



Sen. Warren's Floor Speech on Reed-Warren Student Loan Amendment

JUL 24, 2013

Senator Elizabeth Warren delivered the following speech on the floor of the Senate on July 24, 2013, on the Reed-Warren student loan amendment. The video of her remarks is available [here](#).

Full text of Senator Warren's remarks:

I want to start by saying to Senator Reed by saying to Senator Reed how much I appreciate his leadership in putting forth this amendment that takes a bad bill and turns it into something that would be helpful for our students, our families struggling with student loan debt. I also want to say how much I appreciate the leadership of Senator Harkin, Senator Durbin, Senator Manchin, Senator King, Leader Reed, all of whom have worked very hard, made best efforts under very difficult circumstances. You know, we had a better bill that pasted the United States Senate, but it was filibuster by the Republicans and as a result we are where we are now.

Today the Senate will vote on a plan that would fundamentally change the way the government sets the interest rates on student loans. My colleagues who support this proposal say that it will lower interest rates for students this year, and that's all that matters. Now that's the same thing the credit card companies said when they sold zero-interest credit cards and the same thing subprime mortgage lenders said when they sold teaser rate mortgages.

In all these cases, the bill comes due. Nobody disputes the fact that within just a few years, according to our best estimates, students, all students, will end up paying far higher interest rates on their loans than they do right now.

Now I want lower interest rates for students. With more than \$1 trillion in existing student loans, our students are drowning in debt. We must find a way to address this crisis - by lowering interest rates, refinancing existing student loan debt, and bringing

down the cost of college.

But I cannot support a plan that asks tomorrow's students to pay drastically more in order to finance lower rates today. And I cannot support a plan that raises interest rates on students in the long term while the government continues to make a profit off of them.

According to official government estimates, the federal government will make \$184 billion in profits off student loans over the next ten years under the current law - with interest rates at 6.8 percent for Stafford loans. This is obscene. Students should not be used to generate profits for the government. We should be doing everything we can to invest in students and to offer them the best deal we can on student loans - not find more ways to make money off them.

Now I am a realist about this. I know that eliminating those \$184 billion in profits is going to be hard. The government-and our Republican friends-like having that money to spend. I know that getting there will take time to wring those profits out of the system, and it will take compromise.

But the plan before the Senate today is not a compromise and it doesn't remove a single dime of profits from the student loan program. And that's not an accident. It was designed this way, on purpose, with high interest rates in the future to preserve every penny of that \$184 billion in profits. I want a compromise that actually saves some money for our students.

In fact, the plan we will vote on makes even more money off the backs of our students - an additional \$715 million over the next ten years. That's right-the total profits on the plan we will vote on are nearly \$185 billion. That's obscene.

Now some have sought to minimize these profits. They say that this money is only a fraction of what students will borrow in the next decade. But I've spent months talking to families in Massachusetts, and it doesn't look small to them. Families that are already squeezed by the economy and who are fighting to put kids through college, young graduates who are struggling to buy a home, or to buy a car, or to put away a little bit of savings in the future-that money should stay in their pockets, not go to the government.

These students don't think that \$184 billion in profits is small change. These families don't think that adding another \$715 million on top of these already huge profits can be ignored as a rounding error.

These numbers are not abstractions. They are real dollars coming straight out of the pockets of hard working Americans. Middle class families work hard and pay their taxes, and now they have to pay an extra tax-a \$184 billion tax-to put their kids through college. Meanwhile, this plan asks for nothing from our biggest corporations who take advantage of loopholes in the tax code to avoid paying their fair share. It asks for nothing from the millionaires and the billionaires who get away with paying less in taxes than their secretaries. It asks for nothing from the enormously profitable companies that get billions of dollars in subsidies from the government every year. It's our kids-our kids who are trying to get an education-who will pay more.

Senator Jack Reed has introduced an amendment that would change this. His amendment would substantially improve the plan before us today.

His idea is a simple one. It would cap interest rates on all federal loans at their current levels - 6.8 percent for undergraduate and graduate loans, and 7.9 percent for PLUS loans. These caps would allow students to get a good deal right now while interest rates are low. But the caps would also ensure that when interest rates go up in a few years - as we all expect them to - our students will be protected. The Reed Amendment is the only way to ensure that no students will be worse off under the new plan than if Congress did nothing at all. It makes sure we don't pit our students against each other, making tomorrow's students pay more so that today's students can get a break.

Senator Reed's Amendment creates these protections for students by taking a chunk of profit out of the student loan system, and replacing it with a 0.55%--about a half of one percent--surtax on people whose annual income is over a million dollars.

This amendment would turn this bill into a true compromise. It does not come close to taking all of the profit out of the student loan system, as I would like to see, but it is a very good first step in that direction.

Like most of the things we do around here, this is a choice. Anyone who says that we can't afford this amendment is saying, in effect, it is more important to keep making profits off the backs of our kids than to ask millionaires to pay just a tiny bit more.

The dollars have to come from somewhere-college kids or millionaires.

A vote against this amendment is a vote in favor of higher interest rates on our students. A vote against this amendment is a vote in favor of making profits off the backs of our students.

I don't believe that's how we build a future. I believe we build it together. I support Senator Reed's amendment, and I urge my colleagues to do the same.