



To:

Senator Bennet
1127 Sherman St., Suite 150
Denver, Colorado 80203

Senator Udall
North Tower, 999 Eighteenth Street, Suite 1525
Denver, Colorado 80202

Representative Polis
4770 Baseline Road, Suite 220
Boulder, Colorado 80303

Date: 6/18/2013

Subject: Student Loan Interest Rates

From: Executive Officers of the United Government of Graduate Students

Dear Sirs,

We are writing on behalf of the Executive Officers of the CU Boulder United Government of Graduate Students (UGGS) to provide feedback with respect to student loan interest rates and current proposals in the United States Congress intended to address the impending increase in student loan rates. We would like to echo and elaborate on the sentiments expressed by the CUSG Executive Office and the CU Student Government's Legislative Council, which have also been involved in this and related matters since early June.

Graduate education is becoming increasingly difficult to afford, especially for middle and low-income families and students from underrepresented backgrounds. Furthermore, it is important to remember that today's undergraduate student is tomorrow's graduate student; graduate and professional students therefore have an interest in reducing the costs of undergraduate education, as it is a necessary precursor to graduate work. Thus, in order to ensure access and affordability to graduate education, we advocate that the government keep interest rates low on all Federal student loans, especially those accessible to graduate students such as the Direct Unsubsidized Loans, Direct PLUS Loan for Graduate or Professional Students, and Federal Perkins Loans.

Most importantly, we also strongly encourage Congress to allow graduate and professional students to access Direct Subsidized Loans at current rates. Paying hundreds of dollars of interest per month while still in school is a significant drag on the economic

progress of a generation of educated professionals. This burden also makes it difficult to complete an advanced degree in a reasonable amount of time, as graduate students must take on second and sometimes third jobs to make ends meet. Furthermore, many graduate students started at the community college level, and as a result have utilized numerous different loan types that can be confusing to keep track of over the course of their education. Simplifying the federal loan programs would go a long way to increasing the efficiency of the programs and their accessibility. Ultimately, in order to reduce the loan principle in graduate school, it would be advisable to increase funding and access to federal research grants and fellowships targeted at graduate students. Not only does this reduce the cost of education to students, but it also can increase their productivity and can decrease time to degree.

The Executive Offices of UGGS further request that any long-term or comprehensive solution to the cost of higher education make efforts to (a) increase Pell Grant access and funding, (b) incentivize state governments to reduce tuition or increase tuition subsidies for all students at community, state, and private colleges and universities, (c) expand access to work study programs and offer larger work study grants, and (d) offer more accessible and more generous principle forgiveness and income based repayment programs.

Finally, based on conversations with graduate and undergraduate students and student leaders on the University of Colorado Boulder campus, we offer the following recommendations and feedback on student loan interest rate solutions:

We recommend that federal student loan interest rates continue to be fixed for the lifetime of the loan.

We recommend a fixed-interest rate that does not vary with market rates to provide consistency for students during the lifetime of their college careers. That is, we propose a financial product that would allow students to lock-in an interest rate that would apply to all loans of the same kind provided by the Federal government for the lifetime of the student. This would provide certainty for students, universities, and Federal and State governments.

Although we oppose market-based interest rates, we recommend any solution with a market-based interest rate have an interest rate cap at the lowest possible level.

We recommend that the interest rates for Direct Unsubsidized Loans be decreased and that graduate students with demonstrated financial need gain access to Direct Subsidized Loans. This would return to the historical norm of equal access to Federal loan services for all students. It would also help ensure graduate students have access to loans with low interest rates and decrease the financial burden of their education, allowing more students to pursue graduate education and professional careers.

We endorse the passage of Senate Bills 897 (“Bank on Students Loan Fairness Act”) and 953 (“Student Loan Affordability Act”), which are short-term solutions that maintain current or lower interest rates for the next 1 to 2 years. Specifically, Senate Bill 897 ties the rate of subsidized Stafford loans to the same rates that banks receive for borrowing from the Federal Government for 1 year. Senate Bill 953 continues to extend the current rates for Stafford loans for 2 additional years (3.4% for Subsidized and 6.8% for Unsubsidized).

We oppose the passage of House of Representatives Bill 1911 (“Smarter Solutions for Students Act”) and Senate Bills 682 (“Comprehensive Student Loan Protection Act”) and 909 (“Responsible Student Loan Solutions Act”), which are long-term solutions to student loans that do not provide fixed interest rates and may not address both Direct Subsidized and Direct Unsubsidized Loans.

Finally, UGGS urges that any additional costs to the Federal government resulting from these policy suggestions not be born by the very same people these recommendations are intended to help; low and middle income families and those from underrepresented backgrounds.

We appreciate your willingness to collect our feedback. We ask that you share these recommendations and considerations with the Colorado Congressional delegation and any interested members of Congress as soon as possible. Please do not hesitate to contact us if you have any questions or comments.

Sincerely,

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