



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

July 10, 2013  
(Senate)

## **STATEMENT OF ADMINISTRATION POLICY**

### **S. 1238 – Keep Student Loans Affordable Act of 2013**

(Senator Reed, D-RI, and 43 cosponsors)

On July 1st, due to lack of Congressional action, 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, 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.

The Congress must act immediately to reverse the doubling of interest rates on student loans. The Administration strongly supports Senate passage of S. 1238, the Keep Student Loans Affordable Act, because it meets the test of restoring student interest rates to the lower levels and would apply to all loans first disbursed after June 30, even loans already disbursed, saving seven million students nearly \$1,000 per student and giving the Congress time to pass a long-term solution. Like the proposal in the President's FY 2014 Budget, this bill would give students the certainty of fixed interest rates, would not raise student loan interest rates for deficit reduction, and would support 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 solution that will help students and families afford higher education now and in the future, will not raise student rates to reduce the deficit, and will provide students protection against unaffordable loan balances and market uncertainties in the years to come. The Administration remains committed to making college more affordable and attainable for American families, by maintaining a robust level of funding for the Pell Grant and supporting greater repayment options to help borrowers meet their financial obligations as they leave school.

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