

U.S. Rep. Pocan: Leads members of Congress in reintroducing the Student Loan Refinancing Act

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WASHINGTON, DC – U.S. Representative Mark Pocan (WI-02) today led more than twenty Member of Congress in reintroducing the Student Loan Refinancing Act (H.R.2186), bipartisan legislation which would remove the current restrictions on refinancing and allow anyone with a subsidized or unsubsidized federal Stafford loan, or a federal direct PLUS loan, to refinance the student loans whenever borrowing rates are reduced.

“Americans now hold more than \$1.5 trillion in student loan debt, a staggering amount of debt that restricts Americans’ ability to contribute to the economy and make other major purchases, like buying a home or a new car,” said Pocan. “We must take steps to help reduce the crushing burden of student debt and allow millions of Americans to refinance their student loans, just like any other borrowers. Students deserve a fair shot at the middle class, not a multi-decade debt sentence. I’m proud to reintroduce the Student Loan Refinancing Act and I hope that my colleagues will join me in supporting this important legislation to bring down the long-term cost of a college degree.”

With student loan debt surpassing \$1.5 trillion, the Student Loan Refinancing Act would help reduce debt on the nearly \$1.4 trillion of federally owned student loans, allowing millions of graduates and borrowers currently repaying their federal student loans to refinance at a lower interest rate whenever a lower rate becomes available.

Currently, interest rates are at historic lows and homeowners, corporations, and state and local governments are refinancing to reduce debts. Refinancing allows the borrower to replace existing debt with a new loan with a lower interest rate, meaning borrowers will reduce the value of their debt, freeing up income for purchases and creating ripple effects throughout the entire economy.

However, student loan borrowers are being left out of this trend, and it is having a dramatic effect on the economy: 40% of graduates with college loans delayed making a major purchase such as a car because of college debt; 25% put off continuing their education or moved in with relatives to save money, according to a Rutgers University study. By the end of 2012, there has been an almost 50% drop of 25- to 30-year old Americans with student debt who were granted a mortgage as compared to 2009.

The Student Loan Refinancing Act is cosponsored by U.S. Representatives Glenn Grothman (WI-06), Don Beyer (VA-08), Brendan Boyle (PA-02), Julia Brownley (CA-26), Steve Cohen (TN-09), Pramila Jayapal (WA-07), Ro Khanna (CA-17), Barbara Lee (CA-13), Dave Loebsack (IA-02), Alan Lowenthal (CA-47), Tom Malinowski (NJ-07), Grace Meng (NY-06), Gwen S. Moore (WI-04), Donald M. Payne, Jr. (NJ-10), Scott Peters (CA-52), Jamie Raskin (MD-08), Bobby L. Rush (IL-01), Adam Schiff (CA-28), Kurt Schrader (OR-05), Bennie G. Thompson (MS-02), Debbie Wasserman Schultz (FL-23), and Peter Welch (VT-AL).