



Joint Statement From Six Student, Youth, Consumer, and Education Organizations on Today's Senate Vote on Student Loan Interest Rates

WASHINGTON (July 10, 2013) — Today, a minority in the Senate succeeded in blocking legislation to reverse the doubling of interest rates on subsidized Stafford loans for students who need to borrow for college this fall. While a majority of senators voted to extend the 3.4% rate for one year, support fell short of the 60 votes needed to move forward with the legislation.

The result is a step backward for America's students, families, and economy, making college even more expensive for those who can least afford it. The only thing worse would have been for Congress to adopt one of the long-term proposals, which would cost students *even more* than letting rates double to 6.8%, and/or eliminate the cap on how high rates can rise. A bad permanent deal would be even worse for students, families, and the economy than today's outcome.

America needs an educated workforce more than ever, but college is becoming less affordable and more students must take on significant debt to pay for it. More than two-thirds of undergraduates with subsidized Stafford loans have family incomes below \$50,000. These loans are especially important right now, as families have been hard hit in the recent recession and continue to face high unemployment and tight finances. Making subsidized Stafford loans more costly will only increase student debt. Already, there is increasing evidence that student loan debt is negatively affecting not just individual borrowers and their families but the economy as a whole – from homeownership and family formation to entrepreneurship and retirement savings.

There's still time to reverse the rate increase for incoming students. Returning the rate to 3.4% is a vital first step to avoid further raising the cost of college for more than seven million students this year. To truly make college affordable for all, Congress and the Obama administration must start developing comprehensive reforms that make sense for today's students and tomorrow's.

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