



NEW YORK STATE SENATOR

Kenneth P. LaValle

## SUNY Adopts Federal Version of Provision from LaValle College Affordability Act

KENNETH P. LAVALLE July 25, 2012

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When New York State Senate passed Senator Ken LaValle's (R-C-I, Port Jefferson) legislation to help middle-class families and students afford the rapidly increasing cost of a college education on June 5 it included a provision that has been mimicked by the Obama administration and will now be adopted by SUNY.

The voluntary 'Shopping Sheet' that the Obama Administration is promoting for the 2013 school year and which the State University of New York will use will let college-bound students do an apples to apples comparison of what it will cost them to attend one of several schools. The sheets also provide statistics on default rates, as well as graduation rates at comparable schools.

The New York State Senate's 2012 College Affordability Plan (S7449A), sponsored by Senator LaValle, would help parents and students by providing clear information about the size of the loan debt they are taking on and designates the Department of Financial Services to serve as a "truth-in-lending" clearinghouse for reliable information on college loans and interest rates.

It would require the department (which already has extensive interaction with financial institutions) to establish a “one stop shop” for consumers to obtain easy-to-use, reliable information on college loans and interest rates. This would help parents and students navigate the often confusing world of student loans and higher education financing so that they can find the best, most affordable way to finance a college education.

It would also require colleges and universities to provide additional financial information to parents and prospective students, including clearly outlined, easy-to-understand explanations of the debt burden a family (or graduate) would face depending on the loan they secure. (Amount of monthly payments, interest rates, and total dollar amount of interest to be paid, etc.)

“Our nation’s and state’s ability to compete economically depends upon how we invest in our students today,” said Senator LaValle, Chair of the Senate Higher Education Committee.

In 2010, graduates from colleges in New York had an average loan debt of \$26, 271, the 10th highest amount in the country. Just six years ago in 2005-06, the average loan for New York schools was \$19,249 and New York ranked 20th in the nation. Sixty-one percent of students who attend college in New York have college loan debts.

Nationally, college tuitions have increased well beyond the rate of inflation, income and health care costs. It’s estimated that by 2016, the average cost of a public college will have more than doubled in 15 years. The amount of student debt is now more than one trillion dollars, surpassing the amount owed on credit cards and auto loans.

The LaValle plan would also cut student loan interest rates in half with the establishment of a new \$100 million Linked Deposit Student Loan Program that would make new low interest loans available to middle class families. Financed through a new public-private partnership

between lending institutions and the State's Short Term Investment Pool (STIP), the program would provide loans of up to \$7,500 at rates two to three percentage points below the typical rates offered by a bank -- reducing interest rates by up to 50 percent.

The bill was sent to the Assembly.