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CONTACT: Laura Capps/ Melissa Wagoner
(202) 224-2633

**BILL SUMMARY INCLUDED AND STATE-BY-STATE LIST OF DISTRIBUTION OF NEW GRANT AID FOR STUDENTS ATTACHED

**STATEMENT OF SENATOR EDWARD M. KENNEDY ON THE HIGHER EDUCATION
ACCESS ACT OF 2007**

(As Prepared for Delivery)

From our earliest days as a nation, education has been the engine of the American dream. We can look to the landmark success of the GI Bill to see what a difference higher education makes.

The bill granted veterans up to \$500 each term— the equivalent of \$5,600 today. The GI bill swung the gates to college wide open— and half of all veterans went through those gates determined to create a new life for themselves and their families. Over five million veterans received vocational or job training, and more than two million attended college.

In 1940, the average GI was just 26 years old and had attended only one year of high school. The bill even enabled many of these GIs, who had served the country so magnificently, to become professionals— it produced 67,000 doctors, 91,000 scientists, 238,000 teachers, and 450,000 engineers. It also funded the education of three Presidents, three Supreme Court Justices, and about a dozen Senators who served in this very chamber.

Historians credit the GI Bill with creating the American middle class and modernizing America. That was possible because of the large federal investment and the enormous return on that investment. It's estimated that for every dollar invested by the GI Bill, our country received seven dollars in return.

Fourteen billion dollars was spent over the first six years of the bill's enactment. In 1951, the federal budget was just \$46 billion. In other words, 6 years of spending on the GI bill was equivalent to nearly one third of a single year's federal budget.

Since then, the federal commitment to student aid and higher education has shamefully become less of a priority. In 2006, federal spending on all education programs accounted for just one fortieth of the federal budget. America deserves better.

The bill is a step in the right direction. It dedicates over \$17 billion for students and families to benefit from a college education and keep our country strong in the years ahead. It will help keep the doors to college open for all students, regardless of income level or background, just as the GI bill did half a century ago.

When I graduated from high school, good jobs were available to high school graduates, but that is no longer the case. Today, 60 percent of new jobs require some post-secondary education, compared to just 15 percent half a century ago. Yet the United States now ranks only 14th in college graduation rates among all industrial nations.

In the face of the challenges of the global economy, college education is more important than ever, but it's never been more difficult to afford. The cost has more than tripled over the last twenty years. Today, average tuition, fees and room and board at public colleges is almost \$13,000 -- and it's more than \$30,000 at private colleges.

Each year, over 400,000 talented, qualified students don't attend a four-year college because they can't afford it.

At the same time, the buying power of the Pell Grant— the lifeline to college for low-income students— has shrunk dramatically.

Twenty years ago, the maximum Pell Grant covered 55 percent of costs at a public four-year college. Today, it covers only a third of those costs. As a result, students are sinking deeper and deeper into student loan debt.

In 1993, fewer than half of all students took out loans to finance their education, but today, more than two-thirds of students borrow for college.

Today, the average student leaves college with more than \$19,000 in student loan debt.

This mountain of debt is distorting the basic life choices of countless Americans. It's forcing them to delay getting married, delay buying a home, and delay starting a family. It's also discouraging many young people from choosing careers in fields such as teaching, social work and law enforcement- the low-paying but vital jobs that bring large benefits to our society.

As students struggle to pay back their loans, the lenders who offer them are making more money than ever. We offer lenders enormous subsidies to take part in the federal loan programs.

This bill will put an end to this wasteful spending and ensure that federally subsidized student loan programs put students' interests first. The Higher Education Access Act of 2007 will provide more than \$17 billion to help students and families pay for college. This legislation will help reverse the crisis in college affordability in several ways:

- It will immediately and dramatically increase the amount of aid for Pell Grant recipients;
- It will help students manage their debt, by capping student loan payments at 15 percent of their monthly income;
- It will provide longer deferments in loan repayments for student borrowers facing economic hardship;
- It will completely forgive the loans of those who enter society's most needed professions; and
- It will restore balance to our grossly unfair student loan system by reducing unnecessary subsidies for lenders.

The most important part of this legislation is the dramatic increase in need-based grant aid to students. Everything we know about the college affordability crisis tells us that low-income students and families are struggling the most. Earlier this year, after four years of broken promises by President Bush, the Democratic Congress responded to this challenge by increasing the maximum Pell Grant to \$4,310, an increase of \$260.

