

Higher Education Package Will Make College More Affordable and Will 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 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.