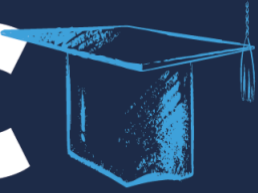


LOAN AC



Fact Sheet

While the Trump Administration is dismantling Department of Education, firing essential Department staff, and upending the federal financial aid system for students, House Democrats are offering a plan to shield students from the rising costs of a college degree.

Background

The cost of attending college today is **more than triple** what it cost to attend college in 1980. Student loans often follow borrowers long after college and can prevent them from planning for important life events, such as buying a house or starting a family. The burden falls particularly hard on **women and people of color**, who take on disproportionately larger amounts of debt and are less likely to be able to pay off the debt throughout the course of their careers.

The Problem

As the cost of college continues to rise, Republicans passed the “**Big, Ugly Law**,” which makes it harder for students to attend college, pay off their debt, strips students of their federal financial aid and exposes students to the predatory, private loan market.

The Solution

The *Lowering Obstacles to Achievement Now (LOAN) Act* would lower the cost of college for current and future student borrowers and their families. The legislation would:

- **Double the federal Pell Grant** by increasing the maximum award over 5 years to \$14,000.
- **Improve the Public Service Loan Forgiveness program** by shortening the time to forgiveness and broadly codifying the current PSLF waiver.
- **Make loans less expensive** by expanding access to subsidized loans, eliminating capitalization of interest including after forbearance and deferment, and creating a safety net for vulnerable borrowers.
- **Offers borrowers affordable monthly payments** by codifying a new income driven repayment plan which include the major provisions from the Saving on a Valuable Education (SAVE) plan.
- **Streamline Loan Repayment** by offering borrowers two repayment plans while allowing borrowers with old loans flexibility.
- **Lower interest rates** by tying interest rates for all new federal student loans to the ten-year Treasury note—but ensuring that no new loan will have an interest rate higher than five percent—and allowing both federal and private borrowers to take advantage of these lower rates.