

College Cost Reduction Act of 2007

The largest investment in higher education since the GI Bill - at no new cost to taxpayers.

The College Cost Reduction Act of 2007 will provide the single largest investment in higher education since the GI bill. And it will do so at no new cost to taxpayers, by cutting excess subsidies paid by the federal government to lenders in the student loan industry.

This new investment is critically important. College costs have grown nearly 40 percent in the last five years. Students are graduating from college with more debt than ever before. And many would-be students are holding off on going to college, or skipping it altogether, because they don't believe they can afford it.

By boosting scholarships and reducing loan and tuition costs, the College Cost Reduction Act of 2007 makes an historic investment in America's college students, its economic competitiveness, and its future, while maintaining fiscal responsibility. The legislation would:

Strengthen the Middle Class by Making College More Affordable

- Cutting interest rates in half on subsidized student loans over the next five years.
- Making student loan payments more manageable for borrowers by guaranteeing that borrowers will not have to pay more than 15 percent of their discretionary income in loan repayments, and allowing borrowers in economic hardship to have their loans forgiven after 20 years.
- Increasing federal loan limits to provide borrowers with additional assistance in paying for college and to help them rely less on costlier private loans.
- Containing college costs.

Increase the Purchasing Power of the Pell Grant Scholarship

- Increasing the maximum Pell Grant scholarship by at least \$500 over the next four years,
- ultimately reaching a maximum scholarship of at least \$5,200 by 2011.
- Expanding eligibility to include and serve more students with financial need.

Ensure a Highly Qualified Teacher in Every Classroom

- Providing upfront tuition assistance to qualified undergraduate students who commit to teaching in public schools in high-poverty communities or high-need subject areas.

Encourage and Reward Public Service

- Providing loan forgiveness for first responders, law enforcement officers, firefighters, nurses, public defenders, prosecutors, early childhood educators, librarians and others.
- Revising policies to allow public servants to have their loans forgiven after 10 years.

Encourage Philanthropic Participation in College Retention and Financing

- Establishing a partnership with federal, state and local government entities and philanthropic organizations through matching challenge grants aimed at increasing the number of first generation and low-income college students.

Make Historic New Investments in Historically Black Colleges and Universities and Hispanic-Serving Institutions, Tribal Colleges, Alaska and Hawaiian Native, and the newly designated Predominately Black Institutions and institutions serving Asian American Pacific Islanders

- Making a landmark new investment of \$500 million in minority-serving institutions over five years.

Source: House Education and Labor Committee