

July 22, 2013

Dear Senator:

I write to encourage passage of S. 1334, the Bipartisan Student Loan Certainty Act of 2013.

This bill makes four important changes to the current federal student loan system that will help students afford their education. First, it will immediately lower interest rates on federal student loans for all borrowers. Second, it will cap interest rates, protecting borrowers from dramatic increases in the future. Third, although rates will be set annually for new loans, those rates will not change over the life of each loan, simplifying repayment and providing students a measure of predictability. Finally, by tying interest rates to the prevailing market rates, this agreement ensures students' borrowing costs reflect broader economic conditions and eliminates the need for congressional fixes every year or two.

While we support this agreement, we want to express two concerns. First, because the bill uses a market-based rate, future increases in interest rates have the potential to significantly raise the costs of borrowing. If this happens, we would urge Congress to revisit this issue and take appropriate action.

Second, for the first time, this legislation requires graduate and professional students to pay a higher interest rate than undergraduates. When combined with the elimination of graduate student eligibility for subsidized loans enacted last year, this distinction exacerbates a troubling pattern of increasing the cost of education for students pursuing the advanced degrees our economy needs. We appreciate your efforts to address student loan interest rates as quickly as possible, but we ask that you restore the equal treatment of graduate student loans at the earliest opportunity.

We realize this process has been complicated, and we commend the Senate for working hard to reach a bipartisan agreement on this vital issue. This bill may represent the most viable approach for students at the present time, which is why we urge you to vote in favor of S. 1334 when it comes to the floor for a vote.

Sincerely,



Molly Corbett Broad
President

The Bipartisan Student Loan Certainty Act of 2013

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MCB/ldw

On behalf of:

American Association of Collegiate Registrars and Admissions Officers

American Association of Community Colleges

American Council on Education

Association of American Universities

Association of Community College Trustees

Association of Jesuit Colleges and Universities

Association of Public and Land-grant Universities

Hispanic Association of Colleges and Universities

National Association of Independent Colleges and Universities

National Association of Student Financial Aid Administrators