

## Castle: Democrats Shouldn't Play Politics with Student Loans -- January 16, 2007

Washington D.C. -- Delaware Congressman Mike Castle, a senior member of the House Education and Labor Committee, today warned the Democrats not to play politics with the student loan issue and urged consideration of a more comprehensive plan that would build on the rate cut legislation, slated for debate tomorrow. Castle said the goal should be to narrow the college-going gap between low and middle-income students and their more affluent peers, and this isn't achieved by only cutting the interest rate.

"While this bill may address one angle, and assist middle-income and working-class graduates, I believe that any effort to combat college costs must involve a multi-pronged approach and unfortunately, a semi-cut in interest rates does not address the full extent of the problem. In fact, experts have said that while the plan would provide some relief to loan borrowers, it would do little to accomplish the main goal of narrowing the gap between the number of low-income students who can afford higher education compared to the number of those who come from a more affluent background.

"Alternatively, we must use this opportunity to adopt a comprehensive plan that addresses all factors contributing to the college cost crisis. First off, I believe we need to significantly expand the purchasing power of Pell Grants for low-income students. Second, we are learning that private loans are the fastest-growing form of student aid today, with students taking out private loans in addition to their federal loans. Therefore, it would be wise to increase loan limits, which the GOP Congress accomplished in the 109th, as well as increase Pell. We also must take steps to increase transparency, so student and their parents understand the underlying reasons behind cost increases and so schools can learn how to keep costs in check," Castle said.

Castle today joined Ranking Member Howard "Buck" McKeon in introducing "The College Affordability and Transparency Act," and urged Congressional action to accomplish the following:

- Simplify the student loan process;
- Notify students earlier about aid eligibility and requirements;
- Increase transparency with respect to tuition and subsequent increases; and
- Begin to look at the private student loan sector and its impact on students.

The legislation up for a vote tomorrow would cut interest rates on subsidized loans for undergraduates from 6.8 percent to 3.4 percent over five years. The Democrats have said the plan would be financed with savings generated by cutting the subsidies the government pays private lenders to make federal student loans.

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