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Introduces legislation to stop student loan interest rate hikes

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WASHINGTON, DC –Rep. Peter DeFazio (D-OR) has introduced legislation that would prevent Stafford student loan interest rates from doubling for over 7.5 million students, including 120,000 students in Oregon. The Stafford Subsidized Loan interest rate is set to increase from 3.4% to 6.8% on July 1st. This affects all future borrowers and current students that take out new loans for the upcoming academic year

“The next generation of business leaders, political leaders, doctors, teachers, engineers and others shouldn’t be priced out of a quality education,” said DeFazio. “I have proposed legislation that would permanently keep interest rates low for students without increasing the federal deficit. My legislation increases the tax rate by 1 percent on income above \$380,000 which is still far below the Clinton tax levels and far exceeds the revenue needed to permanently lock in low interest rates for students.

A permanent extension will help 7.5 million students per year by saving them an average of \$4,000 in increased interest payments.

According to the Oregon University System, college tuition at Oregon’s four year institutions has increased by nearly 50% over the last 10 years. Tuition has skyrocketed and students have taken on bigger and more expensive loans to get their degree. In 2010-2011 Stafford loans made up 35% or \$40 billion of the total student loan market. Cost of college tuition has increased five- fold since 1985 and for the first time ever student loan debt tops credit card debt, exceeding \$1 trillion.

Republican leadership recently passed the Ryan budget, which would slash higher education

funding by \$16 billion a year, cut student loans for more than 9 million students, eliminate Pell Grants for over one million students, and it would have locked in a 6.8% Stafford loan interest rate permanently.

Lane Community College Student Body President Mario Parker-Milligan applauded the DeFazio legislation.

“Students are graduating from college but our debt loads are increasing and we are finding fewer jobs upon graduation. With all of these other barriers; low federal and state investment pricing students out of tuition, low financial aid leads to high student debt, and few jobs upon graduation, the prospect of having Stafford Loans’ interest rates doubling is a haunting thought. Students are continuing to pay more and get less for our education,” said Parker-Milligan.

Watch a floor speech from Rep. DeFazio here: <http://www.youtube.com/watch?v=4RjkGqJhagI&feature=g-all->

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