

Democrats Committed to Preventing **Interest Rate Increases on Student Loans**

Today, President Obama reiterated Democrats' commitment to ensuring more Americans get a fair shot at an affordable college education and called on Congress to prevent interest rates on student loans from doubling. On July 1, the interest rates on subsidized Stafford student loans are slated to double from 3.4% to 6.8%, and if Congress fails to take action, millions of students will be affected:

- Over 7.4 million students will see their interest rates double, costing students \$6 billion over the next decade.
- For each year we do not take action, the average student with these loans racks up an additional \$1,000 in debt.

Unfortunately, House Republicans are currently opposing Democratic efforts to extend lower interest rates, and seem out-of-touch with the rising costs college students and their families face: "I have very little tolerance for people who tell me that they graduate with ... \$80,000 of debt because there's no reason for that." – Rep. Virginia Foxx (R-NC), Chair of the Education & the Workforce Subcommittee on Higher Education [[4/13/12](#)]

Republicans may have "little tolerance" for students with debt, but costs have skyrocketed over the last three decades: "In the last 30 years, the typical college tuition has tripled. But over the exact same period, the earnings gap between college-educated adults and high school graduates has also tripled. In 1979, the wage difference was 75%. In 2003, it was 230%." [The Atlantic, [4/19/12](#)]

The extreme Republican budget that ends the Medicare guarantee also fails to address this interest rate increase and makes reckless cuts to education in order to preserve tax cuts for the wealthy. In addition to failing to prevent student loan interest rates from doubling, the Republican budget:

- Reduces Pell Grants by more than \$1,000 for 9.6 million students in 2014 and could eliminate Pell Grants for over one million students over the next decade.
- Cuts work-study funding, meaning almost 37,000 students could lose access to college work-study opportunities in 2013, and more than 166,000 students could be affected each year over the next decade.

Instead of cutting investments in education to pay for tax cuts for the wealthy, it's time for House Republicans to work with Democrats to take action and ensure every American has the opportunity to attain the education and skills needed to find work.