

College To Be More Affordable For All Americans Rep. Matsui Votes for Landmark Increase in College

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Washington, D.C. - U.S. Rep. Matsui (CA-5) today joined a majority in the House to vote for final passage of legislation that makes the largest investment in college financial aid in over 60 years. The bill, the College Cost Reduction and Access Act, will now head to the President to be signed into law.

The College Cost Reduction and Access Act combines key elements from House and Senate bills that were passed in July. The bipartisan bill will boost college financial aid by more than \$20 billion over the next five years.

Nearly a quarter of a million Californians take out need-based student loans at the state's public universities each year. Over half a million students in the state receive the Pell Grant each year.

"Each year, more and more individuals are missing out on the opportunity to get a college education because of cost. This bill will provide increased access to higher education for all Americans. It is a key component of maintaining the caliber of our country's workforce," said Matsui.

Under the legislation, the maximum value of the Pell Grant scholarship will increase by \$1,090 over the next five years, reaching \$5,400 by 2012. This increase will fully restore the purchasing power of the scholarship, which in recent years had been frozen at \$4,050 until Congress boosted its value to \$4,310 earlier this year. Close to 6 million low- and moderate-income students stand to benefit from this increase.

To reduce the cost of loans for millions of student borrowers, the legislation would cut interest rates in half on need-based student loans, from 6.8 percent to 3.4 percent over the next four years. Once fully phased-in, this would save the typical student borrower — with \$13,800 in need-based student loan debt — \$4,400 over the life of the loan. About 6.8 million students take out need-based loans each year.

In addition, the legislation would prevent student borrowers from facing unmanageable levels of federal student debt by guaranteeing that borrowers will never have to spend more than 15 percent of their yearly discretionary income on loan repayments and by allowing borrowers in economic hardship to have their loans forgiven after 25 years.

The College Cost Reduction and Access Act also includes a number of other provisions that would ease the financial burden imposed on students and families by the cost of college, including:

- Tuition assistance for excellent undergraduate students who agree to teach in the nation's public schools;
- Loan forgiveness after 10 years of public service and loan repayment for college graduates that go into vital public service jobs;
- Strategies to help colleges contain costs and make online information on college costs for students and parents more user friendly.

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