The Higher Education Access Act will build on what we started by increasing the maximum Pell grant to \$5,100 next year- a \$790 increase- and to \$5,400 in 2011.

We know that Pell grants have opened the door of opportunity for countless young students over the years.

It is imperative for Federal and State legislatures to continue offering financial aid Programs to colleges and universities across the country in order to even the playing field for the underserved and disadvantaged."

Make no mistake—the most important thing we can do to increase college access and affordability in America is to increase need-based grant aid. That is exactly what this legislation does.

Our young college graduates are also painfully aware of how difficult those first years after college can be, when their paychecks are small, but their student loan bills are large. Our legislation will help these students by giving them the option of capping their loan payments at 15 percent of their monthly discretionary income.

It will also stem the tide of young people who are choosing not to enter public service professions, by granting loan forgiveness to borrowers who stay in those professions for ten years. Our society needs more teachers, more emergency management and law enforcement professionals, more public health doctors and nurses, more social workers, more librarians, more public interest lawyers, and more early childhood teachers. Senator Harkin has been particularly strong in his support of loan forgiveness for public interest lawyers. Under our bill, we'll produce more of them, because they—and all the groups I've just mentioned—will be eligible for loan forgiveness.

Let me give a few examples of how much this relief will mean to borrowers struggling to repay their debt.

Take, for example, a starting teacher in Massachusetts who makes a salary of \$35,421:

- If that teacher graduated with the average loan debt for the State-- \$18,169—he or she will have a monthly payment of \$209.
- Under the income-based repayment plan, that monthly payment would be \$148 instead -- \$61 less.
- Over the course of the year, that teacher would pay \$732 less than he or she would have paid under the standard repayment plan.
- And if the teacher stays in the job for 10 years, the remaining debt would be cancelled—in this case, a benefit of over \$10,000.

In addition a number of our colleagues have worked hard to ensure that our men and women in the military—and their families—are treated fairly in the student loan system. We've included several provisions to extend loan deferments for active duty service members, and taken other steps that will help those who serve our country attend college.

We've heard the arguments from the big lenders. They claim that if Congress reduces their subsidies to pay for the measures I've just described, they'll be forced to reduce the benefits they offer to borrowers on student loans. But the grant aid in this bill dwarfs any benefit a lender could offer on a loan.

In the long term, we must bring more market-based competition into the student loan system, to make it as efficient for taxpayers as possible. Today, there's very little competition in loan programs, because many colleges enter special deals to work with a handful of lenders, and students seldom get their loans from anywhere else.

Instead, lenders should compete against each other to participate in the federal student loan program. The Higher Education Access Act takes a step in this direction by creating a pilot program in which an auction will be used to see what subsidies are truly necessary to keep loans available to students. The money we save through this pilot program will be sent back where it is needed most – to increase financial aid for students. I'm pleased that Senator Gregg has joined our call to use actions to operate the student loan programs, and I commend him for his leadership on this long-overdue reform.

The bill before us will deliver long-overdue relief to students and families across the nation, who are struggling to afford college. But there is more we can – and must – do to improve higher education for students and families.

In addition to the bill before us, our Education Committee reported legislation that makes

important changes to reauthorize the Higher Education Act.

The Higher Education Amendments Act, as that bill is known, will take common-sense steps to improve higher education. Thanks to the leadership of Senator Jack Reed and Senator Enzi, that legislation will dramatically simplify the federal financial aid form, and examine how we can streamline the federal financial aid process even more in the future.

As we provide more aid to students, the bill will recognize that colleges also need to do their part to keep college costs down.

The Higher Education Amendments Act will hold colleges accountable for skyrocketing college costs by creating a nationwide watch list of colleges whose costs are increasing at a rate greater than their peers, and by encouraging the Department of Education and colleges to publish more consumer-friendly information about college costs and programs.

The legislation also continues our focus on teacher preparation, by strengthening partnerships with the K-12 schools who hire the teachers, based on the most successful strategies like induction and mentoring.

The bill maintains the strength of the TRIO programs, which prepare students to go to college and stay in school.

We also include a new program to support the graduation of more registered nurses.

We also create a new student safety grant program to help colleges and universities improve their campus safety and emergency response systems. As the nightmare at Virginia Tech made us all too aware, tragedy can strike anywhere, including on college campuses.

