



Issue Brief: Student Loan Debt in New Hampshire

Why the Low Interest Rate for Student Loans Should Be Extended

Interest Rates Set to Double

Without a new plan from Congress, 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 New Hampshire, 38,923 federal student loan borrowers will be impacted if the rate doubles¹.

Student Borrowing in New Hampshire

Seventy-five percent of New Hampshire's graduates carry student loan debt, with an average of \$32,440 per borrower.² Unfortunately, student loan borrowers in New Hampshire will be hit with higher loan costs on July 1, which translates into an additional \$923 in cost per student, per loan.³

Meanwhile, as students are struggling with high costs, the federal government is collecting massive, shortsighted revenue from student loan borrowers – projected at \$50 billion for next year alone.⁴

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 country.⁵ Such significant debt has serious implications for the economy in New Hampshire and elsewhere. For instance, if the low 3.4 percent rate gets extended, this year's student loan borrowers in New Hampshire would save a combined \$35,925,929, which could be spent in the consumer economy rather than being applied toward paying down debt.

Strengthening the New Hampshire Job Market

The New Hampshire 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, 67 percent of the jobs in the state will require a certificate or a degree, while only 46 percent of the current population has one.⁶ Keeping the interest rate at 3.4 percent 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.

New Hampshire's Senators

Senator Kelly Ayotte has supported students and the economy in New Hampshire. Last year, Senator Ayotte voted against the first proposal to extend the interest rate⁷ and voted for the final rate extension plan.⁸

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 "New Hampshire Analysis 2011," College Complete America, http://www.completecollege.org/docs/New_Hampshire.pdf.

⁷ "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.

Senator Jeanne Shaheen has supported students and the economy in New Hampshire. Last year, Senator Shaheen voted for both the first and final rate extension plans.

⁸ "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.