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For Immediate Release

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Washington D.C. - Congressman John P. Murtha, Chairman of the House Appropriations Subcommittee on Defense, voted today to approve legislation that would make the single largest investment in college financial aid since the 1944 GI bill. The College Cost Reduction Act of 2007 would boost college financial aid by about \$18 billion over the next five years, helping millions of students pay for college.

Each year in Pennsylvania 211,832 students take out need-based loans at 4-year public schools, amounting to nearly \$14,000 of accrued debt per student on average.

Under this legislation, the maximum value of the Pell Grant scholarship will increase by \$500 over the next five years and eligibility will be expanded to nearly 600,000 additional students.

The legislation will also cut interest rates over the next five years on need-based student loans from 6.8 percent to 3.4 percent, significantly reducing the cost of these loans for millions of student borrowers. Once fully phased-in, this will save the typical student borrower \$4,400 over the life of the loan. Approximately 6.8 million students take out need-based loans each year to help pay for college.

The legislation also provides up-front tuition assistance of \$4,000 per year for high-achieving graduate and undergraduate students who commit to teaching a high-need subject in a high-need school for four years. It also provides \$5,000 in loan forgiveness for those serving the country in critical public service jobs, including first responders, law enforcement officers, firefighters, nurses, public defenders, prosecutors, early childhood educators, and librarians.

"For too long the price of higher education has denied students throughout our area the means to receive a college degree," Murtha said. "The College Cost Reduction Act will help families pay for college and provide our economy with the educated and trained workforce we need for future growth."

The legislation pays for itself by reining in excessive subsidies the federal government currently pays to lenders in the college loan industry. The College Cost Reduction Act passed the House by a vote of 273-149. The Senate is expected to vote on similar legislation this month.

