

United States Senator Elizabeth Warren
Floor Speech on Student Loans
As Prepared for Delivery
June 6, 2013

Mr. President, there are only three weeks left until interest rates on new subsidized student loans will double. If we fail to act, the cost of college will increase for millions of students. There are strong proposals on the table that would keep interest rates low while Congress has time to work out a permanent solution. And yet, Congress fails to act. Why? Two issues: money and values.

First, money. Some have argued that we can't afford to keep interest rates low. But let's be clear: Right now the federal government is making a profit from our students. Just last month, the Congressional Budget Office calculated that the government will make \$51 billion this year off student loans. Think about that. \$51 billion. And that's \$16 billion higher than the earlier estimate. We have the money to cut interest rates—if we're willing to reduce the profits we make from our students.

Unfortunately, Republicans see it differently. Two weeks ago, House Republicans passed a plan that would produce higher profits off the backs of our college students. And here in the Senate, Senator Coburn has introduced a similar bill that makes student loans more profitable—all at the expense of our college students. This is wrong. We should reject Republican plans to make more profits off our students.

Now, Senator Coburn talks about how his plan is similar to the low interest rate banks offer through the Federal Reserve. But he got that wrong. The big banks borrow at less than one percent, but Senator Coburn would charge students an additional three percent on top of the 10-year Treasury rates. His plan would produce billions more in profits for the government—money that comes straight out of the pockets of our struggling students. We have the money to help our students. We just don't need to squeeze them harder.

The second issue is values. Our college students already see that the system is rigged against them. They watched Wall Street bankers get bailed out while their parents lost jobs and struggled to hang on to their homes. They see special subsidies for companies that ship jobs overseas and exploit tax loopholes, while the investments in their future—in jobs at home—disappear.

And now Senator Coburn plans to squeeze more profits out of our students. He is fine with the government handing out loans to big banks at incredibly low rates, but he wants our student to pay more. That's not who we are. This does not reflect our values. We see students drowning in debt, and we should be there to help.

Senator Harkin and Senator Reed have shown great leadership on this issue. They offer a simple solution to prevent interest rates from doubling. Their plan would maintain the current 3.4 percent interest rate for two more years.

I have also introduced a short-term plan that would cut interest rates even more by offering the exact same rate that the big banks get through the Federal Reserve discount window. I introduced this one-year deal because we need immediate relief while we develop a long-term plan.

So I rise today in support of Senator Reed and Senator Harkin's proposal to freeze interest rates on subsidized loans for two more years. Their proposal prevents rates from doubling on July 1st, and it also gives us time to develop a plan that aligns with our values and supports our students.

This really is about our values. Have we become a people who will support our big banks with nearly-free loans, while we crush our kids who are trying to get an education? The student loan program makes obscene profits on the backs of our students. This is morally wrong, and we must put a stop to it.

Our students don't have high-paid lobbyists to look out for their interests, but they do have their voices. Petitions urging Congress to pass a short-term plan for interest rates to prevent them from doubling have already collected more than a million signatures. Our students and their families are asking for what is right. They are asking for something we can easily afford. Let's show them that government can work for them.