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****FACT SHEET INCLUDED****

STATEMENT BY SENATOR EDWARD M. KENNEDY AT CAMPAIGN FOR COLLEGE AFFORDABILITY DAY OF ACTION

(AS PREPARED FOR DELIVERY)

I commend the Campaign for College Affordability for organizing this national day of action. Like you, millions of students across America are struggling to pay for college. That is why today, students at campuses across the country are joining together in an urgent appeal to Congress to act now to end the crisis in rising college costs.

It's a crisis that's preventing 400,000 qualified students from attending a 4-year college every year.

It's a crisis that's distorting countless young Americans' basic life choices, from decisions on their career, to getting married, to buying a home, and to starting a family.

It's discouraging many from occupations such as teaching, social work and law enforcement, which are lower paying, but bring large rewards for our society.

It's perpetuating a shameful status quo, in which low-income and first-generation students are far less likely to earn a college degree than other students.

Again and again in recent years, the response of Congress and the administration to this crisis has been to respond with half-measures – or worse, with measures that actually made the crisis even worse.

That was made painfully clear by last year's "Raid on Student Aid," in which the Congress stripped $12 billion from student loan programs in order to pay for tax cuts for the wealthy.

I ask you: Was that the right priority for students and families?

The cost of college has more than tripled in the last 20 years. Today, the average cost of attendance at a 4-year public college is almost $13,000.

Yet in the face of this dramatic cost increase, Congress allowed interest rates to rise on student loans, putting college even further out of reach for millions of students. Because of this interest rate hike, typical student borrowers -- already straining with more than $17,500 in debt – will be forced to pay an additional $5,800 for their college loans.

I ask you: Was that the right priority for students and families?

But a new day has now dawned in Congress, and we intend to act to get our priorities right on college costs.

This Congress will act quickly to lower interest rates for borrowers, and provide urgently needed relief for students and families desperate to pay for college.

We'll join with Congressman George Miller and our other colleagues in both the House and Senate to reduce interest rates on subsidized loans by 50 percent over the next five years, and give a strong helping hand to tens of thousands of students trying to manage their college debt.

Under this plan, typical students with $17,500 in debt on their loans will save over $4,000 during the life of their loan.

Now that's a priority that puts students first.

We'll also raise the maximum amount of the Pell Grant, which has been indispensable as a college lifeline for many low-income and middle income students for more than 40 years.

After five years in a row of broken pledges from the President and Congress to raise the maximum Pell grant, we've actually seen the average Grant decline for the first time in six years.

It's time to say, "No more broken promises." It's time to raise the maximum Pell Grant to $5,100 immediately, and keep raising it in the years ahead.

That's also a priority that puts students first.

In addition, we need to do more to help students manage the burden of unreasonable debt on their student loans.

Today, more and more students are forced to take out loans to finance college, and they graduate with larger and larger debt. No student should have to mortgage their tomorrow in order to pay for a college degree today.

We intend to cap student loan payments at 15 percent of monthly discretionary income. We will also grant loan forgiveness to any college student who enters a public service profession.

It's also time to restore the strength of the Direct Loan program, which our opponents have attacked since its creation, even though it's a better deal for taxpayers.

We must end corporate welfare in the student loan programs, and repeal the outrageous federal subsidies that still exist for government-guaranteed private loans. It's time to throw the money changers out of the temple of higher education.

It's time as well to reform the private student loan market as a whole. We need to protect students from the exorbitant interest rates on these loans, and ban the special deals that lenders and schools are increasingly making to offer such loans to students.

I'm proud to have allies like Congressman George Miller, Senator Dick Durbin, and Congressman Joe Courtney in this valuable mission. I'm confident we'll make real progress this year in improving access to college and reducing college costs.

Across America today, students are dreaming about what they hope to be. And as their parents see tomorrow's doctors, teachers, engineers and lawyers in action, they know all too well that those great dreams depend on a college education.

So I ask all of you: are we going to do what's right, and make college more affordable for millions of Americans?

You bet we are. Now's the time to do it. Let's get it done.

The Student Debt Relief Act
Senator Edward M. Kennedy
Fact Sheet

- The cost of attendance at a public four-year college increased from $10,375 to $12,796 from 2001-02 to 2006-07. The total cost at a private, 4-year institution increased from $27,404 in 2001-02 to over $30,000 in 2006-07. [College Board, Trends in College Pricing, 2006].

- Even after financial aid is taken into account, 31 percent of an average family's income is needed to cover annual expenses at a public four-year college and 72 percent of an average family's income is needed at a private four-year college. [The National Center for Public Policy and Higher Education]

- The purchasing power of the Pell Grant is declining. Today, the maximum Pell Grant only covers 32% of the total cost of attendance at a public 4-year institution while it covered 55% of the those costs 20 years ago.[College Board, Trends in Student Aid, 2006]

- Less than half of college students graduated with debt in 1993, but two-thirds of college students graduated with debt in 2004 [Project on Student Debt]. Between 1993 and 2004, the average amount of federal student loan debt upon graduation from a 4-year college more than doubled from $7,650 to $17,400 [NCES, NPSAS 1993 and 2004].

- Unmanageable debt is affecting students' decisions to enter public service careers. Twenty-three percent of public college graduates and 38 percent of private college graduates would have an unmanageable debt level if they were to live on a starting teacher's salary. The outlook is even bleaker for social work: student debt would be unmanageable for 37% of public college graduates and 55% of private college graduates living on the starting salary of a social worker. [State PIRG's Higher Education Project, 2006]

Senator Kennedy's Student Debt Relief Act:

- **Cuts student loan interest rates in half – from 6.8% to 3.4%.** This would save the current typical student borrower $2,280 over the lifetime of his or her loan and save the beginning college student $4,420 when fully phased in. [State PIRG's Higher Education Project]

- **Immediately increases the Pell Grant from $4,050 to $5,100.** With an increase in the Pell Grant, over 285,000 more college students would be eligible for the Pell Grant next school year. The estimated average grant for next year would increase by $647, from $2,442 to $3,089. [American Council on Education]

- **Caps federal student loan payments at 15% of a borrower's discretionary income.** A starting teacher, earning an average salary of $31,704, who graduates with $17,400 in federal student loan debt would see their monthly loan payments reduced from about $200 to $144 – a reduction of nearly 28%. For individuals who continue in public service careers for 10 years, student loan debt would be forgiven. [Starting Teacher Salary from American Federation of Teachers; payments calculated using http://www.ed.gov/offices/OSFAP/DirectLoan/RepayCalc/dlentry2.html <http://www.ed.gov/offices/OSFAP/DirectLoan/RepayCalc/dlentry2.html>]

- **Generates $13 billion in additional need-based aid – at no cost to taxpayers – by reforming the student loan programs to encourage the use of the government's less expensive Direct Loan Program.** [Congressional Budget Office] If *all* schools switched to the Direct Loan program, the government would save $4.5 million next year alone. [National Direct Student Loan Coalition]

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