

WASHINGTON, DC –Congressman Steny H. Hoyer (D-MD) today voted to approve legislation that would make the single largest investment in college financial aid since the 1944 GI Bill, with \$204 million to help Maryland students and families pay for college – and doing so at no new cost to U.S. taxpayers. The legislation, the College Cost Reduction Act of 2007 (H.R. 2669), would boost college financial aid nationwide by about \$18 billion over the next five years and pays for itself by reducing excessive federal subsidies paid to lenders in the college loan industry by \$19 billion. It also includes at least \$750 million in federal budget deficit reduction. The Senate is expected to vote on similar legislation this month.

“Education is vital not only to personal development, fulfillment and success, but also to our national competitiveness, our continued prosperity, and our security,” stated Rep. Hoyer. “Nonetheless, the rising costs of college pose greater obstacles to realizing the American dream. This landmark legislation is a tremendous step toward achieving the goal of making college affordable for every qualified student and represents an historic investment in our people, our economic competitiveness, and the future of our nation at no extra taxpayer expense.”

The skyrocketing costs of college have left millions of students with crippling financial debt and prevented countless qualified students from realizing the opportunity of higher education. Tuition at four-year public colleges has grown by 35 percent in the last five years.

Under the College Cost Reduction Act, the maximum value of the Pell Grant scholarship would increase by \$500 over the next four years, benefiting as many as 77,281 Maryland students who qualify for a Pell scholarship. 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 nationwide would benefit from this increase.

Like legislation passed by the House earlier this year, the College Cost Reduction Act would cut interest rates in half on need-based federal student loans, from 6.8 percent to 3.4 percent, in equal steps over the next five years, reducing the cost of those loans for millions of student borrowers. Once fully phased-in, this would save the typical Maryland student borrower – with \$14,096 in need-based student loan debt – \$4,510 over the life of the loan. About 6.8 million students, including 48,500 Maryland students, take out need-based student 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 College Cost Reduction Act includes a number of other provisions that would ease the financial burden imposed on students and families by the cost of college, including:

- Tuition assistance for excellent undergraduate students who agree to teach in the nation's public schools;
- Loan forgiveness for college graduates that 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. Maryland has four four-year Historically Black Colleges and Universities: Bowie State University, Coppin State College, Morgan State University, and the University of Maryland Eastern Shore.

The College Cost Reduction Act of 2007 represents the single largest investment in higher education since President Franklin Roosevelt signed the GI Bill into law in 1944. The original law enabled 7.8 million veterans of World War II to participate in education or job training programs and is credited for its redeeming impact on the post-war national economy and in building a sustained American middle-class.

A broad coalition of student advocacy groups and labor organizations support the College Cost Reduction Act. For more information on their support, [click here](#) .

For a fact sheet on the legislation, [click here](#) .

To see who benefits from the legislation, [click here](#) .

\*Estimates of student loan reform and additional eligibility for Pell Grant aid based on Congressional Research Service estimates of current state allocation

\*\*Estimates include expansion of eligibility and \$500 maximum Pell Grant increase under the College Cost Reduction Act by 2011

\*\*\*Student loan data gathered by U.S. PIRG, the federation of state Public Interest Research Groups (PIRGs), the Higher Education Project.

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