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Bipartisan Group of Senators **Permanently Lower Rates For All** **Students**

Senators facilitated passing of long-term fix to student loan interest rates

Washington, D.C. – Today, U.S. Senators Joe Manchin (D-WV), Richard Burr (R-NC), Angus King (I-ME), Tom Coburn (R-OK), Tom Carper (D-DE) and Lamar Alexander (R-TN) announced the passage of the “Bipartisan Student Loan Certainty Act” by a vote of 81-18, which provides a long-term fix that lowers student interest rates for all students.

“In just a few short weeks, students will be returning to school knowing with certainty what their interest rates will be on their loans for the upcoming school year,” Senator Manchin said. “I thank my colleagues on both sides of the aisle for coming together to pass this commonsense, long-term fix that lowers rates for all of our students. With the passage of this vital, bipartisan compromise, we not only lower the interest rates on all student loans, but we are providing our students the opportunity to help lead America to a better future for generations to come.”

“Today is a good day for students and borrowers, for the Congress, and for the

American taxpayers,” said Senator Burr. “This bipartisan solution helps ensure access and affordability for all students seeking to improve their lives through higher education. I am very pleased that we were able to work together to come to an agreement that is fair, sustainable, and effective.”

“Today’s bipartisan vote marks an important step forward for this institution, for our students, and for the nation. We have demonstrated to the American people that this body has the capacity to overcome partisan differences and act in accordance with the interests of those we were elected to represent,” said Senator King. “Our legislation offers a long-term, market-based solution that lowers and caps interest rates for all students taking out a loan and finally gets Congress out of the business of setting rates. It also provides our students and their families with the financial certainty they need to plan for the costs of higher education. We were sent here to solve problems, and the negotiations that resulted in this bipartisan compromise solution exemplify exactly how Congress can and should work for the country.”

“I am pleased the Senate chose a permanent, affordable and market-based solution that provides stability for both students and taxpayers,” Dr. Coburn said.

“Today, the Senate passed a bipartisan bill that will lower students’ borrowing costs immediately,” said Senator Carper. “Additionally, it prevents rates from rising to unaffordable levels by setting reasonable caps on student loan interest rates. It also maintains valuable provisions in current law that protect ‘the least of these’ in our society, including low-income workers in Delaware and across the country. This is a smart, long-term solution that saves students money and ends the seemingly annual uncertainty that families have faced in determining how to pay for higher education. It also represents the best of the Senate: Republicans, Democrats and Independents working together to solve problems. I hope this bill, and how it was written, serves as a blueprint for even more bipartisanship to come.”

“This permanent, market-based plan makes students’ loans cheaper, simpler and more certain,” Senator Alexander said. “It ends the annual game of Congress playing politics with student loan interest rates at the expense of students planning their futures.”

The Bipartisan Student Loan Certainty Act requires that, for each academic year, all newly-issued student loans be set to the U.S. Treasury 10-year borrowing rate plus add-ons to offset costs associated with defaults, collections, deferments, forgiveness, and delinquency. The resulting interest rates for loans taken out after

July 1, 2013, would be 3.86% for subsidized and unsubsidized loans for undergraduate students, 5.41% on unsubsidized loans for graduate students, and 6.41% on PLUS loans for parents and graduate students. These rates would apply retroactively to newly issued loans taken out after July 1, 2013. The interest rate would be fixed over the life of the loan to provide borrowers with certainty to plan for the future. Additionally, this bill protects against the threat of unforeseen circumstances by imposing a cap to ensure interest rates never exceed 8.25% for undergraduate students, 9.5% for graduate students, 10.5% for PLUS borrowers. The Congressional Budget Office has determined this legislation would save taxpayers \$715 million over ten years.

To view a one-page fact sheet on details of the “Bipartisan Student Loan Certainty Act,” please click [here](#).

To view a chart comparing today’s student loan laws with the “Bipartisan Student Loan Certainty Act,” please click [here](#).

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