



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

July 24, 2013  
(Senate)

## STATEMENT OF ADMINISTRATION POLICY

### Senate Amendment to H.R. 1911 – Smarter Solutions for Students Act

(Senator Manchin, D-WV)

On July 1st, the interest rate on new subsidized Federal Direct Stafford Loans for undergraduate students doubled 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, students who rely on these loans to finance postsecondary education should not be burdened with high interest rates as they seek to graduate, launch a career or a business, start a family, or buy a house.

The Administration strongly supports Senate passage of the amendment in the nature of a substitute to H.R. 1911, the Smarter Solutions for Students Act, which is an important step toward making college more affordable for all Americans, and commends the bipartisan effort that led to the consideration of this legislation. It would reduce interest rates for nearly 11 million borrowers taking out new loans this school year, including those who borrowed since the rates rose on July 1st. Also, it would cut rates on all types of borrowers this year, including those for undergraduates taking out unsubsidized Stafford loans, graduate students, and parent borrowers.

The Senate amendment does not contain the flaws that were in some of the previous legislative efforts to address this issue. In particular, the amendment rejects a variable interest rate that resets every year, which would put students at risk of paying more over time. Instead, it would give borrowers the certainty of a fixed interest rate on each loan to eliminate the risk of being burdened with additional costs, and would provide firm caps on how high interest rates on new student loans can rise in the future. The amendment also rejects unfair and unwise approaches that would raise student loan interest rates to pay for deficit reduction.

There is much more to do to ensure that college tuition and student loans are affordable for the middle class and those striving to join it. The Administration looks forward to working with the Congress over the upcoming year to make additional progress on these challenges, including through the reauthorization of the Higher Education Act of 1965.

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