

## **HOLT BACKS HOUSE-PASSED LEGISLATION TO MAKE COLLEGE MORE AFFORDABLE**

### **Bill Would Boost Pell Grant Scholarships, Reform Student Loan Programs, Fund Holt Green Schools Initiative**

(Washington, D.C.) – U.S. Rep. Rush Holt (NJ-12), a member of the House Committee on Education and Labor, today helped pass legislation in the House of Representatives intended to make college more affordable for millions of Americans, while generating an estimated \$87 billion in savings over the next ten years by converting all new federal student lending to a more stable and cost-effective Direct Loan program. The Student Aid and Fiscal Responsibility Act of 2009, of which Holt is an original sponsor, would increase the maximum annual Pell Grant scholarship to \$5,550 in 2010 and \$6,900 by 2019; strengthen the Perkins Loan program, which provides local-cost federal loans to students; and keep interest rates low on need-based federal student loans by making the interest rates on these loans variable beginning in 2012. The bill also would create an Early Learning Challenge Fund to increase high-quality early learning opportunities for low-income children; invest in Holt's Green Schools modernization initiative; and give community colleges the tools to replicate successful programs that educate and train students in high-wage, high-demand industries. Holt also succeeded in including language to protect the Stafford loan program, which assists qualified graduate and professional students with subsidized loans.

"This is a good bill. It makes a landmark investment in college aid without costing taxpayers a dime. In fact, by improving the way our student loan programs operate, we can expect a \$10 billion savings for taxpayers," Holt said. "Millions of students and parents support the goals of this bill. Let us answer their pleas for help to make college more affordable. No one can argue reasonably that now is not the time to improve accessibility and affordability of college."

The legislation would originate all new federal student loans through the Direct Loan program starting in 2010, instead of through lenders subsidized by taxpayers in the federally-guaranteed student loan program. In New Jersey, Rutgers University has participated in the Direct Loan program for a number of years and has found it to meet the needs of students. The Direct Loan program is not affected by market swings and can ensure that students have access to affordable college loans, at the same low interest rates, terms, and conditions. According to the Congressional Budget Office, the legislation would generate \$87 billion in savings over the next 10 years. The legislation would invest those savings directly student aid programs, including Pell Grants, Perkins Loans, and Stafford Loans. Additionally, the bill would direct \$10 billion of these savings back to the Treasury to pay down the deficit.

“We have had almost two decades of experience with direct student loans, and the experience has been very good. Students like them, universities like them, and taxpayers like them.”

More information on the legislation can be found at [edlabor.house.gov](http://edlabor.house.gov).

In the next ten years, New Jersey would receive \$796.5 million, including \$51.7 million for Holt’s 12<sup>th</sup> Congressional District, to increase the maximum annual Pell Grant scholarship. In the 12<sup>th</sup> Congressional District, more than 11,000 students will be eligible for a Pell Grant award in the 2010-11 academic year. Additionally, New Jersey would receive \$73 million for school modernization and \$69 million for community colleges.

In the previous session of Congress, Holt supported additional measures to make college more affordable. The College Cost Reduction and Access Act, signed into law in 2007, provided the single largest increase in college aid since the GI bill – roughly \$20 billion over five years. As a result of that law, on July 1 interest rates on subsidized federal student loans decreased from 6 percent to 5.6 percent (in 2011 the rate will reach 3.4 percent), the maximum Pell Grant scholarship for the 2009-2010 school year increased to \$5,350 (up \$600 from last year), and an Income-Based Repayment program went into effect, which caps federal loan payments at 15 percent of adjusted gross income, based on family size. The law also includes Holt’s provision to provide up-front tuition assistance of \$4,000 a year for committing to teach math, science, or foreign language in high need schools for four years after graduation.

The “College Opportunity and Affordability Act” – signed into law in 2008 - expanded Pell Grants, increasing the authorized maximum award to \$8,000. Additionally, the law included Rep. Holt’s provision to allow Pell Grants to be used year round and for certificate programs and

part-time students. In addition to addressing rising college prices, the law helps students manage their textbook costs, cleans up conflicts of interest in the student loan industry, provides vital consumer protections on both federal and private student loans, and simplifies the federal student aid application process.

Holt also wrote provisions to improve math and science education. Included in the law is loan forgiveness for employees working in STEM (Science, Technology, Engineering, or Math) fields; the creation of Science and Technology Advanced Foreign Language Grants, which award funding to college and university programs that encourage students to develop foreign language proficiency as well as science and technological knowledge; and the establishment of the Mathematics & Science Scholars Program, which provides grants and loan forgiveness to students who commit to five consecutive years of service in a math or science field after graduation.

“We can’t expect our nation to lead in the global economy if we don’t make the smart investments in education today,” Holt said. “As a former educator, I will continue to work to make it easier for students to finance their education and to strengthen the quality of education they receive.”

More information about Holt’s work on higher education issues can be found at <http://www.holt.house.gov/education.shtml>