



Council of Graduate Schools

Statement on Student Debt Relief Legislation

February 5, 2007

Two bills, HR.5 and S.359, that would cut subsidized Stafford loan interest rates for undergraduate borrowers in half, over the next five years, have been introduced in Congress. The House of Representatives overwhelmingly passed HR.5, and S.359 is under consideration in the Senate.

Cutting the interest rate is a significant step in reducing the debt burden of college graduates, which can be a barrier to their decisions to seek graduate degrees. Because of the prospect of accumulating more debt in graduate school, a reduction in loan debt at both the undergraduate and graduate levels each can lead to increasing participation in graduate education, especially by students from underrepresented groups.

It is thus critical that the subsidized Stafford loan interest rate cut is extended to graduate students. If enacted, this legislation would be the first time in the 41-year history of the Stafford Subsidized Loan program that Congress would specifically exclude financially needy graduate students from an interest rate reduction. Such an exclusion would not be in the best interests of either students or our nation's efforts to enhance economic competitiveness.

Graduate students comprise 16% of all subsidized Stafford loan borrowers, and 31% of subsidized loan volume. In 2004-05, the average annual graduate student loan debt was more than double the average undergraduate debt, and overall graduate student borrowing is increasing faster than undergraduate borrowing.

A graduate degree is quickly becoming the entry-level degree in a number of fields. Today's graduate students are tomorrow's scientists, engineers, mathematicians, teachers, college faculty, and experts in a wide array of fields.

Graduate education is a key component in creating the highly-skilled workforce necessary to remain competitive in the knowledge-based global economy. Producing the next generation of Americans with the advanced knowledge required to solve complex problems is crucial to keeping our nation secure and prosperous in the 21st century.

The Council of Graduate Schools urges Congress to extend the interest rate provisions to graduate students, as part of a national effort to increase access to postsecondary education at both the undergraduate and graduate levels, and as a component of our national innovation strategy. We look forward to working with Congressional leaders to address this important issue.

The Council of Graduate Schools (CGS) is an organization of over 475 institutions of higher education in the United States and Canada engaged in graduate education, research, and the preparation of candidates for advanced degrees. CGS member institutions award more than 90% of the doctoral degrees and over 75% of the master's degrees in the U.S. The organization's mission is to improve and advance graduate education, which it accomplishes through advocacy in the federal policy arena, research, and the development and dissemination of best practices.

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