

College Cost Reduction and Access Act

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

The College Cost Reduction and Access Act will provide **the single largest investment in higher education since the GI bill** – making college more affordable and accessible for millions of Americans. By making a historic investment in helping low- and middle-income students and families pay for college, this bill is a critical step towards growing and strengthening America's middle class.

WHO BENEFITS FROM THE COLLEGE COST REDUCTION AND ACCESS ACT?

...Low- and middle-income students and families.

- ✓ **6.8 million students who take out need-based federal student loans each year would see the interest rates on their loans halved over the next four years, saving the typical borrower (with \$13,800 in need-based loan debt) \$4,400 over the life the loan, once fully implemented.**
 - Half of need-based federal student loan borrowers have family incomes between \$26,000-68,000.¹
 - In 2003-2004, the median income of need-based federal loan borrowers was \$45,000. By comparison, in 2004, the overall U.S. median family income was roughly \$54,000.²
- ✓ **About 5.5 million students who receive Pell Grant scholarships each year would see an immediate increase of \$490 in their maximum Pell Grant scholarship in the next year alone, and an increase of \$1,090 over the next five years. This would restore the purchasing power of the Pell – raising the scholarship from \$4,050 in 2006 to \$5,400 by 2012.**
 - In FY 2006, more than five million students received a Pell Grant scholarship. Of these students, 74 percent had family incomes below \$30,000.
- ✓ **2.3 million students who attend Historically Black College and Universities, Hispanic-Serving Institutions, and other minority serving schools would benefit from a \$510 million investment in their schools – funding critical support services that help recruit and retain students, About one third of all minority students who attend college in the United States are enrolled in minority serving institutions.**³

...Our workforce and our economy.

- ✓ **Students who pursue careers as public school teachers would receive up-front tuition assistance of \$4,000 per year, to a maximum of \$16,000 – providing aid to at least 21,500 undergraduate and graduate students who commit to teaching a high-need subject in high-need schools for four years.**
 - On average starting salaries for teachers, 23% of public college and 38% of private college graduates have unmanageable student loan debt starting as a teacher. The average starting salary for a teacher in 2003-2004 was \$31,704.⁴
- ✓ **Public servants would receive complete loan forgiveness after 10 years of service – providing help to men and women serving in the military, first responders, law enforcement officers, firefighters, nurses, public defenders, prosecutors, early childhood educators and others.**
 - More than 80% of law students borrow to pay for their degree. In 2005, public defenders and prosecutors had median starting salaries of about \$43,000 and \$44,000, respectively.⁵

¹ Congressional Research Service

² Economic Policy Institute

³ Institute for Higher Education Policy

⁴ State PIRGs' Higher Education Project: "[Paying Back, Not Giving Back.](#)" April 2006

⁵ Equal Justice Works, "[Financing the Future: Responding to the Rising Debt of Law Students.](#)" January 2007