

LOAN AC



Fact Sheet

A college degree remains the surest [pathway to economic mobility](#) and the American Dream. Unfortunately, the rising cost of attendance, coupled with state disinvestment in public higher education, has forced students and their families to borrow more than ever before to attend college.

According to a recent White House fact sheet, the cost of attending college today is [more than triple](#) what it cost to attend college in 1980. This is particularly troubling considering that student loans often follow borrowers long after college. 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.

In August, President Biden [announced](#) the Administration's plan to forgive up to \$20,000 in outstanding federal student loan debt. While the President's actions will provide urgent relief for millions of Americans who currently hold student loans, Congress's work to support students cannot end until we address the root causes of the student debt crisis, including the declining value of the Pell Grant and our flawed student loan system.

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 \$13,000, building on the \$1,775 increase to the maximum award as proposed in President Biden's budget;
- **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; and
- **Lower interest rates** by tying interest rates for all new Federal student loans to the 10-year Treasury note—but ensuring that no new loan will have an interest rate higher than 5 percent—and allowing both federal and private borrowers to take advantage of these lower rates.