

## College Student Relief Act of 2007



The most recent midterm elections shifted Congressional power to the Democrats, and since this shift, there has been much focus on the cost of higher education. The Democratic Party's strategy is to move quickly and begin implementing its agenda during the first 100 hours of the 110<sup>th</sup> Congress. It's expected that within the first week, Democrats will propose the College Student Relief Act of 2007.

The issue of college graduates accumulating insurmountable debt—if they can afford to pursue higher education at all—has been worsening every year. The objective of the College Student Relief Act of 2007 is to cut interest rates on student loans by 50%. This reprieve alone would save millions of students thousands of dollars.

In a statement released last week, Education and Workforce Committee Chairman George Miller voiced his concern: “The cost of higher education has skyrocketed. Over the last five years, tuition at public colleges and universities increased by 35%. This represents the highest increase in any five-year period since 1976. More and more, students are relying on loans to pay for rising tuition.”

The new chairman further emphasized his point by concluding that loans represent more than half of all financial aid awarded to students in need, a circumstance that prevents more than 4 million high school graduates from pursuing four-year degrees and about 2 million from enrolling in any type of higher education program.

The College Student Relief Act of 2007 would cut interest rates over the course of five years for undergraduate borrowers with new subsidized student loans. Loans that previously carried a fixed rate of 6.8% would begin carrying a fixed rate of 3.4%. This interest rate reduction would begin on July 1, 2007.

Not everyone is on board with the College Student Relief Act of 2007. A critical apprehension expressed by some House Republicans is that the new legislation will be too costly. An early estimation calculated that putting the act's proposals into practice would cost more than \$60 billion, inciting a negative response. However, a more recent assessment envisions the plan within a more limited scope and with a more manageable budget.

Another significant topic that may make its way into discussion during the slated January meeting of the 110<sup>th</sup> Congress is increasing the amount of money awarded by the Pell Grant. The grant currently awards \$4,050 to qualified college students working on undergraduate degrees. Also, it's been reported that the minimum wage may be raised as an attempt to advance the middle and lower classes.

Miller has made his blueprints for building a better future for American college students clear. He has referred to “college tuition” as a basic need, likening it to necessities such as housing and food. The College Student Relief Act of 2007 may only be the first step in a broader plan to increase student aid.