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# Student loan debate could play role in East Valley college decision process

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[Tim Hacker/ Tribune]

## Mesa Community College

Students walk between classes on the Mesa Community College campus, Friday, Sept. 6, 2013 in Mesa. [Tim Hacker/ Tribune]

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bill ultimately signed by President Obama.

"It's bad news, and we have to fix it," she said of the rate increases.

Posted: Tuesday, September 10, 2013 5:07 am

By Eric Mungenast, Tribune | 1 comment

Administrators at local post-secondary colleges say the year-plus debate over increases in student loan rates has created an additional level of precaution in terms of loans and class loads for prospective and current students.

The debate in Congress over student loans initially began in 2012, when the rates on new subsidized Stafford loans for undergraduate students were first scheduled to double from 3.4 percent to 6.8 percent. The House of Representatives and the Senate ended up approving a bill to freeze interest rates at 3.4 percent for one year, which led to the debate's resurrection this summer.

After months of deliberation and a missed deadline to approve a change, President Barack Obama signed a bill, H.R. 1911, in August that aligned the undergraduate Stafford rate with the variable rates of 10-year Treasury notes with a cap of 8.25 percent. According to an NBC article, the agreement sets the undergraduate rate at 3.86 percent for this school year, and the agreement saved students an average of \$1,500 on student loans for the 2013-14 school year.

A major part of the discussion comes from a continued uptick in student loan debt, with [FinAid.org](http://FinAid.org)'s student loan debt clock now up to \$1.1 trillion in outstanding student loan debt, as well as an increase in the amount individual students owe after graduation. Rep. Kyrsten Sinema, whose district includes parts of Mesa, Chandler, Tempe and Ahwatukee, was a vocal advocate for keeping the rate low during the 2013 discussions, and was one of 171 Democrats in the House to vote in favor of the

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Sinema, who teaches at Arizona State University, said her concern with student loans is tied to the ripple effects the increase could have had if it remained in law. One of the examples she cited was a fear students would drop out of college due to the impending debt load they'd face after graduation.

"Once you leave, how are you supposed to pick your life back up," she said.

In theory, the repeated discussions and fluctuating rates on student loans could benefit community colleges that allow students to take several undergraduate courses before attending a four-year college. Maricopa Community Colleges Associate Vice Chancellor of Student Affairs Felicia Ganther, however, said the collection of colleges that encompasses Mesa Community College and Chandler-Gilbert Community College, among others, anticipates it will have "limited to no effect at this point" on enrollment.

But that doesn't mean the year-plus of debate, as well as the ongoing contention over the long-term effects on student loans, won't influence students' decisions this year and much longer into the future.

"I think it just brings awareness to students and it gives them second thoughts," she said.

Take a student's class load as an example and the route he or she must take to get a degree in a field like psychology. While there are certain classes unrelated to the field a student has to take in order to get a degree, Maricopa Community Colleges District Director of Marketing and Communications Tom Gariepy said the debate on student loans might dissuade students from venturing off the beaten path toward their degree of choice.

In other words, a psych student could opt against taking a ceramics class not tied to the major out of concern of the ramifications it would have on his or her final tab.

"That's a cost ... let alone a frustration for students taking classes they don't need," he said.

A more prominent way the repeated student loan discussions could influence students' decisions is how they pay for their post-secondary education. Instead of pursuing a Stafford loan – the number of students who do so has jumped from 5.4 million in 2001-02 to 10.4 million in 2011-12 according to the website [collegeboard.org](http://collegeboard.org) – students could opt to find a privatized loan or go through other federal routes. One of the alternatives Ganther mentioned are Federal Pell Grants that offer low-income students who qualify up to \$5,500 a year, according to the U.S. Department of Education.

Providing additional options to students has taken a heavier emphasis for Ganther's office and for the financial aid office at Arizona State. At ASU, Executive Director of Student Financial Assistance Melissa Pizzo said the staff's goal is to ensure students make informed decisions about their financial aid – a process that differs from student to student – while remaining informed about the status of Stafford loans.

"Some of the challenge is to keep that information straight," she said.

She added students go through entrance and exit counseling to that provide information about the various types of loans and what they can expect after graduation, among other topics of discussion.

Alternative ways to fund a college education extend beyond outside funding sources and cover activities that occur on campus. At ASU, for example, Pizzo said the school encourages students to apply for on-campus work positions to help cover expenses.

Students have a number of options on that front, ranging from athletic facilities and the cafeteria to the financial aid office itself. In all, Pizzo estimates ASU has 9,000 student positions across all of its campuses.

"Everything we're doing on campus, many of our units have opportunities for students to work there," she said.

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