

WASHINGTON, DC – Today, Congressman Steny H. Hoyer (D-MD) issued the following statement below on President George W. Bush's signing of the College Cost Reduction and Access Act. The bill is another legislative accomplishment for the 110th Congress, and was passed by overwhelming bipartisan majorities in both the House and Senate on September 7. Details of the bill are given below. Students can calculate their savings under the new bill by going to the front page of Rep. Hoyer's web site:

"The signing of the College Cost Reduction and Access Act is truly a significant milestone for those struggling to afford a college education. By cutting interest rates on student loans and increasing the size of the Pell Grant, this legislation makes college more affordable for millions of students and their parents and opens the doors of higher education to those who might otherwise be shut out because of cost.

"It can not be underestimated how critical this new investment in college financial aid is to Maryland students and their families. In today's economy, a college education is as important as a high school diploma was a generation ago. Yet, college costs have grown nearly 40 percent in the State of Maryland over the last five years; students are graduating from college with more debt than ever before; and thousands of qualified students choose not to go to college at all because they can't afford to. This historic legislation helps restore the American dream for those families.

"With the enactment of this bill, the new Congress has delivered on its promise to make college more affordable. Furthermore, this legislation shows that the Congress can work in a bipartisan fashion with the President to make progress for the good of the country."

The College Cost Reduction and Access Act will boost college financial aid by more than \$20 billion over the next five years – including \$370 million in assistance for the college students in the state of Maryland. The bill pays for itself by reducing excessive federal subsidies paid to lenders in the college loan industry by \$20.9 billion. It also includes \$750 million in federal budget deficit reduction.

To reduce the cost of loans for millions of student borrowers, the legislation will cut interest rates in half on need-based student loans, from 6.8 percent to 3.4 percent over the next four years. Once fully phased in, this will save the typical student borrower – with \$13,800 in need-based student loan debt -- \$4,400 over the life of the loan. 48,484 students in Maryland take out need-based loans at four-year public colleges and universities each year and will

benefit from this interest rate reduction.

In a critical step to expand access to college, the bill will also increase the maximum Pell Grant scholarship by \$490 in 2008 and by \$1,090 over the next five years. This will restore the purchasing power of the Pell Grant – raising the scholarship from \$4,050 in 2006 to \$5,400 by 2012, benefiting the 69,868 students in Maryland who receive Pell Grants. Seventy-four percent of Pell Grant recipients have family incomes below \$30,000.

In addition, the legislation will prevent students 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 25 years.

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

- o Tuition assistance for undergraduate students who agree to teach in high-poverty schools or high-need subject areas;
- o Loan forgiveness after 10 years of public service and loan repayment for college graduates that go into vital public service jobs; and
- o Landmark investments in Historically Black Colleges and Universities, Hispanic Serving Institutions and other minority serving institutions.

President Franklin Roosevelt signed the GI Bill into law in 1944. The original law enabled 7.8 million veterans of the Second World War to participate in education or job training programs.

The President has signed into law several pieces of legislation that the 110th Congress crafted to take America in a New Direction, including the 9-11 Commission recommendations to better protect America from terrorism, the first minimum wage increase in a decade, an Innovation Agenda to provide tens of thousands of math and science scholarships and create new American jobs, and landmark Lobby and Ethics reforms that public interest groups have hailed as the strongest ethical reforms in Washington since Watergate.

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