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March 31, 2014

Honorable Tom Harkin
Chairman
Health, Education, Labor and Pensions Committee
United States Senate

Honorable Lamar Alexander
Ranking Member
Health, Education, Labor and Pensions Committee
United States Senate

Dear Mr. Chairman and Ranking Member:

At the full-Committee hearing on “Strengthening the Federal Student Loan Program for Borrowers” held on March 27, 2014, a question was raised regarding the role that graduate student loans play in the nation’s rising student loan debt. I, on behalf of the Council of Graduate Schools, appreciate the Committee drawing attention to the financial support for graduate students and the indebtedness of our graduates. The Council of Graduate Schools (CGS) represents over 500 universities that award more than 92% of all U.S. doctorates and over 81% of U.S. master’s degrees. As President of CGS I would like to offer some information specifically related to master’s and doctoral students and graduates that can help to clarify and provide context in response to the Committee’s question.

Not all students in master’s through professional degree programs share the same borrowing patterns. Master’s and doctoral are less likely to borrow and the amount they borrow is lower than students in professional degree fields, such as medicine and law. In addition, not all graduate degree recipients pursue high-wage careers. This is an important distinction that is often overlooked in discussions of student debt issues. For that reason, our analysis of national data excludes professional degree borrowers and focuses solely on master’s and doctoral students.

While borrowing by graduate degree recipients has increased over time, the rate of increase still falls behind that of undergraduate degree recipients. According to the National Center for Education Statistics’ (NCES) National Postsecondary Student Aid Study (NPSAS), median cumulative educational borrowing for graduate education by degree recipients from all sources increased by 23% between Academic Years (AY) 2003/04 and 2011/12, after adjusting for inflation. During the same time period, the median cumulative educational borrowing for undergraduate education by baccalaureate degree recipients rose by 29%, after adjusting for inflation.

In fact, debt owed for graduate education is no more a burden to graduate degree recipients than in the past relative to their undergraduate debt. Our analysis of NPSAS data suggests that the median graduate debt owed by graduate degree recipients as a ratio of the median undergraduate debt owed by them declined over time. For graduate degree recipients in AY2003/04 this ratio was 1.67, while in

AY2011/12 it was 1.52. In other words, the undergraduate debt owed by them is growing proportionately larger.

Also, graduate degree recipients remain less likely to have borrowed than their baccalaureate counterparts. According to NPSAS, 64% of graduate degree recipients borrowed for their graduate education, with the median amount being \$36,000. In comparison, 70% of baccalaureate graduates borrow with the median amount being \$26,500. Even though the dollar amount borrowed may be greater for graduate degree recipients, the fact that graduate students do not enjoy federal grant aid programs, no longer receive in-school interest subsidies and pay higher interest rates should be considered.

We are not dismissing the student loan issue as an “undergraduate problem.” We believe that it is a critical issue for both the undergraduate and graduate communities. Further, we contend that the extent of graduate student debt is compounded by undergraduate indebtedness; therefore, the implication is even greater for graduate education.

We are concerned that as a consequence of rising student loan debt at the undergraduate level, talented young men and women, particularly from underrepresented backgrounds, are denied their opportunities to pursue graduate education. According to NPSAS data, in AY2003/04, 53% of first-year graduate students borrowed for their undergraduate education. This number rose in AY2007/08 to 57%; however, in AY2011/12, it went down to 54%. At the same time, consistently more baccalaureate recipients took out loans to finance their education. In fact, scholarly studies suggest that there is a negative impact of undergraduate borrowing to subsequent graduate enrollment. Graduate students today are coming to graduate school with much higher amounts of undergraduate debt. Our analysis of NPSAS data shows that the median dollar amounts first-year graduate students owe in their undergraduate educational loans increased by 29% between AY2003/04 and 2011/12, even after adjusting for inflation.

In summary, we share the concerns expressed by the Committee regarding the rising levels of student borrowing and loan debt. We view these concerns as critical for both undergraduate and graduate education. In fact, we believe that the graduate education community has an even greater stake in finding ways to address the growing student debt crisis. CGS is prepared to engage in this discussion with the education community and with the Committee as the future of federal financial support is shaped. CGS is ready to be a resource for the Committee on this and other issues that impact graduate education. I welcome the opportunity to meet with you and look forward to following up with your office.

Sincerely,



Debra W. Stewart
President

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