Bond [11] shows a further complication of college students' fiscal literacy: Their aspirations of wages/salary did not meet the reality of what they earned. Recent college graduates (40.03%) reported that they were earning less in wages/salary than they had predicted they would earn. Thereby, a large proportion of college students had higher income aspirations than what the reality of their career was able to provide. Such a disconnect between reality and aspiration of salary was confirmed by Grantham-Philips [12], who reported that undergraduate college students overestimate their starting salary post-college by 88%. Students surveyed in a variety of majors indicated that they believed their average starting salary would be $103,800. In fact, the National Association of Colleges and Employers projected that the highest starting salary for 2022/2023 graduates would occur in the field of Computer Science with recent graduates predicted to start at only (estimated) $75,900; but, surveyed Journalism majors, for example, expected to earn $107,040. The projected starting salary for a Journalism major, however, is only $44,800 [12]. In the case of recent Journalism majors their aspiration/reality disconnect is greater than $60,000! In addition, the surveys of Grantham-Philips [12] and Bond [11], both suggest that if college students have unrealistic expectations of their post-college salary then they are also likely to have unrealistic expectations about their student loan repayment plans.

Likewise, a survey conducted in 2018 detailed that majority of student loan borrowers did not know critical information about their loans [13]. For instance, Safier [13] discovered and reports five concerning results: 1) Over half (52%) of borrowers incorrectly think that interest does not accrue when borrowers are in school; 2) Majority (53%) of borrowers incorrectly think that student loan payments are "automatically" based on their income; 3) Over 70% of borrowers inaccurately report that they believe they will "automatically" qualify for loan forgiveness; 4) Approximately 1/3 (34%) of student loan borrowers were uncertain as to how credit scores and/or co-signers are utilized; And, 5) Majority of student loan borrowers reported that they were less than confident in their working knowledge of loans and lending practices (9% reported not confident at all and 53% reported only somewhat confident). Similar to Bond [11] and Grantham-Philips [12], Safier [13] also determined that student loan borrowers are illiterate in the borrowing process.

College students borrowing monies for schooling are fiscally illiterate. If college students are not fiscally literate, do they bear some of the responsibility for entering into agreements that they do not fully understand?

4.2. How Do Students Spend Monies?

- My observation is that if a student walks into the bookstore to use loan monies for textbooks, they are also apt to walk out with a sweatshirt, coffee mug, etc. - shares Dr. Bruce Baron, Chancellor of the California Community College System [5]. If college students are being loaned federal monies for the purpose of attaining a higher education, then it is reasonable to question, how they spend those loan monies? Several authors have attempted to answer that question. Rind [14] discovered that approximately one out of every five college students were utilizing their college loan monies on entertainment. Entertainment could include: a) paying for online streaming services (i.e., Netflix, Disney Plus, etc.), b) attending sporting events, c) engaging in recreational-leisure activities (i.e., bowling, canoeing, golf, scuba diving, etc.), and d) joining clubs with membership fees. Student loan borrowers were, according to Rind [14], "living above their means." Many students continued to spend all of the loan monies provided them, even when monies were left over after tuition and fees had been paid [14]. Borrowers did not have the disposition of returning unused loan money.

Ashford [15] corroborates that college students are, indeed, spending their loan monies on non-academic pursuits including objectionable expenditures on alcohol, drugs, and gambling. Table 3 indicates troubling expenditures discovered by Ashford [15].

Table 3. Discovery of Student Loan Expenditure [15]

College Students Spend Loan Monies On:	Percentages
Vacations	30.6%
Alcohol	23.8%
Clothing and Jewelry	33.4%
Illegal Drugs	6.6%
Gambling	5.7%

Ashford [15] continues to indicate that almost half (49.8%) of college students incorrectly believed that the U.S. government would (fully) forgive their student loan debt, absolving student misspending. Two years later, Safier [16] followed-up Ashford's 2017 survey [15] with an investigation into summer school attendees that were receiving federal student loan aid. Similar results are found in Table 4.

Table 4. Discovery of Summer School Student Loan Expenditure [16]

Summer College Students Spend Loan Monies On:	Percentages
Entertainment	18%
Alcohol or Drugs	4%
Clothing	25%
Travel and Tourism	20%
Food	42%

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Safier [16] continues that 59% will use their loan monies to cover living expenses (i.e., rent) and that student loans are meant to cover "educational" expenses regardless of "need" for living expenses.

Grandstaff [17] confirms that college students are misspending their college loan monies. It is reported, by Grandstaff [17], that 41% of college students surveyed indicated that they were spending their loan monies on bills that could be reduced like cellular phone bills and/or electric bills. While electric bills and phone bills could be considered necessities, Grandstaff [17] points out that students are capable of reducing and moderating expenditures. For example, in most cases, college students' cellular bill could be reduced with a cheaper plan or their electric bill could be reduced through practices in usage moderation. Grandstaff [17] also reports that 19% of college students used their federal student loan monies for automobile payments (a depreciating asset). In some cases, a car was not even a necessity as several students were either living on-campus or public transportation was easily available.

