

Student Loan Rates Held Hostage by Congress

Written by Steve Frank
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Student loan interest rates will double in three weeks unless congress can come together on one plan to keep that from happening, but while Democrats are seeking a set rate, Republicans are pushing a bill 5th district Congresswoman Virginia Foxx co-sponsored to tie student loan interest rates to market rates. U.S. Senator Kay Hagan said yesterday, after the Senate failed to pass a procedural hurdle to take up the Student Loan Affordability Act, "We must keep student loan rates low for 176,000 North Carolina students and their families, and I am extremely disappointed that we could not clear this procedural hurdle and get to work on keeping federal student loans affordable for middle class families." Hagan said the plan would extend the current interest rate on federal Stafford loans for two years. If Congress doesn't take action by July 1, those interest rates are set to double from 3.4 percent to 6.8%. Hagan voted against the Foxx alternative proposal that would have allowed interest rates to fluctuate, as she said it would leave students with uncertainty over rates that could skyrocket. But Higher Education Subcommittee Chairwoman Virginia Foxx released a statement upon the Senate's failure to agree on a permanent solution to remove politics from the student loan interest rate-setting equation;

"Is the President serious about a permanent solution to the student loan interest rate problem or isn't he? His budget and remarks from Education Secretary Arne Duncan reflect agreement with House and Senate Republicans that students and taxpayers deserve a long-term solution for student loan interest rates that is not subject to the whims of politicians or campaign cycles. However the Administration today appears to have back-peddled to join Harry Reid who would rather kick the can down the road with another temporary fix than work together to solve this problem for good."

"House Republicans have already acted to stop interest rates from doubling on July 1 and to permanently settle how rates are set. Our Smarter Solutions for Students Act is very similar to President Obama's budget proposal for addressing interest rates, so it is a shame to see the President and Senate Democrats today let the opportunity to build upon common ground slip by. Students and taxpayers deserve better."

But Hagan, Chairman of the Senate Subcommittee on Children and Families, said, "I urge my colleagues to come together on a bipartisan basis to find a way to keep these rates low and avoid putting one more burden on the shoulders of middle class families who are trying to make ends meet and do right by their children." Last year, Hagan helped pass legislation to prevent Stafford loan rates from doubling from 3.4 percent to 6.8 percent. Without this legislation, students would have paid an additional \$1,000 in interest during the 2012-2013 academic year.