

According to Bloomberg, the cost of college tuition has increased 538% since 1985. This percentage surpasses both rising medical expenses and the consumer price index. As a result, the Consumer Financial Protection Bureau reported in 2012 that there was more than \$8 billion in defaulted private loans. The increasing costs associated with attending higher education in the United States are causing more students to take out loans. Many students are finding themselves having trouble repaying their debt on time and are defaulting on their payments. The rising amounts of student loan debt are not only hurting the students themselves, but also the American economy as a whole. Unless the nation addresses this problem, it will be inevitable for the future college students and the economy to avoid an imminent crisis.

Defaulting on student loans has the ability to ruin a college student's credit score before he even applies for his first credit card. This negative credit will follow him throughout his life, especially when he tries to buy a car or a house of his own. However, negative credit may not be an immediate problem for all recent graduates. For many students, moving out and buying a house of their own after graduation is no longer possible with their massive amounts of debt. More graduates are now forced to move back in with their parents after college and to stay there a lot longer than they'd like, which is starting to negatively affect the housing market. Without the contribution of recent graduates, houses aren't being sold as quickly. If all future generations of young people aren't able to move out relatively soon after graduating, America's housing market will definitely struggle as a result.

The current state of the economy isn't helping college students either, as the unemployment rate remains to be high. In addition to moving back in with mom and dad, students are having difficulty finding entry-level jobs in their fields. Many students are currently underemployed and aren't contributing to society to their full potential, due to the lack of jobs. The recovery of the American economy since the recession has already been slow, and if college students remain to face high levels of debt, it will continue to be slow.

This is the first generation in the United States that is facing such large problems associated with debt from taking out loans for college. If no action is taken, however, this will become the reality for all generations to come. If university tuitions are going to continue to increase so briskly, then policies related to loans need to be reformed. Income-based repayment schedules need to become the norm for any loans taken out for college. As Representative Tom Petri notes, students are going to make less money immediately following graduation and then gradually make more as they progress. Loan payments need to reflect this trend and not require the same amount for debt repayments. Research in other countries has confirmed this method, which is why it should be considered in the United States. Education is the foundation for having a successful career and it should be available to everyone. Fear of defaulting on loans or being in debt should not inhibit someone from receiving a quality education. The American economy as a whole would benefit if actions were taken to reduce the amount of debt that college students have and make loans for graduates more forgiving.