

July 10, 2007

WASHINGTON, DC—Congressman Peter DeFazio (D-Springfield) announced that the U.S. House of Representatives today approved H.R. 2669, the College Cost Reduction Act of 2007, legislation that would make the single largest investment in college financial aid since the 1944 GI Bill, helping millions of students and families pay for college – and doing so at no new cost to U.S. taxpayers. The bill passed by a vote of 273-149.

Approximately 40,000 Oregon students take out need based student loans each year. The average Oregon college student accumulates \$19,000 in college debt. This legislation will provide \$194 million for Oregon students over the next 5 years and will save students almost \$5,000 in interest on their loans.

“Passage of this legislation is great news for Oregon students,” DeFazio said. “Tuition and fees at four-year public colleges and universities have risen 41 percent in six years. We must ensure that a good education is within the grasp of every American. Reducing interest rates on subsidized student loans and increasing funding for Pell Grants will help reduce the financial barriers to a college education.”

Under H.R. 2669, 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 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. About 6.8 million students take out need-based 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;

The Senate is expected to vote on similar legislation later this month.