

Issue Brief: Student Loan Debt in Florida

Why the Low Interest Rate for Student Loans Should Be Extended

Student Loan Interest Rates Set to Double

Without a new plan, on July 1 the interest rate on subsidized Stafford student loans will *double*, from 3.4 percent to 6.8 percent. A 2007 college affordability plan lowered the rate, but expired in 2012. Last year, President Obama and Congress extended the low rate for one year.

In Florida, 462,048 federal student loan borrowers will be impacted¹.

Student Borrowing in Florida

51 percent of Florida's graduates carry student debt, with an average of \$23,054 in debt per borrower². Unfortunately, student loan borrowers in Florida will be hit with higher cost loans on July 1, which translates into an additional \$936 in cost per loan, per year³.

Meanwhile, as students are struggling with high costs, the federal government is collecting massive, shortsighted revenues from student loan borrowers – projected at \$50 billion for next year alone⁴.

Student Debt and Its Impact on the Economy

Last April, at \$1 trillion, student loan debt surpassed credit card debt as the top form of consumer debt across the country⁵. Such significant debt has serious implications for the economy, in Florida and elsewhere. For instance, if the low rate were extended, student loan borrowers would save \$432,476,928 that could be spent in the consumer economy rather than being applied toward paying down debt.

Strengthening the Florida Job Market

The Florida job market is experiencing a skills gap between the number of people without jobs and the skills employers are looking for in their employees. By 2020, 63 percent of the jobs in the state will require a certificate or degree, while only 35 percent of the current population has one⁶. Keeping the interest rate low on student loans will send an urgent signal to students, workers, and the unemployed to get the postsecondary training needed to adapt to new economic realities.

Florida's Senators

Senator Nelson and Rubio have different records when it comes to supporting students and the economy in Florida. Senator Nelson backed the College Cost Reduction and Access Act of 2007,

¹ Analysis, U.S. Department of Education, 202-401-1576.

² "Student Debt and the Class of 2011," The Institute for College Access & Success, <http://projectonstudentdebt.org/files/pub/classof2011.pdf>

³ Analysis, U.S. Department of Education, 202-401-1576.

⁴ Philip Elliott, "House Advances Student Loan Fix," Associated Press, May 16, 2013, <http://bigstory.ap.org/article/house-take-student-loan-fix>.

⁵ Tom Raum, "Recovery Threatened by Student Loan Debt," Associated Press, April 3, 2012, http://www.boston.com/news/education/higher/articles/2012/04/03/recovery_threatened_by_runaway_student_loan_debt.

⁶ "Florida Analysis 2011," College Complete America, <http://www.completecollege.org/docs/Florida.pdf>.

which set the lower interest rate⁷. Last year, he supported both the first rate extension plan⁸ and the final plan⁹. Senator Rubio did not support either plan last year.

⁷ "Bill Summary and Status – 110th Congress (2007-2008) H.R. 2669," Library of Congress, <http://thomas.loc.gov/cgi-bin/bdquery/z?d110:H.R.2669:>.

⁸ "U.S. Senate Roll Call Votes, 112th Congress, S 2343," United States Senate, http://www.senate.gov/legislative/LIS/roll_call_lists/roll_call_vote_cfm.cfm?congress=112&session=2&vote=00113.

⁹ "U.S. Senate Roll Call Votes, 112th Congress, S 1813," United States Senate, http://www.senate.gov/legislative/LIS/roll_call_lists/roll_call_vote_cfm.cfm?congress=112&session=2&vote=00048.