Our legislation also addresses the serious ethics scandal over student loans. As investigations by New York Attorney General Cuomo, other states, and our Committee have found, many lenders are involved in sweetheart deals with colleges. Some lenders even offer gifts to college and university employees in order to obtain the loan business for their students.

To encourage lenders and colleges to follow high ethical standards, the Committee included provisions from my Student Loan Sunshine Act, and several other lender ethics and borrower-friendly proposals by Senator Enzi and Senator Clinton.

Senator Dodd will be complementing these efforts in the Banking Committee with companion legislation on private school education loans.

These are critical reforms. The Senate should be considering the bill today as well. I hope we will move quickly to take up and pass the Higher Education Amendments Act, and do even more to open the doors of college for all students, and make sure that their interests always come first.

When President Roosevelt signed the GI Bill into law in 1944, our country gave hope and opportunity to an entire generation.

That hope was renewed when Congress first passed the Higher Education Act more than 40 years ago, guided by one clear principle – that no qualified student should be denied the opportunity to attend college because of the cost.

I recall very clearly how important that principle was for President Kennedy. During the 1960 campaign, there was a clear difference on that issue. My brother believed very strongly that if you work hard, study hard, and get accepted to college, you should be able to attend the college of your choice – without regard to cost. That view resonated powerfully with students and families, and it helped create the groundswell that led to the creation of the Higher Education Act in 1965, and again in 1972 when we established the Pell Grant.

More than ever college is the key to opportunity for students and the key to a strong America for the future. No students should have to mortgage their future in order to pay for higher education.

I urge the Senate to approve this important legislation.

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Senator Kennedy and HELP Committee members introduce higher education package to make college more affordable and reform the student loan industry.

The Higher Education Access Act of 2007 and the Higher Education Amendments of 2007 will increase access to higher education and ensure our scarce federal dollars are going where they are most needed – to students. The Higher Education Amendments will also improve our K-12 schools by promoting effective teacher preparation programs.

Increasing Student Aid and Addressing Rising College Costs

The cost of college has tripled in the past 20 years, but federal financial aid has not kept up. The HELP Committee package introduced today will make college more affordable by:

- Increasing access for low-income students by raising the maximum Pell Grant to \$5,100 next year and increasing to \$5,400 by 2011, and simplifying the financial aid process for low-income students by increasing the income level at which a student is automatically eligible for the maximum Pell;
- Protecting borrowers by capping monthly loan payments at 15 percent of discretionary income;
- Protecting working students and ensuring they are not penalized by increasing the amount of student income that is sheltered from the financial aid process;
- Encouraging public service by providing loan forgiveness for public service employees; and
- Holding colleges accountable for rising costs by publicizing colleges whose costs increases outstrip those of their peers, and ensuring students and parents have access to objective data about the cost of college.

Reforming the Student Loan System so it Works for Students, Not Lenders

Recent investigations have shown that lenders and even some financial aid officers have been exploiting the student loan system, to the detriment of the students they are meant to be helping. The package introduced today will ensure the system works for students by:

- Protecting students by ensuring colleges recommend lenders to their students based on the best interest of students, not the self-interest of financial aid officers;
- Cleaning up the industry by prohibiting payments from lenders to schools/school officials that create conflicts of interest;
- Saving taxpayer dollars by using market mechanisms to cut outrageous subsidies to lenders, and redirecting these savings to students through the student aid increases above.

Simplifying the Financial Aid Process for all Students by Reforming the FAFSA

The Free Application for Federal Financial Aid (FAFSA) is currently seven pages long, and acts as a barrier to low- and middle-income students applying for the aid they need for college. The Higher Education Amendments will make the financial aid application process more student-friendly by:

- Simplifying the FAFSA, by immediately creating a new 2-page EZ-FAFSA for low-income students, and phasing out the current 7-page FAFSA for all applicants within 5 years; and
- Facilitating student planning by creating a pilot program that allows students to receive an aid determination or estimate in their junior year of high school.

Promoting Innovative Models in Teacher Preparation Programs

We are facing a shortage of high-quality, well-prepared teachers, and it is often the neediest students who suffer the most. The Higher Education Amendments will improve teacher quality, training and retention by:

- Promoting high-quality and effective teacher preparation programs for new and prospective teachers, including effective preparation, induction, and residency programs; and
- Helping high need schools, by focusing on recruiting and retaining high-quality teachers in high-need schools.