



June 5, 2013

HOUSE OF REPRESENTATIVES

Representative Dembrow, Chair
Members of House Committee on Higher Education & Workforce Development

Chair Dembrow and members of the House Committee on Higher Education & Workforce Development, for the record, my name is Joseph Gallegos. I represent House District 30, which includes the Cities of Hillsboro and North Plains, and part of unincorporated Washington County.

House Joint Memorial 19 urges Congress to support the Bank on Students Loan Fairness Act. The interest rate on federal subsidized Stafford loans is set to increase from 3.4% to 6.8% on July first. If Congress does not act soon, millions of college students will see their loan payment increase needlessly.

During the Great Recession, we saw student loan debt surpass the national debt. Student loan debt is a growing crisis, and it threatens our economic recovery. Last month, the Federal Reserve identified this mounting debt as a risk to household spending. The burden of loans to keeps borrowers from buying homes, saving for retirement, and engaging in consumption that will drive our economy towards further recovery. Keeping interest rates low is essential.

The Bank on Student Loan Fairness Act allows students to take advantage of the same low interest rates offered to banks through the Federal Reserve discount window. The act would provide a one-year fix to impending interest rate hikes by setting the rate for the federal subsidized Stafford loans at the same primary interest rate offered through the Federal Reserve discount window as of July 1, 2013.

Upon the passage of The Bank on Student Loan Fairness Act, the Federal Reserve would make funds available to the Department of Education to make these loans. While the Federal Reserve would now provide funding, the Department of Education would continue to administer all other aspects of the federal subsidized Stafford loan program in the same manner as it currently does.

House Joint Memorial 19 a necessary move to urge Congress to think about student debt. I urge all of you to support House Joint Memorial 19; the future of our economic drivers depends on your support.

Thank you,



Representative Joseph Gallegos, HD 30

