

Issue Brief: Student Loan Debt in Georgia

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. Last year, President Obama and Congress extended the low rate for one year.

In Georgia, 228,887 federal student loan borrowers will be impacted¹.

Student Borrowing in Georgia

Fifty-eight percent of Georgia's graduates carry student debt, with an average of \$22,443 in debt per borrower². Unfortunately, student loan borrowers in Georgia will be hit with higher cost loans on July 1, which translates into an additional \$880 in cost per loan, per year³.

Meanwhile, as students are struggling with high costs, the federal government is collecting massive 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 Georgia and elsewhere. For instance, if the low rate were extended, student loan borrowers would save \$201,420,560 that could be spent in the consumer economy rather than being applied toward paying down debt.

Strengthening the Georgia Job Market

The Georgia 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, 61 percent of the jobs in the state will require a certificate or degree, while only 34 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.

Georgia's Senators

Senator Chambliss and Isakson have supported students and the economy in Georgia. Both backed the College Cost Reduction and Access Act of 2007, which set the lower interest rate⁷. Last year, they both voted against the first rate extension plan⁸ but supported the final plan⁹.

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

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.