

# Pelosi Chips Away at Student Debt

## Hundred-hour plan to lower interest on student loans could pay off

**Daniel Zarchy**  
National News Reporter

With the ink of her signature barely dry from inauguration, newly anointed Speaker of the House Nancy Pelosi (D-San Francisco) promises to make more friends than enemies in her first hundred hours in office than she did in her 14-year tenure in Congress leading up to the 2006 midterm elections.

Pelosi, who pledged swift action and massive reformation as part of her "100-hour plan," is pushing legislation that will lower the interest rates on student loans. This move has the potential to increase the affordability of college, allowing a greater range of students the opportunity to study in a two or four-year institution.

According to a November 2006 *Newsweek* poll, such a reduction in the interest rates for student loans is supported by a landslide 88 percent of the American public from all sides of the political spectrum.

California State Assemblyman John Laird (D-Santa Cruz), who has long been a supporter of affordable public education, led a charge of his own in early 2006 when he and 69 other California legislators protested a proposed \$12.7 billion cut to Federal Student Financial Aid Programs.

"This is a very good first step in a long-term strategy to ensure higher education is affordable across the socio-economic spectrum," Laird wrote in an e-mail to *City on a Hill Press (CHP)*. "I'm pleased the new Congress is making it a priority to reverse the current trend of making higher education less accessible."

through Pell Grants, which are a fundamental source of aid for students.

"As students learn very quickly, reducing interest rates for student loan programs is an important first step to improving federal support for college student aid," Draper wrote in an e-mail to *CHP*. "Recently, Congress made more students eligi-

at \$46,000, would not change. As of the most recent numbers, the average UC student had \$13,300 in loan debt, with the national average a little higher.

"We support Congress' effort to make college more affordable and reduce the cost from the backs of the students," Donner said. "UC students would save about \$4,300 over the life of

versity, and could keep up to two million from attending any college.

Dan Wirls, UC Santa Cruz Politics Department chair, believes that the 100-hour plan is very similar to tactics used in the past when Congress wanted to give the appearance of action.

"When the Republicans took over in 1995, they had their own hundred days thing... It wasn't a failure, but it wasn't too much of a success," Wirls said. "What [the Democrats] have done is pare it down to a hundred hours, and they've set themselves a very limited but doable agenda."

While Wirls feels that legislation to lower interest rates would have positive effects, he warns that they may not be as profound as they appear.

"There's some substance to it, but it's certainly not a comprehensive solution," Wirls said. "You do these things that are easy to do, to make it look like you're off to a running start."

Nevertheless, to the legions of college students in the country who leave college five digits or more in the red, any news is good news when it comes to lowering their debt.

"This is ultimately saving the students money," Donner said, "so it's a good thing for students."

"We support Congress' effort to make college more affordable and reduce the cost from the backs of the students. UC students would save about \$4,300 over the life of their loan."

**Brigitte Donner,**

**Spokesperson for the UC Office of Federal Governmental Relations**

According to the UC Santa Cruz Financial Aid Office, the standard loan from the federal government includes a 6.8 percent interest rate for students and a 7.9 percent interest rate for parents.

If this new legislation passes, the 6.8 percent student interest rate would drop to 3.4 percent over the next five years.

Ann Draper, UCSC Interim Financial Aid Director, feels that Congress must better fulfill its promise to fund students

ble for Pell Grant awards. However, they have not followed through on promises to increase the annual award amount – a vital step if Congress is committed to maintaining a balance between grants and loans for college students."

Brigitte Donner, a spokesperson for the University of California from the Office of Federal Governmental Relations in Washington D.C., said that the maximum amount that students can borrow, which is currently

their loan."

A public statement from Congressman George Miller (D-Richmond) states that interest rates for student loans have jumped more than two percentage points over the last five years, and that this legislation is necessary to keep college available to the majority of students. Also, according to data from the Department of Education, financial problems could keep up to 4.4 million students from attending a four-year uni-

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