

College Savings Bill Now Law of the Land

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WASHINGTON, D.C. – Today, President Bush signed the College Cost Reduction Act, legislation that could save Connecticut college students approximately \$5,000 in student loan payments. The College Cost Reduction Act will result in immediate reductions of interest rates over the next five years for the more than 33,000 Connecticut students who take out need-based loans each year at 4-year public schools.

"Sometimes ideas sound too good to be true. So I don't blame people for being skeptical when I tell them that we just made the largest investment in student loans since the 1944 GI Bill – including cutting the student loan interest rate in half – at no cost to the taxpayers. But it is true, and as the President signs this bill into law today, students throughout the country will find college much more affordable," said Murphy.

College is becoming increasingly unaffordable for millions of lower and middle-income American families. Today, recent college graduates in Connecticut are saddled with an average of \$14,000 of student loan debt, and high interest rates on student loans often guarantee that the cost of college will follow a graduate throughout their lives.

The bill is another legislative accomplishment for the 110th Congress, and was passed by overwhelming bipartisan majorities in both the House and Senate on September 7. Congress paid for this historic legislation by reducing the subsidies it gives to banks to make student loans and transferred those subsidies to the students who need them more. The result of this legislation could mean more than \$5,000 in savings for the average Connecticut student borrower.

The new law also provides up-front tuition assistance of at least \$4,000 – up to a maximum of \$16,000 – to students who chose to pursue careers as teachers, as well as complete loan forgiveness to students who devote ten years to public service.

"A college education is more than just a diploma – it represents the pathway to a better life and an important part of the American dream. I know we still have a long ways to go to make college truly affordable. But this bill is a sign of a new set of priorities in Washington – no more corporate subsidies when that money could be used to help needy, deserving students and families," said Murphy.

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