It is evident that a large percentage of federal student loan borrowers are demonstrating fiscally irresponsible behavior. Student loans are being misused for non-academic purposes and pursuits. The author ponders why the American college student demonstrates such irresponsible fiscal behavior? Can college loan borrowers be held more accountable for their expenditures and should monies continue to be loaned to borrowers that have evidenced misuse?

5. Academic Institution Responsibility

The academic institution is the primary benefactor of the student loan process. Thereby, higher education has a responsibility to use payments funded through student loans for academic/educational purposes. However, the higher education institutions do not always demonstrate responsible spending. The following sections will explore the rising cost of tuition at colleges and the effects of rising cost on academic freedoms.

5.1. Tuition Inflation/Affordability

Bond [11] reports that college costs have been steadily rising by about four percent annually for several decades. Currently, average annual U.S. attendance costs are at $3,800 for a community college, $10,740 for an in-state public college ($27,500 out-of-state), and $38,070 for four-year private colleges. The average tuition cost in all 50 U.S. states has increased by about 37% over the ten-year time period from 2008 to 2018 [11]. One of the reasons that colleges feel the need to continue increasing their tuition and fees is because, according to Bond [11], they now receive less state funding since the recession of the early 2000's. State funding of colleges has decreased by 13% per college student per academic year. Coupled with increasing enrollment, asserts Bond [11], colleges are unable to accommodate each and every student without raising tuition costs.

Despite some necessary rationale for colleges to raise their tuition, they are not always raising costs to cover academic need. Bond [11] also claims that schools have been prompted to raise prices steadily to cover rising staff salaries, facilities, and expensive new "social" services such as mental health counseling (non-academic needs). Colleges and universities, therefore, shoulder some of the responsibility for inflating tuition affordability.

Vedder [5] emphasizes that for every one dollar ($1.00) that a subsidized student loan is increased, colleges increase their tuition and fees by $0.60. Thereby institutions of higher education are taking 60% or greater on average of student loan monies for their purposes. And, much of that 60% is being spent on non-instructional amenities (i.e., dining rooms, recreation complexes, and residence halls) to attract more students; who in return, are borrowing more (and more) student loan monies to attend those colleges [5]. Further, some of that loan money is used by colleges for what is known as "executive bloat" or increases in non-academic staff (including increasing salaries and vacancies for athletic coaches). It has even been questioned why federal student loan monies can be used for tuition in remedial courses [5]? Courses like remedial "English Composition" and remedial "Mathematics" should have already been obtained, as per the listed college admission standards, during grade-school education.

The author argue that colleges allowing the use of federal student loans for remedial courses is a form of double taxation since the American (property) taxpayer has already payed for those students to have achieved a pre-requisite education. Should colleges allow students to use federal student loans toward remedial classes when the college admission criteria indicated that students already had developed that skillset?

Colleges feel "incentivized" to increase the price of attendance, according to Ward [18], since college students are easily obtaining federal student loans. And, the responsibility of repaying that loan money does not fall on the shoulders of the college. Is it fiscally moral, questions Ward [18], for colleges to knowingly accept student's borrowed monies earmarked for "educational" purposes and then spend those monies on non-educational amenities? Is it further financially moral for colleges to spend those monies on amenities to attract more students who will then incur more debt? Ward [18] further questions the morality of "reparations" for prior borrowers who have already paid off their student loans. If colleges continue to spend monies on non-academic amenities, could alumni demand amenities be offered to them from their alma mater? Colleges, therefore, are adding to the higher education unaffordability problem.

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The National Association of Scholars claims the current student loan crisis is a "transfer of wealth" from the federal government (lenders) to Higher Education Bureaucracies [19]. College students are considered the delivery method. Higher Education institutions are currently viewing the "free-flowing" loans provided by the federal government to college students as their source of institutional capital. "Attracting" students rather than "educating" students has, thereby, become the disposition of higher education [19].

5.2. Effects on Academic Freedom

Holt [20] identified "academic capitalism" as one of the six common threats to academic freedom. Academic capitalism was defined by Holt [20] as colleges and universities prioritizing decisions regarding monetary growth over decisions regarding academic enrichment. Williams [21] claims that there are surprising similarities between students with loan debt and indentured servitude. Some of those similarities include youth, class, personal contracts, brokers, limited resources, etc.; all of which keep students financially indentured to colleges' rising price. Williams [21] argues that the continually indentured student cannot be a free student. Both the lehrfreiheit (freedom to teach) and lernfreiheit (freedom to learn) are affected by this financial arrangement. For example, consistent debt coupled with financial incentives available for study in certain specific disciplinary fields (i.e., scholarships for "Nursing" only students), pressures students into academic fields of study that they are not normally inclined to pursue, thereby affecting their freedoms.

If college is unaffordable, then students' lernfreiheit is being suppressed. Students will only attend schools and programs that are affordable. Or, students may choose not enroll/attend college at all. Increasing tuition and fees driving up the cost of attendance also persuades potential students to pursue short-term education credentials instead of longer-term credentials. Short-term credentialing could include quickly earned certifications rather than full-fledged degrees.

