



Hon. Doris O. Matsui

Member of Congress

Doris O. Matsui

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Congresswoman Matsui Votes to Make College More Affordable By Cutting Interest Rates on Student Loans

When fully phased in, this bill would

Save the typical student borrower in California almost \$5,000 over the life of their loans

Washington, DC – Congresswoman Doris O. Matsui (CA-05) spoke on the floor of the House of Representatives in support of making college more affordable and accessible by cutting the interest rate on subsidized student loans for undergraduates in half over the next five years – cutting the interest rate from 6.8% to 3.4%. The bill cuts the interest rate in half in five steps: from 6.8% to 6.12% in 2007; 5.44% in 2008; 4.76% in 2009; 4.08% in 2010; and 3.4% in 2011.

The House passed the legislation this afternoon by an overwhelmingly bipartisan vote of 356 to 71.

Below is the text of the Congresswoman's floor statement:

“Madame Speaker, as many of my colleagues know, I am – as many of us are in this Chamber – a proud parent and an almost embarrassingly proud grandparent. All parents and grandparents are different, of course, but I believe almost all us share one thing in common and that is, a hope that our children, and our grandchildren, will have the chance to do a little better, to go a little further, to have a little easier of a time than their parents and grandparents.

“That aspiration has a name in this country. It's called ‘the American Dream.’ And the American people understand that education is the key to making that dream a reality. Today we consider legislation to combat a very real threat to that dream.

“The unfortunate reality is that skyrocketing college costs are putting a college education out of reach for many middle class families. Tuition and fees at public universities have increased by 41 percent -- after inflation -- since 2001. At private universities, tuition has increased by 17 percent – after inflation. It is worth repeating, because it is truly shocking: these figures are after inflation.

“Indeed, according to the Congressional Advisory Committee on Student Financial Assistance, financial barriers will prevent 4.4 million high school graduates from attending a four year public college over the next decade. And prevent another two million from attending any college at all.

“Those statistics are very sobering. And the sound they make is that of the door of opportunity being shut on many young people.

“That is why I am very pleased that our congressional leadership has made cutting interest rates on student loans one of its top priorities for the first 100 hours of this Congress.

“The legislation being considered today will cut the interest rates for subsidized student loans in half over the next five years, from 6.8% to 3.4%. As a result, we will help around 5.5 million more students afford college.

[Continued...]

“Madame Speaker, my constituents are demanding quick action on this legislation, and with good reason. With Sacramento State in my district and the University of California at Davis nearby, they are all too aware of the impact rising tuition costs are having on students and their families.

“A recent study demonstrated that this legislation would, on average, save the average student borrower in California starting school this year almost \$2,500 over the life of the loan. For students beginning college in 2011, the legislation would save almost \$5,000.

“We will need to do more to make college affordable. But Sacramentans who are struggling to afford college will welcome this as an important first step.

“Madame Speaker, helping all qualified students attend college is essential for our economy, for our competitiveness, and for our future. But not only that ... it is essential for ensuring that the American Dream remains a reality for our young people.

“That is why there is a remarkable consensus supporting this proposal across the country. *Newsweek* reports that 88 percent of the country supports this legislation – including wide majorities of both Democrats and Republicans. We are not talking about the Democratic Dream or the Republican Dream ... but the American Dream.

“Further, this legislation meets our ‘pay-as-you-go’ requirements ... and therefore will not add to our budget deficit. And fully five out of six of the offsets have been approved previously by the Bush Administration or Republican congressional leaders. That, again, is a remarkable consensus. It is now time to act.

“All too often, the American People look at Congress and they hear a lot of argument and see a lot of activity, but wonder, though, what Congress is doing to improve their lives.

“If we act on this legislation quickly, however, students will start to see a difference as soon as July 1st.

“So let’s surprise our skeptics – take action – and pass this legislation now on a bipartisan basis. It’s been gratifying to be a Member of Congress over the first weeks of this Congress, which ... by wide, bipartisan majorities ... has increased the minimum wage ... approved potentially life-saving research ... and enacted genuinely bipartisan recommendations to improve our Nation’s security. Our first 100 hours has been a very good time for middle class ... and for Americans who favor progress over partisanship.

“This legislation is another such opportunity. Americans of every political stripe understand that if we allow a college education to become too expensive for hard-working and qualified middle class students, we will have lost something very special in this country. We will have lost a part of the American dream. Let’s show them today that we understand that as well ... and that we’re doing something about it.”

The bill is fully paid for by making modest reductions in certain lender and guaranty agency subsidies in order to make the student loan program more efficient and effective for students and for American taxpayers.

Congresswoman Matsui pointed out that this bill is supported by dozens of organizations, including the American Council on Education, National Association of Independent Colleges and Universities, American Association for State Colleges and Universities, American Association of Community Colleges, Alliance for Equity in Higher Education, Hispanic Association of Colleges and Universities, College Board, College Parents of America, and the Institute for Higher Education Policy.

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