

Historic College Aid Bill Sent to President

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Congressman Rothman Touts Historic College Aid Bill Sent to the President's Desk

(Washington, DC) – Today, Congressman Steve Rothman (D-NJ) and his colleagues in the Democratic-led Congress sent historic college aid legislation to the President's desk for his signature. The President is expected to sign the legislation, titled the College Cost Reduction and Access Act (H.R.2669), which will cut interest rates on federal student loans by half over the next four years and increase the maximum Pell Grant scholarship that low- and middle-income students can receive to \$5,400 by 2012. The legislation funds these priorities and more at no new cost to taxpayers by reducing \$20.9 billion in excessive subsidies paid by the federal government to lenders in the student loan industry.

"This bill is the single largest investment in higher education since the 1944 GI Bill. By sending it to the President to become law, the Democratic-led Congress is making good on our promise to make college more affordable for all Americans," said Rothman. "We live in a global economy and New Jersey students need a college education to compete. For too many years, college tuition has gone up and up while federal need-based financial assistance like the median family income has been stagnant. That situation is finally beginning to change thanks to new Congressional leadership that has made college access and affordability a priority."

In New Jersey alone, H.R.2669 is expected to provide a total increase of over \$549 million dollars (\$549,393,000) in loan and Pell Grant aid to students and families over 5 years, according to estimates by the House Workforce and Education Committee.

In addition, the College Cost Reduction Act will prevent students from facing unmanageable levels of federal student debt by guaranteeing that borrowers will never have to spend more than 15% of their yearly discretionary income on loan repayments and by allowing borrowers in economic hardship to have their loans forgiven after 25 years.

The legislation also includes a number of other provisions that will ease the financial burden imposed on students and families by the cost of college, including:

- Tuition assistance for outstanding undergraduate students who agree to teach in the nation's public schools;
- Loan forgiveness after 10 years of public service and loan repayment for college graduates that go into vital public service jobs, such as military service members, first responders, law enforcement officers, firefighters, nurses, public defenders, prosecutors, and librarians;
- Landmark investments (\$510 million over five years) in Historically Black Colleges and Universities, Hispanic-Serving Institutions, and other minority serving institutions; and
- Strategies to help colleges contain costs and make online information on college costs for students and parents more user friendly.

Additional Background

Nationwide, the Pell Grant increase included in H.R. 2669 will benefit close to 6 million low- and moderate-income students across the country. About 5.5 million students who receive Pell Grant scholarships each year would see an immediate increase of \$490 in their maximum Pell Grant scholarship in the next year, and an increase over \$1,090 over the next five years.

In the 2005-2006 academic year, over 85,400 students attending school in the Garden State received Pell Grants, including 10,819 students at Bergen Community College, Hudson County Community College, and Passaic County Community College, all of which primarily benefit residents in Rep. Rothman's 9th Congressional District. Nationwide, the cut in interest rates on need-based federal loans will save the typical student borrower a total of \$4,400. About 6.8 million students take out need-based loans each year. In the 2005-2006 Academic Year, over 181,000 students attending school in the Garden State took out federal need-based loans, according to undergraduate financial aid information provided by the State of New Jersey Commission on Higher Education.

The final version of the College Cost Reduction and Access Act passed both the House and Senate by veto-proof majorities on September 7, 2007. It passed the House by a vote of 292 to 97 and the Senate by a vote of 79 to 12.

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