Ward [18] indicates that by raising college tuition, certain disciplinary fields may suffer affecting lehrfreiheit (the freedom to teach). For example, some disciplinary fields are costlier than others to deliver and require expensive resources. Delivering agricultural or aviation programs, for example, requires far more discipline specific resources (spatial needs, equipment/technology needs, travel needs, etc.) than delivering more traditional literature and/or elementary education programs. If rising tuition monies are being diverted from academic pursuits into the afore mentioned non-academic amenities (i.e., a campus bowling alley, movie theatre, dorm-room cable, free exam-week massages, etc.), and those non-academic amenities attract large amounts of students (with borrowed federal loan monies); then it is unlikely that administrators will dedicate monies to costly programs that need expensive resources and only attract a small.

Yeoman [22] and Marsh [23] both articulate how the for-profit college system takes advantage of federal student loans. Many of the for-profit colleges invest their monies in advertising, marketing, and recruitment instead of student resources. And a larger percentage of for-profit college loan borrowers default at a much greater rate than not-for-profit college loan borrowers (22% default at for-profit colleges vs 7% at not-for-profit colleges). Concurrently, 57 % of for-profit college students fail to complete their degree [22]. Thereby, students spend borrowed money to continue a for-profit ad campaign and the for-profit colleges fail to produce degree-earning students. Thus, the students' lernfreiheit has become victim to unfulfilled promises and the students are left with the bill.

Colleges are full of administrators whose responsibility it is to ensure compliance, according to Wozniak [3]. Such compliance is so that the college/university can continue to receive the public funding that is being awarded by the state and federal governments. If the college does not receive that governmental funding, then they will rationalize higher tuition costs. The side-effect, however, is that compliance means strict adherence to social ideologies (non-academic) of the majority governance. Ward [18] points out that religious affiliated schools are sacrificing their conservative ideologies (i.e., theological philosophy) in order to obtain federal funding during liberal administrations. Likewise, liberal arts schools are sacrificing their liberal ideologies (i.e., environmentalism) to obtain federal funding during conservative administrations. And, the students, faculty, and academies suffer while academic disciplines become an ideological and political "tug-of-war" to receive monies. The author warns that continued compliance (to appease the federal government) should not be conflated with freedom.

The American Association of University Professors (AAUP), therefore, has been encouraged to consider student debt a major threat to academic freedom [21]. The AAUP is seeking to resolve this out-of-control debt. With an underperforming labor market, however, Marsh [23] speculates that eventually many students, themselves, will eventually determine that college is not worth the cost and students will quit pursuing a college education, altogether.

6. Discussion

- Loans are Debt [7]! - It is the underlying principle of lending that loans are to be paid back, according to Cohen [7]. And, those loans are to be paid back with interest as a fee for lending the monies. If loans are not paid back, then the lenders will stop loaning monies, interest rates will rise, and borrowers will be considered "high-risk" or denied future loans (i.e., mortgages).

However, there appears to be an abdication of responsibility in the student loan process. In hindsight, 84% of federal student loan borrowers would have borrowed less if they knew then what they know now, according to Williams [21].

The author believes that the American higher education system has been making poor fiscal decisions for many years. This manuscript summarized the poor financial choices of 1) government lenders who enact and maintain policies regarding debt, 2) the students who borrow, and 3) the academic institutions that take and spend borrowed monies.

7. Conclusion

The author concludes that there is evidence of declining fiscal responsibility in regard to the American higher education system. The author also has determined that fiscal irresponsibility regarding college affordability and student loans is shouldered by three main entities: 1) the Government, 2) the Student, and 3) the Colleges. In consideration of the $1.7 trillion debt, Marsh [23] states, “this is not a bill, yet.” That bill will eventually come due. But until then, it continues to grow as these three bodies are blinded by the two trillion-dollar mark, which is only a few years away.

The author of this paper is left with a few final thoughts intended to encourage more fiscal responsibility amongst individuals involved in the federal student loan process:

i. Government officials need to be held accountable for their fiscal decision making. The American public need to be able to have fiscal confidence in their elected/appointed government officials to loan responsibly. Unlimited lending cannot become the status quo. Adopting a disposition of “funding” higher education instead of “financing” might be less costly in the long-term.

ii. Incoming college students need to have achieved and demonstrated a more in-depth fiscal education especially in regard to their federal student loan responsibilities. It is worth considering mandatory fiscal education. The author believes that it is also worth consideration to test the basic fiscal literacy of incoming college students as is done with reading comprehension, writing, and mathematics.

iii. Colleges should be monitored and limited to spending student loan monies on strictly “academic” needs. The author believes that academic institutions should no longer be allowed to increase tuition dollars for non-academic expenses such as dining halls, recreational complexes, and salaries for non-academic staff within the college.

The author, overall, is disheartened that the evidence indicates a decline in fiscal responsibility in the American education system. More attentive fiscal decisions need to be demonstrated by the federal government (lenders), college students (borrowers), and colleges/universities (benefactors) if the $1.7 trillion debt crisis is to be reversed.

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