House passes College Student Relief Act of 2007

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The Democrats have delivered on their promise to combat high federal student loan rates within their first 100 hours in Congress. The U.S. House of Representatives has voted 356 to 71 in favor of the College Student Relief Act of 2007 (H.R. 5). Introduced by Representative George Miller, the bill-if approved by the Senate-will cut interest rates on subsidized Stafford Loans for undergraduates from 6.8% to 3.4% over the next five years. Rate reductions will occur annually beginning July 1, 2007, when interest rates on subsidized Stafford Loans will drop to 6.12%. Cutting rates in half would save a student with $13,800 in need-based federal student loan debt $4,400 over the term of the loan. Although the move provides some relief to the neediest students, the larger problem of rapidly rising college tuition costs persists.

Senator Kennedy moves to make student debt more manageable

Following the House's passage of the College Student Relief Act of 2007, Senator Edward Kennedy, Chairman of the Senate Health, Education, Labor, and Pensions Committee (HELP), stated that he will take the critical issue of student debt to the Senate very soon. Senator Kennedy intends to launch efforts in Congress to reduce interest rates on student loans. Along with co-sponsoring a companion bill to the College Student Relief Act of 2007, Senator Kennedy will reintroduce the Student Debt Relief Act. If passed, this act would cut interest rates on student loans in half, increase the maximum Pell Grant amount from $4,050 to $5,100, cap federal student loan payments at 15% of a borrower's discretionary income, forgive student loans after 25 years, and provide for a 10-year loan forgiveness option to benefit those in public service fields such as teaching, law enforcement, and social work. The Student Debt Relief Act will also allocate $13 billion in need-based aid by reforming existing federal student loan programs to encourage reliance on the Direct Loan Program.

Financial aid administrators propose aid program

Four financial aid administrators-Pennsylvania State University's Anna Griswold, University of Idaho's Dan Davenport, University of Michigan's Pamela Fowler, and Michigan State University's Rick Shipman-have released a White Paper recommending a new educational loan program.

The proposal calls for a program that differs from conventional student loan programs. It suggests granting single loans that cover all educational needs of students, offers income-aware repayment, discourages excessive loans, and provides borrower benefits that take into consideration students' economic positions after graduation. The program also asks for all entities involved in student loan programs to consider altering their programs' structures. The paper does not indicate sources of funding, nor does it list entities that would participate-the writers feel that these issues can be dealt with by other experts.

Public college fee hike proposed by California governor

According to a budget proposed by Governor Arnold Schwarzenegger, California's public universities could witness a fee hike soon. The proposal is part of a long-term funding agreement reached by the

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governor and leaders of the state's two university systems-the University of California system and the California State University system. The proposal asks for an increase of about 7%, or $435, for UC undergraduates. The average annual tuition for students in the UC system is presently $6,141, and the average total for student fees is about $6,802. Additionally, if the proposal is approved, a surcharge of $60 will be imposed on all UC students with the purpose of recovering losses from a previous lawsuit prompted by a professional school fee hike. Some UC professional schools could see their fees rise by nearly 10%.

Central State University needs $33 million for aid plan

President of Central State University John Garland has stated that the institution, which is Ohio's only public historically black college, needs an extra $33 million in state funding to preserve its status. The fresh funding would allow the financially struggling college to upgrade its buildings, enrich its academic programs, and provide additional financial aid to low-income students. While $23 million is slated to be utilized to build a new student center, $9.9 million would be allocated over a three-year period for other building improvements, creating a new marketing plan, and expanding financial aid to improve student retention rates.