

FOR IMMEDIATE RELEASE

Wednesday, January 17, 2007

Slaughter Hails Passage of Student Loan Relief Legislation

Bipartisan Bill Will Reduce Debt Payments, Passes House of Representatives by Vote of 356 to 71

Washington, DC - Rep. Louise M. Slaughter (D-NY-28), Chairwoman of the House Rules Committee, today applauded the passage of the College Student Relief Act (H.R. 5), a bill that would cut student loan interest rates in half over the next five years.

H.R. 5 passed the House by a vote of 356 to 71 with 124 Republicans joining the Democrats in a bipartisan effort to aid students and their families.

"The cost of a college education is going up every year, and so is the importance of a quality education in today's global economy, " Rep. Slaughter said. " This bill is focused on students from middle class and working families. It means thousands of dollars annually in real savings for real families trying to secure a better future for their children."

Nearly two thirds of all four-year college students graduate with debt from federally subsidized student loans. The cost of a four year public college education has increased 96 percent over the last decade, according to some estimates. Rising tuition costs coupled with increasing interest rates in recent years have further added to the financial burden on students and families across the nation.

The College Student Relief Act was the fifth bill passed by Democrats during their first 100 legislative hours. So far, House Democrats have succeeded in delivering on their campaign promises by passing bills to bring about ethics reform, raise the minimum wage, implement the recommendations of the 9/11 Commission, and fix the Medicare prescription drug plan.

BACKGROUND ON STUDENT LOANS AND H.R. 5

- H.R. 5 is designed to make college more affordable and accessible by cutting the interest rates on subsidized student loans for undergraduates in half over the next five years, from the current 6.8 percent to 3.4 percent.

- Once the bill is fully phased in, it will save the typical borrower with \$13,800 in subsidized

federal student loan debt approximately \$4,400 over the life of their loan.

- H.R. 5 meets all pay-as-you-go requirements, containing offsets that pay for the cost of cutting loan interest rates in half over the next five years. Five of the six offsets in the bill were proposed in President Bush's FY 2006 budget, passed by the GOP-controlled House or GOP-controlled Senate during Budget Reconciliation in 2006 but not included in the final bill, or adopted by a GOP-controlled committee but not included in the final bill.

- Student loan interest rates will be cut in half from 6.8 percent to 3.4 percent over the next five years according to the following timetable:

- o On July 1, 2007, the interest rate on these loans would be cut from the current 6.8% to 6.12%.
- o On July 1, 2008, the interest rate on these loans would be cut from 6.12% to 5.44%.
- o On July 1, 2009, the interest rate on these loans would be cut from 5.44% to 4.76%.
- o On July 1, 2010, the interest rate on these loans would be cut from 4.76% to 4.08%.
- o On July 1, 2011, the interest rate on these loans would be cut from 4.08% to 3.4%.

- Under the plan put forward in H.R. 5, a student starting school in 2007 would save \$2,360 over the life of the loan. A student starting school in 2011 would save nearly double that figure, a total of \$4,570. [Ibid]

Broad-based support

- Cutting student loan interest rates is supported by 88 percent of the American public - with a majority of Republicans, Independents, and Democrats all in support. [Newsweek poll, 11/06]

College Today - go into debt or don't go at all

- The costs of attending college continue to skyrocket - putting college out-of-reach for more and more students. Tuition and fees at public universities have increased by 41 percent after inflation since 2001 and tuition and fees at private universities have jumped by 17 percent after inflation.

- According to the Congressional Advisory Committee on Student Financial Assistance, financial barriers will prevent 4.4 million high school graduates from attending a four-year public college over the next decade, and prevent another two million high school graduates from attending any college at all.

- Nearly two-thirds of students attending four-year public colleges and universities take out loans, and graduate with an average debt of \$17,600. The situation is even worse at private colleges, with 73 percent of students taking out loans and graduating with an average debt of \$22,581. These debts make it difficult for graduates to take lower-paying jobs such as teaching, and may discourage low-income families from even sending their children to college, a problem for a country whose economy increasingly depends on a college-educated workforce able to compete. [Philadelphia Inquirer Editorial, "Student Loans Buried Under a Mountain of Debt," 11/30/05, *quoting statistics from the Center for Economic and Policy Research* .]

Below is a partial list of some of the organizations supporting H.R. 5, the College Student Relief Act of 2007

National Association of Independent Colleges and Universities

American Association for State Colleges and Universities

National Association of State Universities and Land-Grant Colleges

Association of American Universities

American Association of Community Colleges

Association of Community College Trustees

Alliance for Equity in Higher Education

Hispanic Association of Colleges and Universities

American Indian Higher Education Commission

Association of Jesuit Colleges and Universities

National Association of Student Financial Aid Administrators

National Association for Equal Opportunity in Higher Education

National Association for College Admissions Counseling

National Council for Community and Education Partnerships

College Board

College Parents of America

Institute for Higher Education Policy

National Education Association

US PIRG

AFSCME

American Federation of Teachers

###