

STUDENT LOANS BLOG

Romney Breaks From Party Over Student Loan Interest Rate Extension

Posted by [Shannon Raspberry](#) on Apr 24, 2012 in [Student Loan Debt](#), [Student Loan Legislation](#), [Student Loan Programs](#) | [0 comments](#)

Presumptive Republican presidential nominee Mitt Romney, in both a deviation from his party's message and an apparent pitch to woo young voters, announced Monday that he would support an extension of the low interest rate on federal student loans, which is set to expire this summer.

"I fully support the effort to extend the low interest rate on student loans," Romney told reporters. "I support extending the temporary relief on interest rates for students as a result of — as a result of student loans, obviously — in part because of the extraordinarily poor conditions in the job market."

Romney's announcement comes at a time when student loans are [gaining more political attention](#) in the run-up to the presidential election in November. The current financial aid target for both parties has been the expiration of a law on July 1 that would result in a doubling of the interest rate on federal subsidized Stafford loans from 3.4 percent to 6.8 percent, which would saddle debt-burdened borrowers with thousands of dollars more in interest payments. Democrats want to use billions of dollars of taxpayer money to extend the lower interest rate, while Republicans have said they're against funding the lower rate, which, in order to avoid deficit spending, would require diverting money from other programs in the Republican budget.

Romney's break from the Republican party's message was proof, perhaps, that federal financial aid policy will, in the end, bow to more basic political considerations.

Neal McCluskey, associate director of the Center for Educational Freedom at the Cato Institute, a libertarian think tank, predicted that while Democrats and Republicans had developed different student loan messages for their voter bases, Republicans would eventually choose to increase funding for federal college aid programs as a matter of political expediency.

"We've always seen student aid as a way to buy votes, or not to appear to be working against the middle class," McCluskey said. "People of both major parties will continually vote to increase student aid, even if they know the realities, because no one wants to appear to be the bad guy" ("[Student Debt Rises As Political Issue](#)," Politico, April 3, 2012).

Romney: Low Student Loan Rates Needed to Offset Obama's Damage to Economy

Romney also used his message of support for extending the low interest rate on federal student loans to take a jab at President Obama. Romney said Obama created the poor economic conditions that now require taxpayers to help student loan borrowers.

"President Obama's failed leadership on the economy has led to the weakest recovery since the Great Depression, where 50 percent of recent college graduates are unemployed or underemployed," Romney said in a statement. "Given the bleak job prospects that young Americans coming out of college face today, I encourage Congress to temporarily extend the current low rate on subsidized undergraduate Stafford loans."

But Romney's vote-for-me message was particularly vague when it came time to offer precise solutions, something his critics in both parties have routinely castigated him for.

"I also hope the President and Congress can pass the extension responsibly, that offsets its cost in a way that doesn't harm the job prospects of young Americans," Romney added.

"Ultimately, what young Americans want and need is a new president who will champion lasting and permanent policy changes that both address the rising cost of a college education and get our economy really growing again" ("[Romney: 'I Fully Support' Extension of Low Student Loan Interest Rates](#)," CBS News, April 23, 2012).

Romney's 'Contradictory' Student Loan Message Blasted by Obama Campaign

Obama campaign spokesperson Lis Smith fired back at Romney, characterizing him as a flip-flopping candidate who "continues to make promises that he can't keep."

“While he previously endorsed the Ryan budget, which would make deep cuts to Pell Grants and allow student loan rates to double, and last week said that he would gut the Department of Education to pay for his tax plan, today we heard yet another — and contradictory — position from Romney on student loans,” Smith said.

“As the list of promises Mitt Romney has made to the American people gets longer — from giving \$5 trillion in tax breaks to the wealthiest Americans to claiming that he would balance the budget — the numbers just don’t add up.”