



**For immediate release:**  
Thursday, June 27<sup>th</sup>, 2013

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## **TICK-TOCK: Less than 5 days!**

**Federal Student Loan Interest Rates Would DOUBLE to 6.8%**

**Typical NY Student to Pay \$1,000 More Per Year in College**

***NYPIRG Mobilizes Thousands of Students to Urge Congress to Act to Keep Rates Affordable***

*(New York – NY)* College students will see interest rates for federally subsidized Stafford loans double from 3.4% to 6.8% if Congress fails to act by July 1<sup>st</sup>. This is because of a one-year extension on a law that expired in 2012. Students taking out federal direct loans after that date are projected to pay \$993 more per year in school on a typical loan.

“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. Thousands of students across New York State are calling on their congressional leaders to stop the clock and freeze interest rates on student loans,” said **Aileen Sheil, Queens College student and Chair of the New York Public Interest Research Group’s (NYPIRG) Board of Directors.**

NYPIRG is spearheading the effort across New York State to mobilize students and families to contact their congressional representatives and urge them to take immediate action to keep interest rates at 3.4% or lower. Students working with NYPIRG have collected more than 12,000 signatures from students across the state calling on Congress and the President to stop the interest rate from doubling. Students are also demanding that Congress come up with long-term solutions that seriously address the student loan debt crisis and the issue of college affordability.

“With the Higher Education Act of 1965 up for reauthorization next year, Congress should pass an extension of the current program until we can figure out how to address the issue of student debt and college affordability. In some cases, no deal is better than a bad deal. Meaning some of the proposals out there could put students in an even worse place than if we let the current bill expire,” said **NYPIRG’s Higher Education Advocate, Kevin Stump.** “These reforms should be part of a larger discussion that address tuition, textbooks, and federal, state, and institutional financial aid,” said Stump.

"As a student at the City University of New York (CUNY) student who does not receive New York State TAP or Federal Pell Grants and with both my brother and mother enrolled in college

**More – More – More**

as well, I am forced to take out student loans to pursue my education. I have one more year of college left, which means one more year of accruing debt. I am concerned of what's to come after I graduate into a challenging job market with unmanageable student loan debt," said **Alyssia Osorio a student at City College of New York.**

"We cannot turn our backs on more than 420,000 young New Yorkers who would be forced to pay hundreds of millions in extra interest payments if these Stafford loans rates double," said **U.S. Senator Kirsten Gillibrand.** "Congress must act to help relieve this unnecessary debt. When we price young people out of a college education, we all pay a price. Keeping a high-quality education in New York affordable is the right thing to do."

"We always hear politicians waxing eloquently about how important the next generation is. For Congress to allow the interest rates for student loans to double in July reveals an incredible level of cynicism and hypocrisy. I stand united with students across America in calling on Congress to act to stop this huge hike," said **New York State Assemblywoman and Chair of the Higher Education Committee, Deborah Glick.**

"New York City sends a clear message to Washington today to keep education affordable so that our middle class can grow and thrive. College accessibility is and has always been the gateway to the middle class for Americans and affordability is now a major factor in determining who can and cannot go. Educational justice is a real issue in this country. As we seek to increase college readiness among New York City children, this effort becomes futile if they cannot afford the services in the end," said **New York City Councilman and Chair of the Higher Education Committee, Ydanis Rodriguez.**

"At this moment I am unsure about my future. After graduating college a few weeks ago, I still don't have a job in my field, and my grace period will be ending come November – I am not sure what's going to happen then but I know I'm not alone," said **recent graduate from the Pratt Institute, Ailsa Forlenza.**

"Over 6.2 million Americans are currently at risk of defaulting on their student debt," says **Robert Hiltonsmith, Demos Policy Analyst.** "Letting the interest rate on subsidized Stafford loans double would cost student borrowers an additional \$41 billion over the next decade, in total, or an average of \$2600 per borrower. Doubling the rate would thus be an unconscionable additional burden on students already struggling to afford a higher education."

Last year, New York graduates had an average debt of \$27,310. Out of the 37 million Americans who hold outstanding student loan debt, 2.7 million, or 7.3%, of debt holders across the nation are New Yorkers. New Yorkers owe more than \$1.7 billion in Stafford loans, with an average loan of \$4,033. This does not include private loans or other types of federal and/or state loans. According to the National Student Loan Data System, the average student who receives four years of subsidized Stafford loans would end up paying up to \$3,798 more over the course of a ten year repayment term should the rate double. However, if the interest rate does not double, it is estimated that student loan debt holders in New York State will have saved a collective \$383,501,919, which could otherwise be redirected into other investments to spur economic growth across the state.