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.

Bank on Students Loan Fairness Act

Interest rates on subsidized Stafford Loans will double on July 1, 2013, from 3.4 percent to 6.8 percent, unless Congress takes action. This increase would immediately harm more than 7.4 million students and their families. Senator Warren and Congressman Tierney have introduced the Bank on Students Loan Fairness Act (S. 897 and HR. 1979), which would lower new student loan interest rates for the next year to equal the primary credit interest rate at which the federal government provides loans to banks through the Federal Reserve discount window. These rates are currently 0.75 percent. This measure would dramatically reduce the burden of student loan debt, giving students more opportunity to start businesses, invest, or buy homes after college. Treating students at least as well as we treat banks is a statement of fairness and would encourage investment in the nation’s future. S. 897 is before the Committee on Health, Education, Labor, and Pensions. HR 1979 is before the Committee on Education and the Workforce.

Student Loan Fairness Act

More extensive relief for student borrowers is offered by HR 1330 (Rep. Bass of California). This bill would establish a 10/10 Loan Repayment Plan for Federal Family Education Loan and Direct Loan borrowers. Payments would be limited to 10 percent of the borrower’s income above 150 percent of the federal poverty level, and to ten years of payments for eligible borrowers. The bill would also cap student loan interest rates and Federal Direct Consolidation Loans at 3.4 percent. 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 1330 is currently before the Subcommittee on Higher Education and Workforce Training.

Re-financing Federal Student Loans

Senator Gillibrand of New York has introduced S. 1066, “A bill to allow certain student loan borrowers to refinance Federal student loans.” The Center for American Progress has estimated that Gillibrand’s legislation would save borrowers $14.5 billion in the first year, leading to a $21.7 billion boost in economic activity. Senator Reed of Rhode Island has introduced the “Responsible Student Loan Solutions Act” (S 909), which would also provide a means for refinancing federal student loans.

The AAUP supports these measures to help our students. Funding for these programs should not come at the expense of other federal student assistance funding.
Protecting Financial Aid for Students and Taxpayers Act

The AAUP calls on Congress to pass **S 528** (Senator Hagan of North Carolina) and **HR 340** (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 percent 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 528 is before the Committee on Health, Education, Labor and Pensions. HR 340 is before the Subcommittee on Higher Education and Workforce Training.

**For more information, contact:**

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