

Senate Bill to Extend Current Student Loan Interest Rates Defeated



Tuesday, Republicans in the U.S. Senate blocked a bill backed by Democrats that would have kept interest rates for certain federal student loans from doubling this July.

By a 52-45 majority, GOP senators effectively killed the proposal – entitled the Stop the Student Loan Interest Rate Hike Act of 2012, it marking this Congress' 21st successful filibuster of a Democratic-sponsored bill, according to [The New York Times](#). If an extension of current federally-subsidized student loan rates does not occur, loan rates for undergraduate students are expected to jump from 3.4 percent to 6.8 later this summer.

[According to recent reports](#), American students took out almost twice the value of student loans in 2011 – estimated at about \$112 billion – than they did a decade ago. In 2010, student loan debt totaled approximately \$1 trillion, eclipsing credit card debt as the nation's second largest form of debt behind mortgages, [USA Today reported](#).

[The bill](#), sponsored by Senate Majority Leader Harry Reid and given White House backing, would have paid for the interest rate extension via higher payroll taxes and the elimination of certain tax benefits for some private companies. Republicans are currently pushing for [an alternative extension bill](#) proposed by Sen. Lamar Alexander of Tennessee, which would pay

for the interest extension by making cuts to the preventative health care fund – a bill that President Obama has said he would veto if it passed in the Senate, [The Washington Post reports](#).

[According to The Boston Herald](#), the cost of keeping interest rates at their current levels is estimated at approximately \$6 billion.

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