

June 13, 2011

The Honorable Tom Harkin
Senate HELP Committee Chair
Washington, DC 20510

The Honorable Michael B. Enzi
Senate HELP Committee Ranking Member
Washington, DC 20510

The Honorable John Kline
House Education & the Workforce Committee
Chair
Washington, DC 20515

The Honorable George Miller
House Education & the Workforce Committee
Ranking Member
Washington, DC 20515

Dear Senate and House Education Committee Leaders:

As Congress negotiates funding for fiscal year 2012, we wish to again draw attention to the proposed elimination of the in-school interest subsidy on Federal Stafford loans for graduate and professional students and the subsidy's importance to reducing the barriers to graduate education for talented, needy students.

The Bureau of Labor Statistics estimates that by 2018 more jobs will require people with advanced degrees; specifically, an 18% increase in jobs requiring a master's degree and a 17% increase in jobs requiring doctoral degrees. Graduate and professional education provides students with advanced knowledge and specialized skills beyond the foundational knowledge and work skills acquired in undergraduate education. Our nation's future prosperity and leadership in the global economy will depend in part on highly trained individuals.

We understand that the elimination of the subsidy is being considered as part of the deficit reduction plan currently being drafted by Vice President Biden's group. While reducing the deficit is very important, we strongly believe that taking benefits away from graduate and professional students at this crucial economic juncture will have a negative impact on the nation in the short-and-long term. We are concerned that this proposal will discourage talented undergraduate students from pursuing advanced graduate studies because of the significant additional costs of borrowing and has the potential to delay completion at the very time that we need more students to undertake and complete advanced degrees as part of our national innovation strategy. Moreover, eliminating the subsidy would have a disproportionate impact on minority, socioeconomically-disadvantaged students, and first generation students, especially for those who already carry undergraduate debt when they begin graduate school. On average, the cumulative loan debt of master's students is over \$50,000 while those with doctoral degrees graduate with about \$77,000 in debt. Approximately 67% of Ph.D. students and 73% of master's students graduate with debt. The average graduating educational debt for medical, dental and veterinary students ranges between \$134,000 and \$186,500, with over 87 percent of graduates reporting indebtedness.

Please keep in mind that graduate and professional students receiving subsidized Stafford loans are already required to pay more interest than undergraduates receiving subsidized Stafford loans (currently 6.8% vs. 4.5%) and eliminating the in-school interest subsidy would serve to make graduate

education less accessible to needy students. Students from across the country would be affected by this proposed elimination.

We believe it is important that Congress take steps to reduce federal spending and address the nation's growing debt. But we need to do this in a prudent way that allocates spending in a manner that gives us the best chance of improving our future. Increasing the costs of graduate and professional education will harm our nation's ability to cultivate and develop highly skilled individuals who would be future leaders in business, government, medicine, science, and technology.

We hope to work with you to retain the in-school interest subsidy or some portion of it on Stafford loans for graduate and professional students. Thank you for your consideration of our views.

Sincerely,

Access Group, Inc.
American Academy of Podiatric Practice Management
American Association of Colleges of Nursing
American Association of Colleges of Osteopathic Medicine
American Association of Colleges of Podiatric Medicine
American Dental Education Association
American Podiatric Medical Association
American Podiatric Medical Students' Association
American Student Dental Association
American Veterinary Medical Association
Association of American Law Schools
Association of American Medical Colleges
Association of American Universities
Association of American Veterinary Medical Colleges
Association of Chiropractic Colleges
Council of Graduate Schools
Law School Admission Council
National Association of Graduate Admissions Professionals
National Association of Graduate and Professional Students
National Association of Independent Colleges & Universities
Student American Veterinary Medical Association