

*News from the*

**U.S. Senate Committee on  
Health, Education, Labor and Pensions**

**Michael B. Enzi (Wyoming), Chairman**



**For Immediate Release  
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Monday, December 19, 2005**

## **Deficit Reduction Bill Conference Report Negotiation Yields New Opportunities for Students, Enzi Says**

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Washington, D.C. - Low-income college students would be eligible to apply for billions of dollars in new federal grants under education legislation negotiated as part of a deficit reduction package Senate and House negotiators finalized last night, according to U.S. Senator Mike Enzi, R-Wyo., Chairman of the Senate Health, Education, Labor, and Pensions Committee.

“I’m pleased we were able to retain and actually add a number of good provisions in this deficit-reduction package even though I would have preferred the Senate-passed bill. We laid a solid cornerstone for education and I will continue to work with Sen. Kennedy as well as Senate and House leaders to build on this success,” Enzi said.

Enzi said it's important to keep the big picture in mind.

“The education provisions are one part of a monumental spending reduction bill. To actually add new grant opportunities for low-income students is a significant achievement. It’s good for students and the country. If we are to remain competitive globally we have to have the people with the right skills and knowledge in place. These provisions focus more of our resources in the scientific, mathematical, and critical foreign language areas by providing additional grant aid to eligible students. These new funding resources will help our institutions of higher education produce a more skilled American workforce necessary to spur economic growth and development that will keep us

competitive and moving forward in this new century,” Enzi added.

Enzi said the Academic Competitiveness and SMART grants open the doors to postsecondary education to thousands of qualifying Pell-eligible, undergraduate students, allowing them to receive awards of \$700 and \$1,300 in their first and second years respectively. This will enable community college students, as well as freshman and sophomores in four-year schools, to take advantage of the new grants. To provide an incentive to third and fourth year students to major in math, science and certain foreign languages and to make progress towards a degree, students may receive grants of up to \$4,000.

House negotiators scaled the programs back from the Senate-passed legislation, but Enzi said the deficit reduction conference report is a beginning and he will continue to press for further investment in higher education through the reauthorization of the Higher Education Act next year.

In addition to the new grant programs, the conference report also includes a number of other provisions that would improve the affordability of postsecondary education. The conference report would increase loan limits for first and second year students to \$3,500 and \$4,500 respectively and would increase graduate borrowing limits to \$12,000, and significantly reduces borrower origination fees that will continue to decrease over the next five years.

The bill also would reduce the cap on student loan interest rates from where they are currently capped at 8.25 percent and stabilize them at 6.8 percent. The interest rate on parent loans, currently capped at 9.0 percent, would be fixed at 8.5 percent.

“Interest rates are on the rise, but under this legislation students would be protected. This is an important benefit. It would ensure that students pay significantly less interest over the life of the loan,” Enzi said.

The bill also would permit graduate students to borrow PLUS loans, provide military personnel a deferment of payment option, and extend the limitations already in effect under the Taxpayer-Teacher Protection Act and would increase educational opportunities by making it easier for students to get loans for institutions offering distance education programs.

“With this bill we were able to reduce spending through changes in the way lenders operate, but at the same time we shielded the direct impact to students and actually increased student opportunities in a number of areas,” Enzi said.

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