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**SENATOR EDWARD M. KENNEDY STATEMENT ON HOUSE RECONCILIATION
BILL IN COMMITTEE ON EDUCATION AND THE WORKFORCE**

“Over the last four years, the rich have gotten richer, while four million more Americans fell into poverty. Families are facing a 60% increase in energy costs to heat their homes this winter, the nation is running a record deficit, we are facing billions of dollars in costs to fulfill our commitment to rebuild the gulf coast, and last month we had the highest increase in inflation since 1980. America deserves a government as good as its people, and it’s time we give the American people the support and leadership they need and deserve.

The American people will no longer stand for a government that puts irresponsible tax breaks for the wealthy ahead of funding for health care and other assistance for our families that need help the most. Katrina shined a light on the great disparities in the country, and its time for Washington to reevaluate its priorities.

The House action this week to cut student aid through their Reconciliation bill once again reflects the wrong priorities that have driven this country into debt and made us less competitive.

In the Senate, we were able to make significant progress in the Health, Education and Labor Committee by passing a reauthorization bill that adds \$9 billion more in need-based aid. Now our progress is under threat. As we took strong steps forward, the House is taking great leaps backwards in pursuit of tax breaks for the rich.

The House bill will saddle the typical student borrower with an additional \$5,800 in debt through higher interest rates and fees. It provides no increase in need-based aid and puts in jeopardy billions in dollars in existing funds for administration of need-based aid programs.

The House bill also raises fees in the direct loan program in the short term and takes away the Secretary’s ability to reduce interest rates for borrowers who make on-time payments, making the program less attractive to and more costly for students. These changes come on the heels of a GAO report released yesterday confirming what we already know – that this program is far less expensive for the government than the federal guaranteed loan program.

The House actions demonstrate the wrong priorities and wrong values for America. We can not open the doors of opportunity and strengthen our nation if we continue to cut education for more tax breaks for the wealthy.

America deserves better.

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