

Graduate Students are a Vital Resource for Our Nation

NASFAA Graduate and Professional Issues Committee

*Within the **NASFAA** membership a substantial number of schools indicate they have significant responsibility for administering aid programs that serve graduate and professional school students. Advocating on behalf of these schools and their students, GPIC works to build awareness of aid issues specific to graduate students. Partnering with other entities such as Federal Student Aid (FSA), GPIC helps identify and remedy financial aid stumbling blocks to ensure access and a successful student aid experience.*

Our nation needs well educated and qualified health care professionals, teachers, social workers and lawyers. Not only is a graduate degree expected for most professional level job placement opportunities, for many, it is a requirement. Ask yourself these two questions: is a graduate degree desired or required for the position I presently hold or the position I wish to hold in the future; and, if I go back to school for an advanced degree will I need access to financial aid?

Did You Know?

~ Graduate students receive no subsidy on Federal Direct Loans. This means interest begins to accrue at the time the loan is disbursed and doesn't stop until the loan is paid.

~ Loan fees recently increased and graduate students pay 4.292% in fees for every dollar they borrow on the Federal Graduate PLUS loan. The fee continues to increase at the start of each fiscal year.

~ Part of the fees and high interest rates being charged on the Graduate PLUS loans have been used to subsidize the Pell Grant program as well as reduce the national deficit.

Who We Are

***NASFAA** is a nonprofit membership organization that represents more than 20,000 financial aid professionals at nearly 3,000 colleges, universities, and career schools across the country, serving nine out of every ten undergraduates in the U.S. No other national association serves the needs of the financial aid community better or more effectively.*

***NASFAA** supports the training, diversity and professional development of financial aid administrators; advocates for public policies and programs that increase student access to and success in postsecondary education; and serves as a forum for communication and collaboration on student financial aid issues.*

National Association of Student Financial Aid Administrators

Myth: Graduate students are a small part of the student population and therefore not very significant.

Truth: Of the total 21.0 million students, graduate students number 3.0 million or 14%. This sector provides our nation with its most highly skilled workforce including teachers, healthcare providers, lawyers, scientists and most of our congressional leaders.

Myth: Graduate students are not as financially needy as undergraduates.

Truth: Many graduate students are former Pell Grant recipients who are surprised to learn there is no federal grant program for graduate education.

***Myth:** Graduate students are not particularly concerned about borrowing loans because they will have higher incomes after they graduate and will be able to repay the debt without difficulty.*

Truth: The majority of graduate students are in master level programs and are not guaranteed a high income and many students in these programs are quite concerned about how they will repay their student loans. Others may choose to forego graduate education rather than take the financial risk.

***Myth:** Graduate students don't need financial aid programs because they get fellowships or Teaching Assistantships.*

Truth: Fellowships and TA's are scarce. Most graduate and professional program students do not have access to these resources.

Help keep graduate and professional school affordable for every American wishing to pursue this worthy goal

1) Eliminate Loan Origination Fees

The origination fee was intended to be temporary when it was imposed on student borrowers in the early 1980s as a budget device to help offset subsidies in the FFEL Program. It is essentially a tax on students collected by withholding a portion of the student's proceeds, but requiring repayment of the full loan amount before deduction of fees. Loan fees also mask the borrower's true loan cost and effective interest rate; loan fees make the annual percentage rate on federal loans higher than the rate the government advertises.

Support the elimination of loan fees.

2) Keep Campus-Based Programs

Perkins Loans - The neediest graduate students do not have access to the Pell Grant program; what they do have is the low interest Perkins Loan program, with its 5% fixed interest rate and no interest accrual prior to repayment. The government no longer contributes funding to this program, as loans are paid by borrowers the proceeds are reissued as low cost loans to new borrowers. There is discussion to restructure or eliminate this program; under the current restructuring proposal, Perkins funding could be shifted away from graduate students. We would like to remind lawmakers of the value of this program and ask that they ensure needy graduate students will not be disadvantaged.

Support keeping the Perkins Program.

Federal Work-Study (FWS) - This program provides students the opportunity to work and earn needed funding to offset the cost of education and reduce loan debt. Many students gain practical work experience in their areas of study.

Support keeping the FWS program.

3) Retain Public Service Loan Forgiveness (PSLF)

Many graduate and professional school students want to "make a difference" and choose careers in public service which often pay below market salaries. Many could not afford to pursue these careers without PSLF. The President's initiatives for a highly skilled and educated workforce are reinforced by PSLF.

Support PSLF.