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**KENNEDY: EDUCATION IS THE KEY TO AMERICA'S FUTURE**

BOSTON, MA—Today, the opinion editorial below by Senator Edward M. Kennedy appeared in the Boston Globe. Senator Kennedy calls on Congress to rise to the challenge and put increasing access and affordability in higher education at the forefront of the nation's priorities.

The op-ed appears the day before a hearing on College Affordability that Chairman Kennedy will convene tomorrow, February 16th at 10:00 AM in the United States Senate Health, Education, Labor and Pensions Committee.

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***As it appeared today in the Boston Globe***

Grant access to higher education  
By Edward M. Kennedy

When Congress passed the Higher Education Act in 1965, lawmakers were guided by the principle that no qualified student should have to forgo college because of the cost. Shamefully, Congress has lost sight of this fundamental point.

Today, 400,000 qualified students a year don't attend a four-year college because they can't afford it. Twenty years ago, the maximum Pell Grant -- the lifeline to college for low-income and first-generation students -- covered more than half the cost of attendance at a typical four-year public college. Now, it only covers 32 percent. Because of the influence of big lenders, the federal student loan programs are now larded with inappropriate subsidies that benefit banks, but do little for students.

The cost of college has more than tripled over the past 20 years, and most families can't keep up. Congress must work to fix the federal student aid system.

Last month, the House of Representatives passed a bill that cuts interest rates in half on new loans for the neediest students over the next several years. The reduction means significant relief to the typical college student, who graduates owing \$17,500 in student loans. In Massachusetts, students will save \$3,470 over the life of their loans. The Senate needs to work hard to pass this proposal.

Congress also needs to do more. It needs to restore the Pell Grant as the foundation of the

student aid system. It should raise the maximum grant from its current level of \$4,050 to \$5,100 immediately, and continue to increase it in the years to come. After five years of broken promises from President Bush to raise the maximum Pell Grant, students can't wait any longer.

Recently, the leadership of a Democratic Congress has begun to change the administration's priorities on this issue. After Democrats increased the maximum grant to \$4,310 in the funding bill before Congress, the president proposed raising it to \$4,600 next year. To his credit, he pays for some of the increase by scaling back the subsidies given to banks that participate in the student loan programs. However, he also pays for it by eliminating other grant and loan programs that benefit low-income students. He should abandon this unwise course and help students by bolstering the Pell Grant without hurting them at the same time.

More needs to be done to help borrowers already struggling with heavy student loan burdens. Unreasonable student debt is causing many young Americans to delay marriage, postpone buying a home, and even abandon careers in vital but lower-paying jobs such as teaching, law enforcement, and social work. Student loan payments should be capped at 15 percent of monthly income, and loans for those who work in public service professions for 10 years should be forgiven.

Finally, it's time to wring the excess subsidies from the federal student loan programs and give that money to students, where it belongs. For too long big lenders have been able to reap undeserved profits through artificially high interest rates, near-perfect guarantees on defaulted loans, and broad collection powers. Because of these subsidies, student loans are the second most profitable business for banks, after credit cards. The stock price of the biggest lender, Sallie Mae, has skyrocketed from \$3 to more than \$40 in the last decade. But student loan companies don't deserve such protections when they're not required for any other type of loan. Instead of protecting banks from competitors, there should be competition in the college loan marketplace, so that students can reap the benefits.

Of the federal government's two student loan programs, the Direct Loan plan, in which the government lends funds directly to students, is cheaper for taxpayers. Yet many colleges choose to use the loan program funded by the banks, because they often make special deals with colleges that the government is not allowed to. Congress should ban gifts by lenders to college employees, expose the deals that lenders make with colleges to offer private loans, and ensure that college lists of "preferred lenders" contain lenders that offer the most attractive deals to students.

With the Direct Loan program free to compete on a level playing field, the loan programs will be doing their best for both students and taxpayers. In addition, there should also be competitive bidding in the loan programs, in order to generate more funds for students, as is now being done in Illinois and Missouri, where governors are generating millions of dollars in additional aid for students by auctioning off student loans.

As the new Congress begins work on renewing the federal Higher Education Act this year, students and their families will be watching to see if lawmakers intend to do what's right, and make college affordable for millions more Americans.

Edward M. Kennedy is a US senator from Massachusetts.