**Introduction**

Student debt has dramatically increased throughout these recent years, particularly in the United states. In the US, individuals can borrow a loan through the government or private sources which could consist of banks or various financial institutions. Due to the reason that college tuition has rapidly risen, increasing from $4160 to $10,740 for public colleges and $19,360 to $38,070 at private institutions and since it is continuously rising student loan is the only option for students who cannot cover the cost of their education.

The money borrowed is used to cover the costs of their education; keeping in mind that the debt could pay for more than tuition for instance textbooks, housing and other fees. Americans owe approximately 1.7 trillion in student loans, furthermore demonstrating how students are unaware of the implications, hence also a reason why student debt doubled over the last two decades.

**Terminology**

* Student debt:

When a student borrows a loan from the government or private source which is owed back; to cover/pay for the cost of their education.

* Moratorium:

It is a temporary stop on a specific activity so it is a period of time in which the borrower/student is not required to pay the money owed.

The interest during this period usually arises/accrues

* Federal loan:

Loans made by the government with fixed terms and conditions (made by the law), which could include advantages like fixed interest rates and income driven repayment plans which are not often given by private loans.

* The National Defense Education Act:

In 1958, it was one of the most successful legislative and parliamentary initiatives in higher education. It was able to federally fund higher education, let alone make funds for low-cost student loans, supporting public and private universities and colleges.

* The Higher Education Act (HEA):

It was a law designed in 1965 to provide financial assistance to students and to reinforce educational resources for colleges and universities. It increased the amount of federal money given to post secondary institutions and to advance scholarships. It used to directly fund educational resources, however the act was discontinued in 2013 yet many similar programs remain.

**General overview**

The US government aims to invest in higher education, hence they lend student loans to those who are less privileged. The US government claims that highly skilled and educated workers provide tax revenues, benefit and develop communities and are overall more productive citizens, which plays a role in why the US government lends to students. Now over 45 million students owe an overall debt of 1.745 trillion, where recently the government has addressed the crisis by canceling a part of student debt, in which President Biden explained borrowers who make less than $125,000 a year would get a reduction by $10,000.

After World War II, the US government took it upon themselves to fund higher education, although federal student lending did not begin until the Cold war after the US government believed the educational system was failing to produce enough scientists and engineers. In 1957 the National Defense Education Act began to provide loans, in addition to the Lyndon B. Johnson administration being federally involved with the Higher Education Act (HEA). In 1965 even more people took money loans with the promise of the federal government paying back banks for unpaid loans .This demonstrates how previous world leaders affected the escalating student debt rates and how the crisis began.

Previously the US government used to subsidize and assist the Federal Family Education Loan program (FFEL) yet the program was discontinued in 2010. Concerning the global COVID-19 pandemic, the Donald Trump administration provided a temporary relief from paying their debt. In addition to President Joe Biden increasing the payment moratorium until October 2021 which included private loans which were made by the discontinued FFEL program.

Policy Makers recognize how the rising cost of college tuition and the enormous capacity of student debt and how it is negatively affecting younger generations in ways such as but not limited to: their way of living, lowering their net worth, delaying your life goals and affecting students psychologically, in terms of mental health,for instance causing anxiety and prolonged stress. A cause of these issues could be that it is not guaranteed that students will find beneficial employment consisting of a high salary as well as pursuing their dreams after graduating. Taking into consideration racial disparity. Experts show that approximately half of black college students take out student loans compared to 40% of white students, leading to more debt by an average of $25,000, as well as it is found that women are nearly two thirds of all student loan debt. This is affected by the fact that the annual income for black and female bachelor holders is $10,000-$11,000 less than male and white bachelor holders.

At the moment, the colossal student debt is affecting the US economy like risks for taxpayers and poor outcomes for the labor market, the US community, individual citizens and their families.

**Major parties involved**

The United States of America Government:

The US government acknowledged the issue of student debt and the expeditious growth of college tuition. It was addressed by the white house that federal borrowers who make less than $125,000 annually would get $10,000 of their debt forgiven, yet recently the US government has stopped taking applications for debt relief after the President Biden student loan forgiveness plan was ruled illegal by a judge. The US government has impacted this crisis in various ways, and the history of their involvement plays an immense role in how the student debt predicament began.

The Federal Family Education Program (FEEL):

It was a program which worked with private lenders to provide education loans through the federal government which ended in 2010, however now loans are made through the William D. Ford Federal Direct Loan Program.

**Previous attempts to resolve the issue:**

Recently the federal court has declared that President Joe Biden's student loan forgiveness program has been announced as illegal. The program was announced in August where it experienced many setbacks.

Currently all applications for debt relief would not be accepted by the US government and department of education and previously applied applications will be put on hold.

**Possible Solutions:**

1. Large scale debt cancellation, this would further help racial and socioeconomic equality, additionally it would reduce the burden of student loans and provide financial assistance to those who may be in need of it and are less privileged.(less privileged people could be categorized by living standards and job salary).
2. Allow borrowers to pay a specified amount proportional to their income, to allow them to get high education as well as maintaining a healthy lifestyle
3. Implementation of laws limiting college tuition rates and other costs at public colleges/universities which aids in helping low income students.
4. Restrict federal funding to universities/colleges which have high rates of student dropouts, unqualified and unskilled student development.
5. Treating student debt like any other debt meaning it would be excused/discharged in court in the situation of bankruptcy.
6. Subsidize and promote organizations which want to improve the lives of borrowers and reduce the rate of student debt such as SDCC, DEMOS, Education trust etc.

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