

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

May 7, 2012
(Senate)

STATEMENT OF ADMINISTRATION POLICY

S. 2343 – Stop the Student Loan Interest Rate Hike Act

(Sen. Reid, D-NV, and 15 cosponsors)

The Administration strongly supports Senate passage of S. 2343 to prevent interest rates from doubling for over 7 million college students in the coming year. On July 1st, absent Congressional action that the Administration can support, the interest rate on new subsidized Federal Direct Stafford Loans for undergraduate students is set to double, from 3.4 percent to 6.8 percent. Taking action to stop the doubling of these rates will save students \$1,000, on average, over the life of their loans. As the economy continues to recover, and at a time when market interest rates are at historic lows, students who rely on loans to finance postsecondary education should not be burdened with additional college debt as they seek to graduate, launch a career or a business, start a family, or buy a house. The Administration is pleased that S. 2343 would offset the costs of maintaining the interest rate at 3.4 percent in a fiscally responsible manner.

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