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Book Review:
*The Student Loan Mess: How Good Intentions Created a Trillion-dollar Problem*
By Justin Chase Brown

**Keywords:** student loans, student debt

When student loan debt reached the one trillion dollar threshold, surpassing credit card debt, it prompted a great deal of media attention and political sensationalism. Experts blame ballooning student loan debt on various groups, from politicians to the students themselves, but Joel and Eric Best, authors of *The Student Loan Mess: How Good Intentions Created a Trillion-dollar Problem*, attempt to present a more complete view of how America came to this point. The authors analyze the problem through a historical perspective and then a policy lens, and then they close with what the future might hold for higher education, including how America might mitigate future student loan messes.

The *Student Loan Mess* is a story about how America’s higher education and political system created one mess after another. The authors organized the book around four major chronological themes, which are logically categorized, but titled with gratuitously rhetorical phrasing. “Good Intentions and Wasted Brainpower,” the first student loan mess, describes the beginning of the federal student loan system and how the general public viewed it as a way to improve higher education affordability. “Disillusionment and Deadbeats” describes the second mess, when massive amounts of overdue and defaulted student loans caused great political and public concern, fueled by rising tuition levels and stagnant family incomes, and prompted tighter restrictions on when borrowers could discharge loans through bankruptcy. “Outrage and Crushing Debt,” the third student loan mess, began in the 1990s, and is responsible for delaying college graduates’ endeavors for home ownership, marriage, or starting families. The fourth, and prevailing, student loan mess, “Dread and the For-profit Bubble,” draws attention to problematic proprietary schools. These schools rely primarily on federal student aid as a revenue stream, and many are embattled in lawsuits and subject to ever-greater regulatory scrutiny.

Since the 1960s, when the federal government first entered into the student loan business, political and financial fluctuations have shaped the loan system into what it is today. The authors explore how higher education policies have been designed in reaction to certain social problems, such as lack of access to higher education, and failed to foresee how those policies would reverberate in the greater society, such as insurmountable debt loads, increased federal loan defaults, and the rise of proprietary institutions. Though unsupported by research, the authors suggest that “once some parents began to view loans as a way to reduce the amount they needed to contribute toward their children’s college costs, they were more willing to support decisions to attend costlier schools” (p. 72).

The authors frame their argument around rational economic behaviors. They argue that greater demand for student loans reduced students’ price sensitivity and, in turn, allowed students to consider more colleges. Loans were responsible for creating the modern higher education marketplace, where intense competition

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for students led to today’s amenities “arms race.” This amenities race requires colleges to spend ever more money on extravagant amenities that drive college costs even higher, and in turn fuels more student loan debt. This is a vicious cycle, where market forces are responsible for creating and worsening the student loan mess.

The authors’ argument is similar to the opinion of former Secretary of Education William Bennett. Now known as the Bennett Hypothesis, it states, “If anything, increases in financial aid in recent years have enabled colleges and universities blithely to raise their tuitions, confident that Federal loan subsidies would help cushion the increase” (Bennett, 1987). While there is certainly a correlation between increased financial aid and increased tuition, the near-ubiquity of student loans at colleges and universities makes it virtually impossible to establish causation. There are simply not enough comparable colleges that do not participate in the federal student loan programs from which to draw causal conclusions. The research is, at best, mixed on the subject, which the authors fail to mention. The authors maintain a superficial explanation, yet contend that further understanding of higher education and student loan issues could prevent making more “messes” in the future. Although the authors provide some policy recommendations, it is clear they are long on problems and short on innovative solutions.

The book aims to offer suggestions about ways to make the inevitable future student loan messes more manageable and to spread blame beyond the usual suspects—students and colleges—by focusing on federal policy decisions. It is not clear for whom the authors wrote the book, but the hyperbole, writing style, and simplified historical and legislative overview suggest a general audience. The book does not have a strong foundation in research, presumably because much of the research is lacking, so it may not appeal to academic audiences but rather everyday historians and financial aid administrators.

Throughout The Student Loan Mess, the authors develop a thought-provoking narrative of the student loan system as a series of messes. Their perspective contrasts with the usual portrayal by the media, politicians, and policy analysts. The authors focus on the system itself, i.e., the public perception of the system, politicians’ responsiveness to it, and the contemporary public policy considerations surrounding it. However, with much of the text focusing on a historical analysis, it is a considerable omission to exclude the robust work of historians like Thelin (2003, 2011) or Wilkinson (2005) on the history of higher education, especially concerning how college administration and higher education financing has evolved over the last century.

The authors offer a perspective from experience in higher education and the banking industry that, while thought-provoking, is emphatically rhetorical. The four student loan “messes,” while provocative, sometimes lack the strong empirical analysis necessary to support their overall arguments. Without it, the book makes sweeping generalizations that may be plausible, but need additional support.

In the book’s frequent explorations of student loan policy issues, the authors overlook how many of the most significant student loan policies came about through procedural politics rather than intended public policy design. For example, while the Higher Education Act is where much of the reform attention focuses (and rightly so), student loan policies are often shaped through budget reconciliation and are subject to appropriations. As a result, the range of federal policy levers available for cleaning up the student loan “messes” are not fully considered.

The authors devote significant attention to the proprietary sector and how its emergence has changed the student loan system. They speculate that the next student loan mess will involve closing many proprietary schools, resulting in numerous discharged student loans that will negatively affect the federal budget. This prediction does not distinguish between types of proprietary institutions that might exist, such as those suggested by Kevin Kinser (2007). For example, Kinser (2007) suggested that proprietary schools be
classified by geographic scope, type of ownership (e.g., publicly traded), and highest degree offered. Given the author’s prediction of the next student loan mess, a more rigorous evaluation could have provided a more specific prediction as to which schools might be in greater danger. The proprietary higher education industry is diverse, so an industry-wide downturn is unlikely. Since the book’s publication, though, there have been several high-profile cases of the weakening proprietary sector, including Corinthian Colleges (Blumenstyk, 2014) and Anthem Colleges (Tyson, 2014).

The book concludes with a set of high-level and broad policy recommendations, most of which would require state or federal legislative action. The recommendations are reasonable, although not entirely original, and because most of the recommendations require legislative action, they are impracticable at the institutional level. These policy recommendations echo concerns maintained by financial aid administrators and policy analysts advocating for students at the state and national level, but the analysis could have performed a deeper examination of the solutions. For example, the authors recommend controlling college costs, reducing growth in administrative and other non-instructional costs, and lowering instructional costs. Many of these costs are due to external factors that campus administrators and faculty cannot control, such as luxury off-campus housing that drives up the total cost of attendance, or maintaining compliance in an overregulated industry. Treating the symptoms of complex social issues and financial problems with simplistic interpretations is not likely to make the “messes” go away anytime soon. However, activists can advocate for policy changes that contribute to such ideas, such as deregulation.

Overall, the authors paint a bleak outlook for the proprietary sector and the greater higher education market it could drag down with it. This provides some insight into the next student loan mess, and the recommendations offered can provide themes for advocacy efforts and policy change. Given the complexity of the federal aid system and imminent reauthorization of the Higher Education Act, it seems likely the discussion of the student loan messes will continue, and this book is a good, thought-provoking companion to those discussions. However, due to the lack of both a thorough historical overview and strong empirical analysis, I would not recommend this book to higher education academics and caution my colleagues in financial aid administration, should they read the book, to keep a skeptical eye.

**References**


