

Dear Student,

After months of intense deficit reduction negotiations, both chambers of Congress passed the Budget Control Act of 2011. This package contains three main provisions related to student aid:

- ° Additional mandatory funding for the Pell Grant program for fiscal years (FY) 2012 and 2013
- ° Elimination of the in-school loan interest subsidy for graduate and professional students
- ° Elimination of Direct Loan repayment incentives

These bills **WILL NOT** affect the amount of funding available; however, funding will be a little more expensive. Students attending TCC, or any graduate school, will be able to receive all the funding they need if they meet all the Federal requirements and have a good credit rating required for a Grad Plus loan. Again funding levels have not changed.

1. The first change will begin with the 2012-2013 academic year: July 1, 2012 to June 30, 2013, **(NOT THIS YEAR 2011-2012)**, all graduate students will lose the interest subsidy on the Subsidized Stafford loan. That loan will be just like the current unsubsidized Stafford loan which has always accrued interest while a student was in school. The amount you can borrow will remain the same. The financial aid community looked at various scenarios, but the best we have seen reports that a student who takes out the maximum loan and graduates in six years will owe about \$5,000 more by the time they graduate, and about \$11,000 more over a 20-year repayment period.

Minimizing borrowing is always a good idea, but as we know, many students need every dollar they can borrow. If students can make interest payments while enrolled that will help. Again, sometimes that simply isn't possible. The best answer is to actively seek out other resources such as scholarships and Federal Work-Study. Financial Aid Office will continue to try to supply some grant funds when available.

2. The second change is the loss of the "origination fee rebate" on each loan, whether unsubsidized or subsidized, for Stafford and Grad Plus loans. Currently, there is a 1% fee on each Stafford and a 4% fee on each Grad Plus loan, but a portion of the fee is rebated at the time of disbursement, so the student effectively loses only 0.5% on Stafford and 2.5% on Grad Plus.  
The current model has the student effectively paying 0.5%. For example, if a student borrows the gross amount of \$4,250 in Stafford loan the borrower will receive a credit of \$4,229 after the 0.5% has been deducted. Under the new law the student borrower will pay the full amount of the origination fee.
3. The last change is the loss of the 0.25% interest rebate if you pay back your loans electronically, when in repayment, each month.  
This is all I know right now. The aid community and the respective national associations will review all possible scenarios and questions about the change. I will keep the administration and students updated as more details emerge.

Sincerely,

Arthur Goudeau  
Director of Financial Aid