

The student loan debt crisis is forecasted to shake the economic landscape harder than both the dotcom bubble AND the housing and subprime lending bubble combined! It rests on the speculation governments held when financing educational institutions in the United States without preparing the market for those exiting graduates. It is increasingly difficult for college graduates to find jobs in their chosen fields and their minimum payments to student loan debt will keep costs rising for the rest of the financial market. Total student loan debt is estimated to be around \$1 trillion, with the average student owing around \$24,000 for their degrees.

Delinquency rates on those loans are around 10%, but that is actually close to the averages for other types of consumer loans. The problem is that these graduates are not bringing in the income they were hoping while taking out enormous debts they did not properly prepare to finance, or were unaware of the reality of the current jobs market. Things may have changed during the process of their education, and the market will not rest to fulfill needs for degree paths that are losing demand in the rise of the information and financial sectors.

The real problem with the debt that these graduates carry is that they aren't able to saddle the debt and spend money in the marketplace. Consumer sales have dropped, and with more people taking on increasing costs for college degrees, there is no direct replacement for those expenditures without an increase in the GDP and the jobs market domestically.

Since the United States government supports 95% of these student loans, the scenario is quite different from the previous market crashes that were directly tied to assets and investments in the private sector. With debt increasing on the public accounts, payment can be more easily managed rather than the way that financial institutions played risky moves in the stock market with their subprime mortgage loans and assets.

The option of deferment creates a more sustainable environment for repayment of those debts and the overall goal is to generate a more educated and capable society. Whether or not those degrees have created a direct improvement in the economy is to be seen, but for now the market will adjust to the rising costs until they are absorbed by a newly forming economy out of the ashes of history.