

REP. LARSON PRAISES PASSAGE OF COLLEGE COST REDUCTION ACT OF 2007

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Increase in aid to have substantial, positive impact on Connecticut students

WASHINGTON - Today, Congressman John B. Larson (CT-01) released the following statement regarding House passage of the College Cost Reduction Act of 2007 (HR 2269). The bill provides the single largest increase in college aid since the GI bill, at no cost to taxpayers. In Connecticut, this bill provides a \$130 million increase in student loan and Pell Grant aid that could impact up to 39,500 students in Connecticut over five years.

“College costs are rapidly rising and students have to take on more debt in order to pursue their college education; many are having to forgo a college education because it just costs too much. Today, we took a giant step forward towards making college more affordable for hundreds of thousands of aspiring students. Only by making college more affordable and accessible will we be able to compete in a globalizing world,” said Larson.

The College Cost Reduction Act:

- Boosts college financial aid by roughly \$18 billion over the next five years and does so in accordance with pay-as-you-go budget rules.
- Provides a \$500 increase in the Pell Grant scholarship, using mandatory funds, phased in over four years and on top of the appropriated amount.
- The bill cuts interest rates in half on need-based undergraduate student loans over the next five years. Once fully phased in, this will save the typical student with \$13,800 in need-based loan debt approximately \$4,400 over the life of the loan. This expands eligibility to include and serve more people with financial need.
- Increases the borrowing limits for third and fourth year students to \$7,500 and increases the aggregate borrowing limits for undergraduate students to \$30,500 allowing students and families to rely less on more expensive private educational loans.
- Provides \$5,000 in loan forgiveness for those serving the country in critical public service jobs, including first

responders, law enforcement officers, firefighters, nurses, public defenders, prosecutors, early childhood educators, and librarians.

- Ensures that we place a highly qualified teacher in every classroom through the creation of TEACH grants that would provide up-front tuition assistance of \$4,000 per year (for a maximum of \$16,000) for high-achieving graduate and undergraduate students who commit to teaching a high-need subject in a high-need school for four years.

- The bill makes a landmark investment of \$500 million in Historically Black Colleges and Universities, Hispanic Serving Institutions, Tribal Colleges and the Alaska/Hawaiian Native schools as well as the newly established Predominately Black Institutions and institutions serving Asian Americans and Pacific Islanders.

- Establishes the College Access Challenge Grants to leverage Federal funds to increase the number of students from underserved populations who enter and complete college through matching grants to philanthropic organizations.

All of these increases in college financial aid are fully offset by reducing excessive federal subsidies that the federal government pays to lenders in the college loan industry. These offsets build on the proposals that this House overwhelmingly passed as part of H.R. 5 in January.

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