

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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***ENZI PRAISES HOUSE PASSAGE OF DEFICIT REDUCTION BILL;
PROVIDES BILLIONS IN NEW GRANT AID TO LOW INCOME
STUDENTS***

Washington, D.C. - U.S. Senator Mike Enzi, R-WY, Chairman of the Senate Health, Education, Labor, and Pensions Committee applauded today's final approval by the House of "The Deficit Reduction Act," a bill that will give low-income college students eligibility for billions of dollars in new federal grants.

The education provisions, negotiated between the House and Senate, won final approval in the Senate on December 21, 2005 as part of a monumental deficit reduction bill. Overall, the measure provides nearly \$4 billion in increased grant assistance for low and middle income students.

"I'm pleased that the House has finally followed the Senate and will allow us to focus more grant aid to students in the scientific, mathematical, and foreign language fields," Enzi said. "We increased student aid in critical areas while at the same time contributing to the overall fiscal health of the nation. We didn't get everything we had included in the original Senate bill, but in the end, students will be better off than they are today. It's for their individual benefit and the good of the country that we worked so hard on this package."

The bill would reduce mandatory spending by nearly \$40 billion over five years. Nearly \$15.5 billion, or approximately 40 percent of the total savings, are from reforms to programs under the HELP Committee's jurisdiction. About \$12 billion in savings are from reforms to student loan and other education programs.

"This is a good first step toward fiscal constraint," Enzi added. "It's important to contain the growth of mandatory spending, so future generations aren't left paying the bill. I congratulate the House on passage of this legislation." The bill now heads to President Bush for his signature.

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 measure increases 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.

Enzi said the Academic Competitiveness and SMART grants included 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 .

Finally, "The Deficit Reduction Act" provides \$3.5 billion in deficit reduction by increasing employer pension insurance premiums on defined benefit plans, enhancing the financial health of the Pension Insurance Guaranty Corporation (PBGC).

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