

## House passes College Cost Reduction Act

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The College Cost Reduction Act has passed in the U.S. House of Representatives by a large majority (273 to 149). The bill cuts almost \$19 billion in subsidies to student loan providers and transfers the funds to Pell Grants and other federal student aid. Although most Republicans voted against the bill, 47 joined the Democrats in supporting it. Rep. Howard P. McKeon and a number of other Republicans said that the bill would hurt small lenders, driving them out of business. Author of the bill Rep. George Miller, supported by his fellow Democrats, said the College Cost Reduction Act of 2007 (H.R. 2669) was the most important piece of legislation in higher education funding since the G.I. Bill was passed in 1944.

### Senior aides to President recommend veto of H.R. 2669

According to a White House statement of administration policy (SAP), senior aides to the President have recommended that he veto H.R. 2669, the College Cost Reduction Act of 2007, if it is presented to him in its current form. The statement contends that the House student loan budget reconciliation bill “fails to target aid to the neediest students currently in college and creates new mandatory federal programs and policies that are poorly designed and would have significant long-term costs to the taxpayer.” The White House highlighted a number of problems with the bill. It said the bill does not allocate enough Pell Grant funding and that the reduction of student loan interest rates, a costly proposal, would benefit students only after they leave school.

### Department of Education warns colleges not to limit lender choice

The U.S. Department of Education has sent letters to remind more than 900 higher education institutions not to limit their students’ choices of lenders. Jeff Baker, policy liaison at the Education Department’s federal student aid office, said that in the future, colleges could be fined or disallowed from participating in the FFELP if they do not adhere to the department’s student loan policies. Dated June 29, the letter is the first strong statement to college campuses by the Education Department relating to preferred lender lists.

### Indiana governor appoints members to state college boards

Indiana Governor Mitch Daniels has named a number of higher education leaders to boards of the state’s colleges and universities. The new members will replace those whose terms have expired. Indiana State University’s board will add Norman Lowery and Joyce Rogers as members. Ron Carpenter will be an alumni member, while Amy Huntsinger will be a student trustee. The governor appointed Kellie Conrad as student trustee at Ball State University. University of Southern Indiana also saw new appointments. Jeff Knight and Ted Ziemer have been named as board members, while Jaime Johnson has stepped in as a student trustee. Ian Barrett of Vincennes University will also serve his college as a student trustee.

### **NASSGAP reports increase in state student aid**

According to a report released by The National Association of State Student Grant and Aid Programs (NASSGAP), state financial aid spending escalated by about 7% in 2005-2006 to \$8.5 billion. However, taking into account inflation, student financial aid spending has actually slowed down. Funding for need-based grants has increased by 5% and now totals \$7 billion. Apart from grants, financial aid, including loans and work-study aid, witnessed a 15% rise. Nearly 65% of undergraduates in California, Illinois, Indiana, New Jersey, New York, Pennsylvania, and Texas received need-based grants. The full report, which can be accessed at [www.nassgap.org](http://www.nassgap.org), named New York as the state that received maximum aid (\$937,079) in 2005-2006.