

Honorable George Miller
Chairman, House Education and Labor Committee
Statement at Committee Mark-up on H.R. 2669
Wednesday, June 12, 2007

Good afternoon.

For years, college costs have been rising rapidly, far outstripping families' ability to pay them.

Students are graduating with more debt than ever before, and along with their families are working harder and harder to pay back their college loans. In many cases, the high price of attending college is keeping many qualified students from attending at all.

This growing cost crisis harms not just students and families, but also our nation's economic future.

This Committee is committed to growing and strengthening America's middle class, and making college more affordable and accessible for all qualified students is a key part of that overall goal.

That's why I am very proud that we are here today to consider legislation to make the single largest investment in college financial aid since the GI Bill – at no new cost to taxpayers. The College Cost Reduction Act of 2007, H.R. 2669, would boost college financial aid by nearly \$20 billion over the next five years.

And the bill does so in a fiscally responsible way. We are committed to pay-as-you-go budget rules, and we honor that commitment in this legislation.

All of the increases in college financial aid are fully offset by reducing excessive federal subsidies paid to lenders in the college loan industry. In fact, the bill also includes \$750 million in budget deficit reduction. This bill shows that, with smart policy, we can be fiscally responsible *and* be responsive to the concerns of the American people.

H.R. 2669 provides a \$500 increase in the Pell Grant scholarship, using mandatory funds, phased in over five years – and on top of the appropriated amount. With the current appropriated amount of \$4,700 which Chairman Obey announced last week, the Pell scholarship would be set to rise to \$5,200 by 2013.

This legislation also includes the bipartisan H.R. 990, the Pell Grant Equity Act, a bill Ranking Member McKeon and I passed through the House earlier this year to eliminate the tuition sensitivity provisions that unfairly penalize students attending low-cost tuition institutions.

We are also establishing a year-round Pell Grant program, which along with changes made in the Income Protection Allowance, reflect provisions outlined in H.R. 2017, the Part-Time Student Assistance Act, introduced by Rep. Holt.

In addition to the changes in Income Protection Allowance, we also amend the needs analysis formula to increase “auto-zero” from the current \$20,000 level to \$30,000.

The legislation also includes our provision from H.R. 5, the College Student Relief Act, to cut interest rates in half for undergraduate students with subsidized student loans – those in most financial need – over the next five years.

This provision alone will save a student with \$13,800 in need-based loan debt approximately \$4,400 over the life of the loan.

In addition to cutting interest rates in half, the College Cost Reduction Act will also increase the borrowing limits for third and fourth year students to \$7,500 and increase the aggregate borrowing limits to \$30,500.

The loan limits are done in tandem with efforts to make debt more manageable for students, which we believe is the most responsible way of helping students.

Included in this legislation is the Income-Sensitive Repayment proposal, which builds on the tenants of the Income Contingent Repayment program by guaranteeing that borrowers will not have to spend more than 15% of their discretionary income on federal student loan repayments.

Additionally, this bill includes language from a bill introduced by Rep. Sarbanes to provide complete loan forgiveness for public sector employees after 10 years of service.

In keeping with alleviating student loan debt, the College Cost Reduction Act includes \$5,000 in loan forgiveness for those serving the country in critical areas including first responders, law enforcement officers, firefighters, nurses, public defenders, prosecutors, early childhood educators, librarians and public sector employees.

Much of this follows legislation introduced by several members on the committee on loan forgiveness including Ms. Hirono who introduced a bill for early childhood educators, as well as Mr. Sestak who included the idea of supporting early childhood educators in the Head Start bill, and Mrs. McCarthy for nurses and nurse faculty.

With college tuition skyrocketing, the bill includes several provisions to address college costs.

Specifically, the legislation includes a provision to ensure that states maintain their own level of college financing. States would not be allowed to cut funding for higher education, while family and federal support continues.

As offered in Mr. Tierney's College Affordability and Accountability Act from last Congress, this legislation offers incentives to allow for additional mandatory Pell Grant funds for schools that keep their annual net tuition increases at a rate equal to, or below, the increase in the Higher Education Price Index (HEPI) for that academic year.

The bill also includes Ranking Member McKeon's College Affordability and Transparency Act of 2007. One of the provisions will ensure the redesign of the existing U.S.

Department of Education College Opportunity Online Locator (COOL) website, making it easier to use for parents and students while not adding burdensome reporting requirements for colleges and universities.

Additionally, the bill creates Cooperative Education Rewards for institutions or consortia of institutions that provide students with both academic and work experiences in order to prepare them for their future careers and help students support themselves financially while in school.

H.R. 2669 also makes historic investments to ensure that we place a highly qualified teacher in every classroom through the creation of TEACH grants that would provide ***up-front pre-paid tuition assistance*** of \$4,000 per year (for a maximum of \$16,000) for high-achieving graduate and undergraduate students who commit to teaching a high-need subject in a high-need school for four years.

The bill also establishes the Centers of Excellence to provide funds to minority serving institutions. This will help them recruit and prepare teachers and increase opportunities for Americans of all educational, ethnic, class, and geographic backgrounds to become highly qualified teachers.

Finally, this legislation establishes the College Access Challenge Grants to leverage Federal funds to increase the number of students from underserved populations who enter and complete college through matching grants to philanthropic organizations. The Federal government will provide a 2-to-1 match for private and other public funds for these purposes.

The bill is fully paid for with cuts to the lender subsidies. It builds on proposals we introduced in H.R. 5 and on proposals outlined by the President in his 2008 budget.

Specifically, the bill includes the following offsets:

- Decreasing the lender Special Allowance rate by 0.55 percentage points;
- Lowering lender insurance rates to 95% and eliminating exceptional performer status so all lenders are paid the same insurance rate;
- Increasing lender origination fees to 1% for for-profit lenders, while *eliminating* the fee for smaller lenders;
- Lowering the guaranty agency collection fees to 16%;
- Changing guaranty agency account maintenance fee to a per-unit basis.

This bill represents a remarkable – indeed, an historic – step forward in our efforts to help every qualified student go to college.

No one should be denied the opportunity to go to college simply because of the price.

It is time to put the American Dream – and all the opportunities it promises – back within reach of every family in our country.

Thank you.