

THE HILL



Dem senator says Republicans still not arguing in 'good faith' on student loan interest rate debate

By Daniel Strauss - 05/02/12 11:46 AM ET

Sen. Sherrod Brown (D-Ohio) accused Republicans of not arguing in "good faith" on debating how to keep college student loan interest rates from doubling.

Brown's comments come less than a week after the House passed legislation aimed at keeping the interest rate on Stafford student loans at 3.4 percent. The rate is set to double to 6.8 percent on July 1 if legislators don't pass a bill stopping the increase. After some conservatives initially expressed opposition to keeping the rate from doubling, the House passed legislation stopping the rate increase.

Ahead of passing that legislation, conservative groups pressured Republicans to avoid dealing with the interest rate. Democrats strongly criticized that pressure and President Obama also called out Rep. Virginia Foxx (R-N.C.), who said that she had "very little tolerance" for people who complain about graduating with large college tuition debt.

"The House has shown, I think, their less-than-real interest at keeping these interest rates at 3.4," Brown said Wednesday in a conference call. "We know the initial reaction of the House from several of their spokespeople, several of their most conservative House members was just to let the interest rate double, so I don't think they're acting in particularly good faith here."

The funding method in the House legislation, the Interest Rate Reduction Act (H.R. 4628), takes money from a program in the Obama administration's healthcare reform law to pay for extending the current interest rate. Democrats have voiced strong opposition to the House bill's pay-for method, and Senate Democrats' proposal instead keeps the rate at 3.4 percent by closing loopholes for shareholders of a type of corporation that allows them to avoid paying payroll taxes on some of their income.

Brown also called a conservative argument that student loans actually allow colleges to raise total tuition as "ludicrous." A recent blog post at the libertarian Cato Institute think tank said that "cheap aid has enabled colleges to raise their prices at breakneck speeds."

"That's just a ludicrous argument," Brown said. "I understand that there are rates ... We know that so many people that have gotten to go to college and gotten ahead and been wildly successful because they got opportunity coming from student loans in Pell Grants and all that."

Brown said the argument was contrary to "the American values that our country has shared for generations."