

Key Points about Graduate Student Loans

THE PROBLEM:

The Government Accounting Office (GAO) has reported that graduate and professional student debt is increasing. The combination of high student debt and high interest rates creates a strong disincentive to pursue graduate education. Graduate education is necessary to prepare future research scientists, doctors, teachers, social workers, psychologists and lawyers. Those who choose a career of service in the public sector are particularly hard hit due to their lower pay.

- U.S. universities are losing their ability to attract the best students;
- The average masters student's debt is \$30,000, the average doctoral student owes \$52,000, and many professional students generate over \$100,000 in debt and unlike undergraduates, very few graduate students receive parental support;
- The College Cost Reduction and Access Act of 2007 (PL 110-84) reduced rates on undergraduate Stafford Subsidized loans but left graduate students interest rates unchanged. Graduate student are less likely to default on their loans and should not be used to subsidize undergraduate loans;
- The graduate loan programs are modeled after 4-year undergraduate programs, which creates a funding shortfall due to many graduate programs typically taking 5-6 years. This unfairly forces students into taking higher interest rate loans from private lenders exacerbating their loan burden;
- Though next-generation of undergraduate higher education has been identified as a priority in the Student Aid and Fiscal Responsibility Act of 2009 (H.R. 3221), the aid required to train the future teachers of the next generation – graduate and professional students – has been omitted.

HOW FIXING GRADUATE STUDENT LOAN PROGRAMS CAN HELP:

- Lower interest rates and access to low interest loans for the expected duration of graduate education will provide affordability and restore equity with undergraduates;
- Reducing loan rates will empower a broad range of the most qualified students to pursue graduate education, from all social and economic backgrounds;
- Access to affordable loans and modeling graduate-professional loans to match the time-to-degree will improve retention and degree completion;
- The U.S. will benefit from highly qualified researchers, academics, educators, medical doctors, legal professionals, and others in public service.

HOW STUDENTS BENEFIT:

- With lower repayment burdens, graduates will be able to afford to work at jobs that provide greater public service opportunity but lower pay within their field, such as nonprofit or government research, *pro bono* legal work, or medical practice in impoverished communities;
- Education will become more accessible as financing becomes less of a constraint.

Reduce graduate student loan rates and match loan availability to time-to-degree!

FOR MORE INFORMATION PLEASE CONTACT:

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