

Murphy Votes for Historic Investment in College Aid

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WASHINGTON, D.C. – Today, Congressman Chris Murphy (CT-5) voted to approve legislation that would make the single largest investment in college financial aid since the 1944 GI Bill, by cutting student loan interest rates in half and increasing access to grants – and doing so at no new cost to U.S. taxpayers. The bill boosts the maximum value of the Pell Grant scholarship by \$500 over the next five years. When combined with other Pell scholarship increases passed or proposed by Congress this year, the maximum Pell Grant could reach \$4,900 in 2008 and \$5,200 in 2011, which could help as many as 39,000 students in Connecticut.

"As someone who is still paying off student loans, I understand the stress the cost of college puts on young people. If we expect young people to stay in Connecticut to help our local economy grow, we must make it easier for them to afford to live here. And one way of accomplishing that goal is to reduce the cost of higher education," said Murphy.

The legislation, the College Cost Reduction Act of 2007 (H.R. 2669), which the House passed by a vote of 273-149, would boost college financial aid by about \$18 billion over the next five years by cutting student loan interest rates in half, from 6.8 percent to 3.4 percent. Approximately 33,000 students in Connecticut take out need-based loans every year to attend 4-year public schools, and each student incurs an average of \$14,000 in debt.

Once this legislation is fully phased-in, this could save the typical student borrower in Connecticut – with \$14,000 in need-based student loan debt – \$4,560 over the life of the loan.

"As one of the younger Members of Congress, I am thrilled to help our students cope with the astronomical cost of higher education. If we don't begin to make college more affordable, we will have fewer highly educated, skilled workers who can fill the next generation of jobs in this country. Now is the time to make the investment in affordable higher education," said Murphy.

The legislation pays for itself by reducing excessive federal subsidies paid to lenders in the college loan industry by \$19 billion. It also includes nearly \$1 billion in federal budget deficit reduction. The Senate is expected to vote on similar legislation this month.

The legislation would also prevent student borrowers from facing unmanageable levels of federal student debt by guaranteeing that borrowers will not have to spend more than 15 percent of their yearly discretionary income on loan repayments and by allowing borrowers facing economic hardship to have their loans forgiven after 20 years.

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

- Loan forgiveness for college graduates that go into public service professions;
- Tuition assistance for excellent undergraduate students who agree to teach in the nation's public schools;
- Increased federal loan limits so that students won't have to rely as heavily on costlier private loans; and
- Landmark investments in Historically Black Colleges and Universities, Hispanic Serving Institutions and minority serving

institutions.

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