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TICK-TOCK: Less than 60 days!
Federal Student Loan Interest Rates Would DOUBLE to 6.8%
U.S. Senate Vote FAILS TODAY
Typical NY Student to Pay \$993 More Per Year in College
NYPIRG Mobilizes Students to Urge Congress to Act to Keep Rates Affordable

(*New York – NY*) College students will see interest rates for subsidized federal Direct Stafford Loans double from 3.4% to 6.8% if Congress fails to act by July 1st of this year. Students taking out federal direct loans after that date are projected to pay \$993 more per year in school on a typical loan.¹

The U.S. Senate failed to vote yes today on S.2343, “Stop the Student Loan Interest Rate Hike of 2012,” sponsored by Majority Leader Harry Reid. Last week, the House passed H.R.4628, the “Interest Rate Reduction Act,” which would extend the loan subsidy but end funding for five preventative healthcare programs.

NYPIRG is spearheading the effort across New York State to mobilize students and their families to contact their congressional representatives and urge them to take immediate action to keep interest rates at 3.4%. Students working with NYPIRG have already logged over 500 calls from across the state to their Congressional representatives and Senators Schumer and Gillibrand.

“Doubling the interest rate on student loans will deter many needy students from going to college, significantly add to the anxiety of building a life after graduation, and will make it harder for graduates to pursue jobs or careers that don’t provide a fat paycheck right off the bat,” said Kathleen Jordan, Brooklyn College student and Chairperson of NYPIRG’s Board of Directors.

“In a time of high unemployment, tuition hikes, inflated textbook prices, and cuts to the Tuition Assistance Program (TAP) and other financial aid programs, students are forced to turn to loans to pay for college,” said Kevin Stump, NYPIRG Project Coordinator. “The clock is ticking, and Congress continues to play political games creating a gridlock,” said Stump.

“Congress should reject the cynical approach taken by the House of Representatives, which pits college students against public health programs,” Stump said. “Congress can find other ways to extend the loan program so that borrowing to pay for college remains affordable for working and middle income students without sacrificing public health,” said Stump.

More-More-More

¹ The White House, “Keeping Student Interest Rates Low,” May 7, 2012. Accessed at www.whitehouse.gov/dont-double-my-rates.

President Obama, presumptive Republican Presidential nominee Mitt Romney and New York’s U.S. Senators Schumer and Gillibrand all support freezing interest rates at 3.4% for at least one year until long-term solutions are presented.

“I was planning to pursue a master’s degree, but at this rate, I simply would not be able to afford it,” said Hunter College freshman, Luciano Ortiz. With an average loan of \$4,033, New York students are currently saddled with more than \$1.7 billion in subsidized Direct Stafford Loan debt. If Congress allows the law to expire on July 1st, the average subsidized Direct Stafford Loan borrower will have \$3,800 in increased student loan debt over a 10-year repayment term, according to the New York State Higher Education Services Corporation (HESC).

Only 54% of young adults aged 18 to 24 are currently employed; an all-time low since 1948, when the government began collecting such information. The U.S. Bureau of Labor Statistics reports that there are currently only 3.5 million job openings in the country, even as the pool of potential applicants is huge, with 12.7 million Americans identified as unemployed. Student loans can be a lifetime burden: the Federal Reserve Bank of New York shows that Americans 60 years and older still owe about \$36.5 billion in student loans.

Collectively, higher education in New York State has been cut \$1.7 billion in the last few years alone. NY SUNY 2020 (passed in 2011) has authorized an incremental tuition plan that raises costs at least \$300 per year for five-years, totaling a minimum \$1,500 increase that students must pay. In addition to swelling tuition rates, students pay an average of \$1,000 in textbooks every year. Structural changes to the Tuition Assistance Program (TAP) and the Pell Grant program have further reduced access to college for many.

“We’re pulling out the stops to press New York’s Congressional leaders to put politics aside and act now to hold interest rates. Students across the state are simply terrified that Congress will be sidetracked by partisan politics when what we really need is their leadership,” Jordan said.

According to the Office of U.S. Senator Charles Schumer, outstanding Direct Stafford Loans held by New Yorkers by region break down as follows:

NYS REGION	NUMBER OF STUDENTS WHO HAVE SUBSIDIZED DIRECT STAFFORD LOANS IN NYS
New York City	168,636
Western NY	62,533
Long Island	60,133
Hudson Valley	45,515
Central NY	41,797
Rochester-Finger Lakes Region	41,675
Capital Region	40,784
Southern Tier	32,389
North Country	18,225
Statewide	511,687