



**Capitol Hill Day  
June 14, 2012**

## **Access and Affordability for College Students**

Student loan burdens have grown dramatically as states have reduced funding for public higher education and the costs of higher education themselves have grown. The federal government has responded with modest but important increases in the Pell Grant program, and the AAUP applauds Congress for this support. Several measures before Congress would provide further relief to students struggling to complete degrees and would protect students from marketers peddling low-quality education products.

### **Stop the Student Loan Interest Rate Increase**

Interest rates on subsidized Stafford Loans will double on July 1, 2012, from 3.4% to 6.8%, unless Congress takes action. This increase would immediately harm more than 7.4 million students and their families. Several bills are before each chamber. S 2051 (Senator Reed of Rhode Island) and HR 3826 (Rep. Courtney of Connecticut) would make the 3.4% interest rate permanent, while other bills (such as S 2343, Senator Reid of Nevada) would extend the current interest rate for one year. Congress should act now to maintain low interest rates on student loans, at a minimum for the next year. S 2343 is before the full Senate, the other bills are in committee.

### **Student Loan Forgiveness Act of 2012**

More extensive relief for student borrowers is offered by HR 4170 (Rep. Clarke of Minnesota). This bill would establish a 10/10 Loan Repayment Plan for Federal Family Education Loan and Direct Loan borrowers. Payments would be limited to one-twelfth of 10% of the borrower's income above 150% of the federal poverty level, and to ten years of payments for eligible borrowers. The bill would also cap student loan interest rates at 3.4%. These reasonable provisions would help students who have in good faith made student loan payments and would relieve students from decades of crushing debt. HR 4170 is currently before three committees: the Subcommittee on Higher Education and Workforce Training, the Committee of Foreign Affairs, and the Subcommittee on Military Personnel.

**The AAUP supports these measures to help our students. Funding for these programs should not come from other federal student assistance funding.**

### **Protecting Financial Aid for Students and Taxpayers Act**

The AAUP calls on Congress to pass S 2296 (Senator Hagan of North Carolina) and HR 4390 (Rep. Grijalva of Arizona). These bills would prohibit institutions from using federal education assistance revenue for marketing and recruitment. Many for-profit institutions, which receive up to 90% of their revenue from federal education assistance, use this revenue to recruit students who are eligible for Pell Grants and Post 9/11 GI Bill benefits, rather than toward educational

costs. Completion rates and gainful employment rates for students attending for-profit institutions are considerably lower, and the debt burden greater, than for students attending private non-profit and public institutions.

S 2296 is before the Committee on Health, Education, Labor and Pensions. HR 4390 is before the Committee on Education and the Workforce.

### **Military and Veterans Education Protection Act**

Congress should also pass S 2116 (Senator Carper of Delaware) and HR 4055 (Rep. Speier of California). This legislation would require revenue from federal education assistance to military personnel and veterans to count towards the 90% cap on institutional revenue from all federal education assistance programs. This would protect veterans by reducing the incentives for institutions of questionable quality to use predatory recruitment practices for the “free” federal dollars veterans would bring.

S 2116 is before the Committee on Health, Education, Labor and Pensions. HR 4055 is before the Subcommittee on Higher Education and Workforce Training.

### **For more information, contact:**

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