August 2, 2013

Chairman John Kline
House Education and Workforce Committee
2181 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Kline and Members of the Committee,

We kindly thank you for the opportunity to provide feedback and ideas about how move forward with the Higher Education Act Reauthorization. I am writing on behalf of the National Association of Graduate-Professional Students (NAGPS) and the 600,000 graduate and professional students we represent across the United States on more than 90 campuses. NAGPS’ board members—including myself—are all current or recent graduate and professional students.

We write to provide specific information and feedback on higher education affordability and student loans for graduate and professional students. Increasingly graduate and professional degrees are becoming necessary for numerous career paths. The need for advanced degrees will also continue to climb in the future. The Council of Graduate Schools recent report, “The Path Forward: The Future of Graduate Education in the United States”, states that by 2018 2.5 million new jobs are estimated to need advanced degrees1. Simultaneously, the Bureau of Labor Statistics estimates that jobs requiring master’s degrees will grow by 22% from 2010 to 2020. Doctoral or professional degree jobs are expected to grow by 20%. Altogether, jobs requiring advanced degrees are expected to see the highest growth rate2. A college degree no longer guarantees the same kinds of jobs it did in the past. More people will go to graduate school and more businesses will seek individuals with advanced degrees. It is in the best interest of our country to support and encourage advanced degrees to continue to spur economic growth and job creation by small businesses, entrepreneurs and innovators.

Unfortunately, despite the growing demand for advanced degrees, graduate education continues to be marginalized by many recent policies that will ultimately prevent many qualified and motivated individuals from entering an advanced degree program. This pressure is coupled with a growing debt burden faced by individuals with student loan debt. Though much discussion has been focused on undergraduate student loans and debt, graduate and professional students have significantly higher debt burdens compared to undergraduates. The average debt for a doctoral degree is $52,000 and $80,000 for a professional degree3. Comparatively, the average debt for an undergraduate degree is $23,800 4. The rate of borrowing for graduate students has also increased substantially in recent decades (Figure 1). The College Board estimates that graduate students borrowed 68% more per student in federal loans in 2011-2012 than in 2001-2002, which corresponds to the rising cost of education4.

Despite this, recent policies have put in place a system that is likely to exacerbate these debt burdens in the future. In 2011, the Budget Control Act eliminated subsidized student loans for graduate and professional students. This change means graduate and professional students must begin accruing interest on their loans while still in school. The CBO estimates that the elimination of the in-school interest subsidy will increase graduate and professional students’ aggregate debt burden by $18.1 billion over the next 10 years. This is especially burdensome for graduate and professional students who are older, may have families and are not dependent on their parents.

Losing the subsidized Stafford loan for graduate and professional students was troubling and has undoubtedly made seeking an advanced degree more costly, potentially deterring qualified students from seeking these degrees. However, more recent policies are also set to exacerbate this problem. The Student Loan Certainty Act (H.R. 1911/S.1334), which passed the Senate and House in July 2013 and
is set to be signed into law by President Obama increases the divide between student loans for graduate and undergraduate students. For the first time, graduate and undergraduate students borrowing rates will be explicitly differentiated, with graduate student rates being higher (10 year treasury note rate plus 3.6% compared to 2.05% for undergraduates). The caps are also higher for graduate students—9.5% for Stafford loans and 10.5% for PLUS loans compared to 8.5% for undergraduates. These differences will make graduate education even less attainable, particularly as rates climb with the economic recovery and loan rates approach the cap. Given that graduate students already have more than double the average debt of undergraduate students, these policies will deter people from seeking advanced degrees in the future.

We write you now with several ideas for how to reduce the debt burden of America’s students seeking advanced degrees. We ask you to consider the following:

1) Reinstate the subsidized Stafford loan for graduate and professional students to lessen the debt burden for students while in school and encourage greater enrollment in programs necessary for future job security and creation
2) Unify undergraduate and graduate borrowing rates, reversing the trend of increasing inequality in borrowing rates among student subgroups.
3) Lower the caps on student loan interest rates so that they will not increase in the future beyond the previous rate of 6.8%
4) Implement a policy (such as H.R. 532) that will forgive student loan debt in the unfortunate event that an individual must declare bankruptcy (currently the only debt not forgiven in this event).
5) Put in place measures to increase transparency in student loan lending such as those included in S. 113.

We thank you kindly for your consideration and are happy to answer any questions or be of assistance should you find it helpful. Thank you for the opportunity to express our perspectives and provide feedback into the HEA reauthorization process.

Sincerely,

Meredith Niles
PhD Candidate, University of California, Davis
Director of Legislative Affairs, National Association of Graduate-Professional Students

CC: Members of the House Education and Workforce Committee

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