

WASHINGTON, D.C. – Today Congressman Earl Blumenauer (D-Ore) supported legislation that would make the single largest investment in college financial aid since the 1944 GI Bill, helping millions of middle income families and students pay for college without ANY new costs to U.S. taxpayers.

The legislation, the College Cost Reduction Act of 2007 (H.R. 2669), boosts college financial aid by about \$18 billion over the next five years and pays for itself by reducing federal subsidies for the college loan industry by \$19 billion. Over the course of five years, **almost 70,000 Oregon students would benefit from an additional \$194 million** in available loan and Pell grants.

“A college education has always been a ticket to success, both for individuals and for this country,” said Congressman Blumenauer. “Sadly, the increased cost of college degrees has kept bright students out of school, limiting America’s future as well as their own. In Oregon, where the average college student’s debt is more than \$14,000, this legislation would cut the interest rate on their loans by almost \$5,000. I am proud to be part of this new Congress that is once again investing in education, making it feasible for low and middle income families to send their kids to college, and keeping America competitive.”

H.R. 2669 would cut interest rates in half on need-based student loans, reducing the cost of those loans for millions of student borrowers. Like legislation passed by the House earlier this year, the College Cost Reduction Act would cut interest rates from 6.8 percent to 3.4 percent in equal steps over the next five years. Once fully phased-in, this would save the typical student borrower with \$13,800 in need-based student loan debt \$4,400 over the life of the loan. About 6.8 million students – **almost 41,000 in Oregon alone** – take out need-based loans each year.

Under this legislation, the maximum value of the Pell Grant scholarship would increase by \$500 over the next five years. When combined with other Pell scholarship increases passed or proposed by Congress this year, the maximum Pell Grant would reach \$4,900 in 2008 and \$5,200 in 2011, up from \$4,050 in 2006, thus restoring the Pell’s purchasing power. About 6 million low- and moderate-income students would benefit from this increase.

The legislation would also reduce onerous debt repayment schedules by guaranteeing that

borrowers will never have to spend more than 15 percent of their yearly discretionary income on loan repayments. In addition, it allows borrowers suffering from long term economic hardship to have their loans forgiven after 20 years.

The College Cost Reduction Act includes a number of other provisions that would ease the financial burdens of higher education, including:

Tuition assistance for qualified undergraduate students who agree to teach in the nation's public schools;

Loan forgiveness for college graduates who go into public service professions;

Increased federal loan limits so that students won't have to rely as heavily on costlier private loans;

New tuition cost containment strategies; and

Landmark investments in Historically Black Colleges and Universities, Hispanic Serving Institutions and minority serving institutions.

The College Cost Reduction Act follows in the proud tradition of the GI Bill that provided higher education and job training for 7.8 million veterans of World War II in 1944. This legislation is supported by a broad coalition of student advocacy groups and labor organizations.