

## Vote to Cut Interest Rates on Student Loans

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#### New Jersey One of the Top 10 States in the Country for Average Student Savings

(Washington, DC)—Today, Congressman Steve Rothman (D-NJ) voted to cut interest rates in half on subsidized student loans for undergraduates over the next five years. The College Student Relief Act (H.R.5) is expected to cut the cost of college for approximately 5.5 million undergraduate students and their families. New Jersey is expected to be one of ten states with the highest average student savings in the nation, according to an analysis of the bill by the U.S. Public Interest Research Group.

H.R. 5 passed the House of Representatives by a vote of 356 to 71.

"In today's fast-paced, high-tech world, students need a college education to compete. However, as the cost of tuition skyrockets, more and more students are forced to accept crushing levels of debt in order to graduate. This situation must change. The College Student Relief Act is a positive first step toward making college more affordable and I am proud that my colleagues and I passed it during the first 100 legislative hours of the 110th Congress," said Rothman.

Specifically, the College Student Relief Act cuts interest rates on student loans from 6.8% to 3.4% by July 2011, with incremental decreases every year over the next 5 years. The entire cost of this bill is paid for through modest reductions in various subsidies to lenders and guaranty agencies. That means that this bill will not add to the national deficit. Democrats have voluntarily imposed restraints on any new deficit spending, known as pay-as-you-go (PAYGO) limits.

In New Jersey, the average student starting school in 2007 is expected to save \$2,370 as a result of the College Student Relief Act. The average student starting school in 2011 is expected to save \$4,600. As a result, New Jersey students are expected to save more than students in 44 other states. You can read more about the benefit in the January 2007 report, [Cutting Interest Rates, Lowering Student Debt](#).

The College Student Relief Act was passed as part of the Democrats' 100 Hours agenda, a series of bills that Democrats are working to pass during the first 100 hours that the 110th Congress spends voting on legislation. The effort began with ethics reform and will end later this week with legislation to end subsidies for oil companies and invest in renewable energy. Congressman Rothman is a co-sponsor of all of these bills, including the College Student Relief Act.

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