

# Hawaii Reporter

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## House Approves Record Increase in College Financial Aid

WASHINGTON, DC – U.S. Rep. Neil Abercrombie today voted for the College Cost Reduction Act, the single largest investment in college financial aid since the 1944 GI Bill -- and at no new cost to U.S. taxpayers. The measure would boost college financial aid by about \$18 billion over the next five years, paid for by reducing excessive federal subsidies to the college loan industry. The House approved the measure on a 273-149 vote.

“In today’s competitive job market, people with a college education earn as much as 60 percent more than those with just a high school diploma,” said Abercrombie. “Higher education is the single best investment our young people and their families can make in their futures, and the best investment we can make in our country’s future.”

Under the legislation, the maximum Pell Grant would increase by \$500 over the next five years. Combined with other Pell scholarship increases passed or proposed by Congress this year, the maximum Pell Grant would be \$4,900 next year 2008 and \$5,200 in 2011, up from \$4,050 in 2006. About 5.5 million low and moderate-income students would benefit from this increase. The Bush Administration had frozen the maximum Pell grants for five years, while tuition and other higher education costs were skyrocketing.

The College Cost Reduction Act would also cut interest rates on need-based student loans in half over the next five years. Once fully phased-in, this would save the typical student borrower -- with \$13,800 in debt -- \$4,400 over the life of their loan. About 6.8 million students take out need-based loans each year.

The legislation would also prevent student borrowers from facing unmanageable levels of federal student debt by guaranteeing that borrowers will never have to spend more than 15 percent of their yearly discretionary income on loan repayments, and by allowing borrowers in economic hardship to have their loans forgiven after 20 years.

The measure includes additional provisions to ease the financial burden on students and families by the cost of college, including:

- Tuition assistance for excellent undergraduate students who agree to teach in the public schools;
- Loan forgiveness for college graduates who go into public service professions;
- Higher federal loan limits so students won’t have to rely as heavily on costlier private loans; and
- New strategies to prevent tuition costs from such steep increases.

“Sixty years ago, President Franklin Roosevelt signed the GI Bill into law and helped nearly eight million World War II veterans pay for their education or job training, and we built the American Middle Class,” Abercrombie said. “This legislation can help millions of our young people achieve their dreams and rebuild the American Middle Class.”