NATIONAL ASSOCIATION OF GRADUATE-PROFESSIONAL STUDENTS

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Arizona State University
Arkansas State University
Armstrong Atlantic State University
Auburn University
Baylor University
Bentley University
Boston University
Bryn Mawr College
Carnegie Mellon University
Case Western Reserve University
Chatham University
Colorado School of Mines
Colorado State University
Columbia University
Cornell University
Drexel University
Duke University
East Carolina University
East Tennessee State University
Eastern Illinois University
Emerson College
Florida Atlantic University
Florida International University
Florida State University
George Mason University
Grand Valley State University
Harvard University
High Point University
Johns Hopkins University
Kent State University
Loyola University Maryland
Massachusetts Institute of Technology
Missouri University of Science and Technology
North Carolina State University
Northern Arizona University
Northwestern University
Ohio State University
Oklahoma State University
Old Dominion University
Pennsylvania State University
Regent University
Rice University
Southern University
St. Cloud State University
St. Louis University
Stony Brook University
Syracuse University
Texas A&M University
Texas Tech University
Tufts University
University of Akron
University of Alabama, Birmingham
University of Alabama, Tuscaloosa
University of Arizona
University of Arkansas, Little Rock
University of California
University of California, Davis
University of California, Irvine
University of California, Merced
University of California, San Diego
University of Central Florida
University of Cincinnati
University of Colorado
University of Florida
University of Georgia
University of Louisville
University of Maryland, Baltimore County
University of Maryland, College Park
University of Miami
University of Mississippi
University of Missouri
University of Missouri, St. Louis
University of Montana
University of Nevada, Las Vegas
University of Nevada, Reno
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University of North Texas
University of Notre Dame
University of Oklahoma
University of Pittsburgh
University of Puerto Rico Rio Piedras Campus
University of South Dakota
University of South Florida
University of Southern California
University of Tennessee Knoxville
University of Toledo
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Washington University in St. Louis
Western Michigan University
Xavier University

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 degrees[1]. 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 rate[2]. 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 degree[3]. 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 education[4].

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[5]. 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

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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.

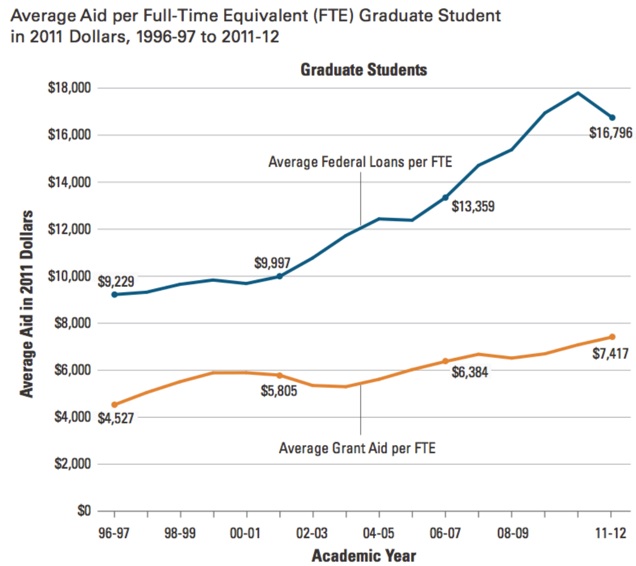

Figure 1. Source: College Board Trends in Student Aid 2012 Report.

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,

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CC: Members of the House Education and Workforce Committee

[1] The Council of Graduate Schools. The Path Forward: The future of graduate education in the United States. Available: http://www.fgereport.org/rsc/pdf/ExecSum_PathForward.pdf

[2] The Bureau of Labor Statistics. 2010-2020 Projections Overview. Available: http://www.bls.gov/ooh/About/Projections-Overview.htm#educationandtraining

[3] Finaid.org. Student Loans. http://www.finaid.org/loans/

[4] The College Board. Trends in Student Aid 2012. Available: http://advocacy.collegeboard.org/sites/default/files/student-aid-2012-full-report.pdf

[5] The Hill. The delinquency of the debt ceiling and student debt. 2011. Available: http://thehill.com/blogs/congress-blog/economy-a-budget/174805-the-delinquency-of-the-debt-ceiling-and-student-debt