

## Why student loan rates matter

Written by U.S. Senator Amy Klobuchar  
Tuesday, 08 May 2012 16:40

---

Katie is a student in elementary education at Minnesota State University-Mankato who started out with a good plan to pay for her college education, including work study and some help from her parents. Katie's well-laid plan fell apart when her mother suffered disabling injuries in an accident and Katie had to help care for her.

Determined to continue her college studies, Katie is now relying on low-interest federal student loans as a financial lifeline for her dream of becoming a school teacher and counselor.

Katie's story is one of many that I've heard while meeting with Minnesota college students in recent weeks. I'm taking their stories with me to Washington so I can highlight for my colleagues what federal financial aid really means for individual students.

More than 7 million Americans, including 200,000 Minnesotans, depend on federally-subsidized Stafford student loans. With eligibility based on financial need, students can use the loans to help cover the costs of attending a four-year college or university, community college, or trade, career or technical school.

The current interest rate for the subsidized Stafford loan is 3.4 percent. This is the result of the College Cost Reduction and Access Act, which I voted for in 2007. But, without Congressional action by July 1, the interest rate will double to 6.8 percent.

Minnesota college students depend on these loans more than most. A Minnesota student now graduates with an average debt of \$29,000, which puts Minnesota fourth in the nation for student debt.

A dramatic increase in the interest rate doesn't make sense at a time when the economy is still struggling to recover, students are facing ever-higher college costs and young graduates are having a tough time finding jobs. It also doesn't make sense when most other interest rates are near historic lows.

That's why I'm cosponsoring the Student Loan Affordability Act, which would maintain the low interest rate for at least one additional year.

After some political maneuvering, there is now bipartisan agreement that the interest rate should not be allowed to increase on July 1. Negotiations are underway as I write this today.

And I believe the student loan issue is important enough that we should be able to find some middle ground.

Going forward, even as we work to reduce our federal budget deficit, making higher education more accessible and affordable must continue to be a national priority.

## Why student loan rates matter

Written by U.S. Senator Amy Klobuchar  
Tuesday, 08 May 2012 16:40

---

Minnesota has a lot at stake.

A recent national study estimates that by 2018, 70 percent of all jobs in Minnesota will require at least some postsecondary education, putting the state third in the nation, behind only Massachusetts and Colorado.

This statistic covers higher education across the board from one-year certificates and two-year associate degrees to graduate and professional degrees. Our economy will need them all in order to innovate and compete globally.

Higher education remains a smart investment both for the individual and for the nation. Katie knows that. It's why she is doing everything she can to continue her education, despite the financial sacrifice.

Fortunately, the Stafford loan program is there to lend her a helping hand. But it's not just for her. It's for all of us, because we all benefit when people like Katie at Minnesota State get an education that allows them to succeed and contribute to society.