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Editorial: Senate should save Petri's student aid bill

The House of Representatives blew a chance to help American students pay for a college education — and save the federal government money in the process.

A bill co-authored by Rep. Tom Petri, R-Wis., would have done just that. But it never even got up for a vote as an amendment to a higher education bill the House passed Thursday.

Petri's bill — called the Student Aid Reward, or STAR, Act — would reward colleges that shift student loans they offer from the Family Federal Education Loan program to the Direct Loan program. Both are federal programs, but the FFEL uses banks and private lenders as middlemen, while the Direct Loan program doesn't.

Since the government spends more than \$17 billion on interest subsidies to the banks and lenders in the FFEL program, any money that's shifted to the Direct Loan program saves money.

Colleges would get about 75 percent of the savings in increased Pell grant money to offer students and their families. The federal government gets the rest of the savings to use on deficit reduction.

It's estimated that if the bill passes into law, there would be an extra \$10 billion over 10 years for Pell grants and an extra \$3.35 billion in deficit relief. That's a lot of money to help finance a lot of college educations. And it's a fair chunk of change to knock off the deficit, too.

Petri and his co-author — Rep. George Miller, D-Calif. — have been working on a version of this bill for several years. It's a good deal all around.

But now that it's been bypassed by the House, its hopes depend on the Senate. The bill has bipartisan supporters there, led by Sen. Gordon Smith, R-Ore., and Sen. Ted Kennedy, D-Mass. The House version of the larger higher education bill has to pass the Senate, too, so there's another chance to attach Petri's proposal to it.

The STAR Act makes a lot of sense — not just for college students and their families, but for the entire nation.