

FOR IMMEDIATE RELEASE

July 15, 2009

Contact: Katie Andriulli, Campus Progress
202-481-8238 / kandriulli@americanprogress.org

Miller Introduces Legislation that puts Students Over Banks
Campus Progress Statement on the Student Aid and Fiscal Responsibility Act

Washington, DC -- This morning, Rep. George Miller (CA), Chairman of the House Committee on Education and Labor, introduced the Student Aid and Fiscal Responsibility Act, which will eliminate wasteful subsidies to student loan companies and use the \$87 billion in savings on a bold policy package to make college more affordable and accessible for low and middle income families. The legislation closely follows a proposal by President Obama, despite fierce opposition from the student loan industry, and represents the largest ever investment in higher education.

Campus Progress has launched a new campaign Students Over Banks (studentsoverbanks.org) to support passage of this legislation. In addition to providing young people information about the proposals, the website offers profiles of some of the worst actors in the Federal Family Education Loan Program (FFELP), ways to take action online, and the latest news on college affordability issues.

Last week, as part of the 2009 Campus Progress National Conference, Campus Progress also partnered with USPIRG and other groups to bring one hundred people to the Capitol to meet with lawmakers on this and other economic issues affecting young people. We believe that the choice is clear: We can either increase opportunities for young people and displaced workers and build the American workforce for a 21st century economy, or we can cater to special interests trying to hold on to wasteful federal subsidies. Campus Progress commends Chairman Miller and other lawmakers who are standing against special interests in order to expand educational opportunity.

The Student Aid and Fiscal Responsibility Act would:

- Invest \$40 billion to increase the maximum Pell grant award to \$5,550 by 2010, and \$6,900 by 2019. It will also pave the way to tie the maximum award level to inflation plus 1%.
- Invest in community colleges and historically black colleges and universities, as well as efforts to improve college access and completion rates.
- Strengthen the Perkins loan program to help students avoid risky private loans.
- Simplify the FASFA.
- Provide \$10 billion in deficit reduction.
- Originate all future loans through the Direct Loan program, which will create \$87 billion in savings over ten years.

Campus Progress is the youth division of the Center for American Progress, a nonpartisan, nonprofit progressive organization. Through programs in activism, journalism, and events, Campus Progress helps young people make their voices heard now on issues that matter, and works with young leaders and organizations nationwide to build a strong, united progressive movement that can bring long-term positive change. Campus Progress runs a daily web magazine, CampusProgress.org; supports student publications on 50 campuses; supports local and national youth issue campaigns; and has held over 700 events and film screenings. For more information, please visit Campusprogress.org.

Just the Facts

- *The top 20 FFELP loan holders in 2008 spent at least \$4,665,000 on lobbying since January to win favor in Congress, sometimes while receiving bail-outs from taxpayers, according to figures from Opensecrets.org*
 - Loan Giant Sallie Mae has spent \$1,150,000.
- *Around 260,000 additional students would receive Pell Grants for the 2010-11 school year if Obama's plan is enacted, according to US PIRG and the Institute for America's Future*
 - An interactive map with a state-by-state breakdown is available at: <http://www.campusprogress.org/cribsheets/3943/pell-grant-changes>
 - The Pell grant, which helps low and middle income families, covered 72% of the average cost of attendance for a public four year college in 1976, but only 33% of this cost in 2006.
- *Loan Companies offered at least 13 counter-proposals designed to preserve their profits at the expense of low and middle income students*
 - Most of these plans aimed to preserve some part of the FFELP program in order to preserve the profits of the particular company or sector of the student loan industry making the proposal.
 - In a last ditch effort, most of the lending community united around a single "Frankenstein" counter-proposal. Despite claims by lenders that it would create "similar" budget savings lawmakers believe that these proposals would take \$15 billion that could be spent on expanding educational opportunity and redirect it toward banks.
- *The Lumina Foundation estimates that the American Economy will face a shortage of 16 million college educated workers by 2025. Yet we are leaving too many talented young people behind, especially those from low-income or minority families.*
 - The most academically prepared low-income high school graduates go to school at about the same rate as the least prepared students from wealthy families.
 - For young people that do attend college, large class and racial disparities exist in completion rates. Almost 67% of non-Hispanic White students earn a bachelor's degree from any school within six years, while the same can be said for only 45.7% of non-Hispanic Black students.