



Student Loan Fact Sheet

Recent legislative changes to student loans

Presidential Memorandum – Federal Student Loan:ⁱ Released June 9, 2014

- Expands the *Pay as You Earn (PAYE)* program to more students, allowing them to cap payments at 10% of their discretionary income.
- Directs the Secretary of Education to develop and implement strategies to communicate repayment options to borrowers.
- Directs the Secretary of the Treasury and the Secretary of Education to enter into partnerships with private agencies to educate borrowers about repayment options and tax benefits during the tax season.

Bipartisan Student Loan Certainty Act of 2013:ⁱⁱ Signed August 9, 2013

- Ties the interest rate on student loans to the 10-year Treasury note as auctioned prior to June 1 of the academic year.
 - Stafford loans to undergraduates = 10-year Treasury note plus 2.05%
 - Stafford loans to graduates = 10-year Treasury note plus 3.6%
 - PLUS loans = 10-year Treasury note plus 4.6%For current student loan rates, see our [Student Loan Chart](#).
- Creates an interest rate cap on student loans.
 - Stafford loans = 8.25%
 - Graduate loans = 9.5%
 - PLUS loans = 10.5%
- Adds the process for consolidation to the Higher Education Act of 1965, setting the interest rate at consolidation as the weighted average of the loans to be consolidated.
- This bill has no expiration date.

H.R. 4348:ⁱⁱⁱ Signed July 6, 2012

- Kept the interest rate for the Subsidized Stafford Loan at 3.4% for the 2012-2013 academic year.
- Established a 6.8% interest rate for the Subsidized Stafford Loan effective July 1, 2013.
- Required the proration of all federal loans for students who graduate early or do not complete a full academic year.

The Consolidated Appropriations Act: Signed on December 14, 2011^{iv}

- Eliminated the grace period for interest on Subsidized Stafford Loans. Loans made after July 1, 2012, will accrue interest immediately after the student graduates or drops below part-time status.
- Limits students' Pell Grant eligibility to 12 semesters.
- Required students to complete a secondary diploma or GED program prior to enrollment to be eligible for federal grants or loans.

The Budget Control Act: Signed on August 2, 2011^v

- Eliminated the origination fee rebate on loans after July 1, 2012. All Stafford Loans have a 1% origination fee, and PLUS/Grad PLUS Loans have a 4% origination fee.

- Eliminated graduate and professional students' eligibility for Subsidized Stafford Loans beginning with the 2012-2013 academic year.
- Eliminated on-time payment subsidies to borrowers.

Ensuring Continued Access to Student Loans Act: *Signed on May 7, 2008^{vi}*

- Increased students' eligibility for Unsubsidized Stafford loans by \$2,000.
- Allowed parents borrowing PLUS loans to defer payment of the principle loan amount for up to six months after the student graduates or drops below part-time enrollment.

The College Cost Reduction Act: *Signed on September 27, 2007^{vii}*

- Established a phase-down of Subsidized Stafford Loan interest rates from 6.8% in 2006 to 3.4% in 2011.
- Created a cap on a student's monthly payment - 15% of the amount over 150% of the poverty line.
- Simplified the FAFSA and needs analysis.
- Established the Income Based Repayment program that forgives remaining federal student loan debt after 10 years of consecutive payments.
- Established the TEACH Grant program to provide up to \$4,000 to students pursuing education degrees.

Facts about student loans in Nebraska

For students completing a 4-year degree:

Average loan debt = \$26,473 (ranks 23rd nationally)^{viii}

Percent carrying debt = 63% (ranks 16th nationally)^{ix}

Facts about student loans in the United States

Total student loan debt exceeds \$1 trillion. Comparatively, United States consumers have about \$870 billion of credit card debt.^x

On average, students and parents will borrow a combined 27% of the total cost of attendance.^{xi}

In 2012, seven out of 10 students graduated with student loan debt, averaging about \$29,500 per student.^{xii}

ⁱ WhiteHouse.gov (June 25, 2014). <http://www.whitehouse.gov/the-press-office/2014/06/09/presidential-memorandum-federal-student-loan-repayments>

ⁱⁱ Library of Congress (August 9, 2013). <http://thomas.loc.gov/cgi-bin/bdquery/D?d113:1::temp/~bdcXEg:@@D&summ2=m&/home/LegislativeData.php>

ⁱⁱⁱ Library of Congress (July 6, 2012). House Resolution 4348, Public law number 112-141 <http://www.gpo.gov/fdsys/pkg/BILLS-112hr4348enr/pdf/BILLS-112hr4348enr.pdf>.

^{iv} Library of Congress (December 23, 2011). <http://thomas.loc.gov/cgi-bin/bdquery/z?d112:HR02055:@@D&summ2=m&>.

^v Library of Congress (July 29, 2011). <http://thomas.loc.gov/cgi-bin/bdquery/z?d112:SN00627:@@D&summ2=m&>.

^{vi} Library of Congress (May 7, 2008). <http://thomas.loc.gov/cgi-bin/bdquery/z?d110:HR05715:@@D&summ2=m&>.

^{vii} Library of Congress (September 27, 2007). <http://thomas.loc.gov/cgi-bin/bdquery/z?d110:HR02669:@@D&summ2=m&>.

^{viii} Institute for College Access & Success (July 3, 2012). Project on Student Debt.

http://projectonstudentdebt.org/state_by_state-view2013.php?area=NE.

^{ix} Institute for College Access & Success (July 3, 2012). Project on Student Debt. http://projectonstudentdebt.org/state_by_state-view2013.php?area=NE.

^x FinAid.org (n.d.). <http://www.finaid.org/loans/studentloandebtclock.phtml>.

^{xi} Sallie Mae (August 12, 2013). How America Pays for College 2013. <https://www.salliemae.com/assets/Core/how-America-pays/howamericapays2013.pdf>

^{xii} Institute for College Access & Success, *Project on Student Debt* (November 2011). <http://projectonstudentdebt.org/files/pub/classof2012.pdf>.