

The College Cost Reduction and Access Act: A New Commitment to Students and Families

The College Cost Reduction and Access Act will increase access to higher education and ensure our scarce federal dollars are going where they are most needed – to students.

Increasing Student Aid and Addressing Rising College Debt The cost of college has tripled in the past 20 years, but federal financial aid has not kept up. The College Cost Reduction and Access Act will make college more affordable by:

- Increasing access for low-income students by increasing the maximum Pell Grant by \$500 next year and to \$5,400 by 2012, and simplifying the financial aid process for low-income students by increasing the income level at which a student is automatically eligible for the maximum Pell;
- Easing the burden on borrowers by cutting student loan interest rates in half to 3.4 percent for undergraduate students with subsidized student loans;
- Protecting borrowers by capping monthly loan payments at 15 percent of discretionary income;
- Protecting working students and ensuring they are not penalized by increasing the amount of student income that is sheltered from the financial aid process; and
- Encouraging public service by providing loan forgiveness for public service employees.

Increasing College Access and Preparation Programs

The College Cost Reduction and Access Act would increase access to and preparation for college by both restoring funding for Upward Bound, a key college access program, and creating College Access Challenge Grants to increase college outreach activities in every state.

Bringing Good Teachers to the Schools That Need Them Most

We are facing a shortage of high-quality, well-prepared teachers, and it is often the neediest students who suffer the most. The College Cost Reduction and Access Act will create incentives for good teachers to teach in high-need schools by establishing new TEACH Grants that provide scholarships of \$4,000/year for high-achieving undergraduate and graduate students who commit to teaching a high-need subject in a high-need school.

Reforming the Student Loan System so it Works for Students, Not Banks

Recent investigations have shown that lenders have been exploiting the student loan system, to the detriment of the students the system is meant to serve. The College Cost Reduction and Access Act will ensure the system works for students and save taxpayer dollars by directing unnecessary lender subsidies to student aid and injecting competition into the loan program.

Strengthening Minority Serving Institutions

Despite tremendous challenges and limited resources, minority serving institutions are responsible for serving many of our nation's minority students who would not otherwise obtain a degree. The College Cost Reduction and Access Act would invest an additional \$500 million in these institutions.

The Senate Higher Education Act Reauthorization Bill Would Build on These Efforts By:

- Protecting students by ensuring colleges recommend lenders to their students based on the best interest of students, not the self-interest of financial aid officers, and cleaning up the industry by prohibiting payments from lenders to schools/school officials that create conflicts of interest;
- Simplifying the FAFSA, by immediately creating a new 2-page EZ-FAFSA for low-income students, and phasing out the current 7-page FAFSA for all applicants within 5 years;
- Facilitating student planning by creating a pilot program that allows students to receive an aid determination or estimate in their junior year of high school; and
- Holding colleges accountable for rising costs by publicizing colleges whose costs increases outstrip those of their peers, and ensuring students and parents have access to objective data about the cost of college.