

[By Tim Johnson](#)

As if the cost of attending wasn't daunting enough, students planning on enrolling in college this fall face another grim prospect: the possible doubling of the interest rate on federally subsidized Stafford loans.

The rate will rise from 3.4 percent to 6.8 percent July 1 unless Congress blocks the increase. Rep. Peter Welch, D-Vt., spoke in favor of doing so Tuesday and was seconded by two students, a parent preparing to send a son to college, and the president/CEO of Vermont Student Assistance Corp.

Welch noted at an airport news conference that college financing has become "ground zero" for middle-class families, and that student loans — an increasingly important way to pay for higher education — total more than credit card debt. Compounding the burden on graduates, he said, is that entry-level salaries in a tough job market make it difficult to pay back loans.

"My goal is to find a way to make certain we do not allow a doubling of the interest to go into effect July 1," he said. He added that freezing the rate would not cost taxpayers because students are the ones who pay back the loans.

Don Vickers of VSAC said the interest increase could add about \$10,000 to the amount owed over 20 years by a student who borrows \$23,000, the maximum amount allowed under the subsidized Stafford program.

According to the Project on Student Debt, the average debt of a student graduating from an institution in Vermont is \$28,391, sixth highest in the country. Two-thirds of the students in Vermont graduate with debt.

Holding down the interest rate is "an incredibly important issue," said Patrick Magnus, 27, who attends Johnson State College. "I'm scared," he said of the possible increase. "I have student

loans."

"I don't feel like it's fair for students already struggling financially to take out more interest to get a higher education," said Cody Paiva, a junior at the University of Vermont. Raising the interest rate, he said, would "make it more difficult for students to even consider going to college."

Ben Truman, a Burlington father who said his eldest son was just accepted to a college, said he didn't want to see him saddled with debt.

Truman said that he had just refinanced his house and that it didn't seem right that his son might have to pay twice as high an interest rate on a student loan.

Low-interest federal loans were named in honor of Robert Stafford, a Republican who served as Vermont senator from 1972 to 1989 and who was regarded as a champion of education. For subsidized Stafford loans, which go to students with demonstrated financial need, the government pays the interest while the student is in school.

Asked the likelihood that the interest rate will be held down, Welch declined to speculate. "It's the right thing to do," he said. "There's no excuse for Congress to allow a doubling of the interest rate.

"I do not believe this is a partisan issue," he said, but added that "toxic budget politics are getting in the way." He also characterized Washington as "on the edge of being dysfunctional."

The measure that would hold the interest rate at 3.4 percent — H.R. 3826 — is co-sponsored by 10 Democrats and no Republicans, in the Republican controlled House.