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Student loan debt is worse than it seems

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(MoneyWatch) The [student loan crisis](#) continues to worsen, according to the latest quarterly figures from the [Federal Reserve Bank of New York](#).

The [NY Fed's Quarterly Report on Household Debt and Credit](#) revealed that the delinquency rate for student loans, which is currently at 8.9 percent, increased during the second quarter. During the same period, [student loan debt](#) rose \$10 billion to \$914 billion.

While [student debt](#) continued to grow, overall household debt declined by \$53 billion to \$11.38 trillion as Americans continue to pay down their debt and take advantage of extremely low interest rates. Credit card balances (\$672 billion) are at their lowest level since the second quarter of 2002. Credit card debt is down 22.4 percent since the peak during the fourth quarter of 2008.

During the most recent quarter, the delinquency rates for mortgages (6.3 percent), credit cards (10.9 percent) and auto loans (4.2 percent) all decreased.

According to the federal reserve report, the delinquency rate for [student loans](#) is actually worse than what it reported. Here is the bank's explanation:

These delinquency rates for student loans are likely to understate actual delinquency rates because almost half of these loans are currently in deferment, in grace periods or in forbearance and therefore temporarily not in the repayment cycle. This implies that among loans in the repayment cycle delinquency rates are roughly twice as high.

It's not surprising that student loan debt remains a problem child. College prices continue to defy inflation rates and the biggest percentage price hikes are coming from public universities, which is where most middle and low-income students have traditionally depended upon for bachelor degrees.

It's more important than ever that families evaluate their options and use [net price calculators](#) to determine what the actual price -- rather than sticker price -- will be for them at any college or university. And parents and teenagers must have honest conversations about what a safe level of college debt is.

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