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**MASSACHUSETTS LEGISLATURE’S “SUBCOMMITTEE ON STUDENT LOANS
AND DEBT” RELEASES REPORT ON FINDINGS AND RECOMMENDATIONS**

BOSTON – Wednesday, April 16, 2014

Following a review and public discussion of the various components of the student loan and debt landscape, the Joint Committee on Higher Education’s “Subcommittee on Student Loan and Debt” held their final meeting and voted to approve the Subcommittee’s report. The bipartisan Subcommittee on Student Loans and Debt, chaired by Senator Eileen Donoghue and Representative Paul Mark, was charged to investigate, study, and make recommendations on the issue of student loans and debt. The Subcommittee conducted public hearings at seven colleges and universities throughout Massachusetts this past fall and winter and sought input from dozens of organizations and individuals with substantive knowledge and experience in student loans and debt.

The Subcommittee created its report with the understanding that Massachusetts must do all it can to keep higher education affordable for our students; their success is key to the Commonwealth’s future growth. The report’s release coincides with the time of year when students and their families receive financial aid award letters and struggle to understand how to pay for college.

“As higher education becomes increasingly expensive, we see all too often how students and families struggle with high costs and considerable debt,” said Senator Eileen Donoghue, Senate Chair of the Subcommittee. “Meaningfully reforming student debt will require a joint effort from every stakeholder, including students and their families, our institutions of higher learning, employers in our knowledge-based economy, and our elected officials on the state and federal

level. But it is critical that we work together now before the crisis gets any worse. It is my hope that this report will open up a dialogue that may lead to some necessary changes.”

The report explains that the primary driver of student debt is the considerable cost for attending a college or university coupled with decreased federal and state support. Another serious problem detailed in the report is the gross lack of financial literacy and understanding by students and their families about what students loans are, what other options may be available, and how best to pay for college. The report offers nine state-based solutions to help alleviate student debt and concludes that, while there is no magic bullet to solving the student loan and debt crisis, implementation of the recommendations will help improve conditions for students and the Massachusetts economy as a whole.

The Subcommittee recommends:

1. Expanding Financial Literacy for All Massachusetts Students
2. Deepening Public Higher Education Support, But Creating More Accountability
3. Increasing and Reforming Some State Aid
4. Decreasing the Time to Degree
5. Regulating the For-Profit Schools
6. Creating Incentives to Save
7. Advancing Loan Forgiveness Programs
8. Developing Public-Private Partnerships and Collaboration
9. Supporting State Partnerships with Federal Officials

Student debt has become an increasingly burdensome and complex issue for many Massachusetts students and their families. With 66 percent of Massachusetts students taking out loans to pay for college, the Commonwealth ranks 12th in the nation for number of students carrying debt. Nationally, the total amount of student loan debt has tripled in the past decade and currently stands at about \$1.2 trillion. Student loan debt has been the only type of consumer debt to rise during the Great Recession and is now the second largest form of household debt behind home mortgages. Student debt also has the highest delinquency rate of any consumer loan category and student default rates are climbing. Some economists believe that student debt may be the next bubble to burst, following the mortgage and housing crisis.

The Subcommittee consisted of: Senator Eileen Donoghue (Senate Chair), Representative Paul Mark (House Chair), Senator Richard Ross, Representative Denise Provost, Representative Aaron Vega, Representative James Arciero, and Representative Angelo D’Emilia.

The final Subcommittee report is attached.

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