

STRENGTHENING AMERICA'S MIDDLE CLASS

CUT STUDENT LOAN INTEREST RATES IN HALF



110TH CONGRESS

THE HONORABLE GEORGE MILLER
CHAIRMAN
COMMITTEE ON EDUCATION AND LABOR
UNITED STATES HOUSE OF REPRESENTATIVES

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College Debt Is Overwhelming America's Students

Today's college students are graduating with increasing levels of student loan debt. **The average student graduates with \$17,500 in loan debt;** almost 45% more than just 11 years ago.

Recent changes to the student loan programs set higher loan rates for students: Student rates are now fixed at 6.8%.

With the cost of college spiraling out of control, Democrats will cut interest rates in half on loans for middle class borrowers – to a fixed rate of 3.4% – saving the average student thousands over the life of his or her loans.



Students Are Struggling

American students and families are having a difficult time affording college, resulting in qualified students choosing to delay or skip college entirely.

- ✓ According to the Congressional Advisory Committee on Student Financial Assistance, **financial barriers will prevent at least 4.4 million high school graduates from attending a four-year public college over the next decade,** and prevent another 2 million high school graduates from attending any college at all.
- ✓ College tuition is skyrocketing; **over the last five years, tuition rose by 35 percent at four-year public institutions** – this is the highest increase in any 5 year period since data began to be collected in the 1976-1977 school year. The average annual tuition at a four-year public college is \$5,836.
- ✓ Students are relying on loans more than ever to pay for college; **loans represented 52 percent of all college aid to undergraduate students this year.**



Republican Raid on Student Aid

In 2006, Republicans in Congress committed a Raid on Student Aid, **cutting \$12 billion out of the federal student aid programs to pay for even more tax giveaways for the wealthiest Americans.** Instead of making college more affordable, the Republican leadership forced student and parent borrowers to pay excessive interest rates on their loans and increase the cost of college for parents.

The Republican Raid on Student Aid represented the largest single cut to the federal student aid programs ever. Among other things, it:

- ↓ Required student and parent borrowers to continue paying excessive, above-market interest rates on their college loans in many cases.
- ↓ Eliminated \$2.2 billion in critical funds which the Department of Education uses to administer and deliver federal student aid.
- ↓ Failed to end the wasteful lender subsidies received by banks and lending institutions in the student loan industry.

“Congress has just enacted the largest raid on student aid in history in order to give more money to the wealthy, even while millions of American families are struggling to afford the rising cost of college.”
– Rep. George Miller

Students Shared Their Stories in a 2006 Democratic E-Hearing

Through an online e-hearing sponsored by the Democrats on the Education and Workforce Committee, parents, students and other stakeholders were able to share their stories about college costs directly with Congress. We heard many stories from students and graduates who are struggling to pay for college. Many have been forced to make difficult choices and are asking for help in reducing the student loan debt that is looming in their future. Democrats' plan to halve interest rates will help alleviate this burden.

I was the first in my family to receive a bachelor's degree. For that honor, I incurred \$20,000 in student loans over the course of five years at a public university, all the while working almost full time for rent and food. I now pay over \$250 a month in interest alone on this consolidated loan at 8.5% interest... a total \$60,000 by the time I am done paying. ...At this point, I don't see myself saving for retirement or owning a home unless some miracle occurs. I cannot afford to have a child...

M. Ratliff
Austin, TX

By the time I graduate I will be in debt over \$60,000. I am worried that I will never be able to pay all the money back and take care of my parents...

L. Holman
Lincoln, NE

I am recently divorced and I am raising three teenagers on my own. I never finished my education after high school so I decided to go back to college to finish my degree. I need to be able to support myself in the future and thought this was a good idea. While I still think it is the best thing to do, I am terrified about the amount of debt I am incurring at this time in order to continue with my classes and raise my children... I frequently wake up in the middle of the night feeling afraid of how I will make it through the week with no money...

J. Kalloch
Gray, ME

Why Is It Important to Make College Affordable?

By 2020, the U.S. is expected to experience a shortage of nearly 12 million college-educated workers. Whether the U.S. retains its preeminence in the increasingly competitive global economy will depend on having a highly-skilled workforce, and higher education is the critical tool for building that workforce.

"America is number one in the global economy, and we can stay number one if we make aggressive investments in education, innovation, and future generations."

-- Rep. George Miller

Closing the current college participation gap between minority and non-minority students could add \$250 billion to the national gross domestic product and \$85 billion in tax revenue – which would strengthen our economy and improve the quality of life for all Americans.

- ✓ The poverty rate for college graduates is about one-third of the poverty rate for high school graduates.
- ✓ According to the College Board, per capita income is closely related to college graduation rates.
- ✓ In 2005, women ages 25-34 with bachelor's degrees earned 70 percent more than those with high school diplomas, and for men the difference was 63 percent.

- ✓ Statistics show that individuals with college degrees are less likely to be unemployed. This is particularly the case for African-American and Latino college graduates.
- ✓ Research demonstrates that the children of college graduates are more likely to be exposed to current events and participate in cultural events.
- ✓ In the 2000 presidential election, three-quarters of U.S. citizens with college degrees between the ages of 25 and 44 reported voting, compared to 45 percent of high school graduates.
- ✓ College graduates perform community service at nearly double the rate of high school graduates.



Representative George Miller (D-CA)

CHAIRMAN
Committee on Education and Labor

To contact the Committee on Education and Labor, please call (202) 225-3725 or write us:

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