



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

June 6, 2013
(Senate)

STATEMENT OF ADMINISTRATION POLICY

S. 953 – Student Loan Affordability Act

(Senator Reed, D-RI, and 25 cosponsors)

On July 1st, absent bipartisan Congressional action, the interest rate on new subsidized Federal Direct Stafford Loans for undergraduate students will double, from 3.4 percent to 6.8 percent. As the economy continues to recover, and at a time when market interest rates are near historic lows, more than seven million students who rely on these 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.

Congress must act immediately to stop the imminent doubling of interest rates on student loans. The Administration strongly supports Senate passage of S. 953, the Student Loan Affordability Act, because it meets the test of preventing student interest rates from doubling, saving seven million students nearly \$1,000 per student. Like the proposal in the President's FY 2014 Budget, this bill gives students the certainty of fixed interest rates, does not raise student loan interest rates for deficit reduction, and supports low- and middle-income students who struggle most to afford a college education.

The Administration remains committed to working with the Congress on a bipartisan approach to a long-term, fiscally-sustainable solution that will help students and families afford higher education now and in the future. The Administration looks forward to working with the Congress as the legislation moves forward to include the President's proposal to expand repayment options for borrowers who have already left school to provide them with more flexibility to meet their financial obligations and thereby help them and the economy.

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