

## Bill May Increase Federal Financial Aid

By Gitanjali Hazarika



Legislators from Wisconsin are hoping that President Bush will sign a bill to decrease student loan interest rates and increase student grant eligibility this week.

If passed, this piece of legislation, the College Cost Reduction Act of 2007 (H.R. 2669), will provide the single largest investment in higher education since the 1944 GI Bill. If the bill is signed into law, nearly 70,000 Wisconsin college students will benefit from a boost to their share of federal financial aid. Almost 68,000 of the 76,000 Wisconsin students who take out loans to attend college each year receive Pell Grants.

Introduced by U.S. Rep. Steve Kagen (D-WI), the College Cost Reduction Act was overwhelmingly approved in both the House and the Senate and is expected to go into effect next month. The bill aims to increase Pell Grants without burdening taxpayers by reducing interest rates on student loans by half over the next four years.

Under the act, interest rates would ultimately be reduced from 6.8% to 3.4%, enabling students to save about \$4,000 in interest payments over the lives of their loans. Additionally, the federal grant ceiling would rise to \$5,400 by 2012, increasing by \$1,900 each year for the next five years.

Apart from allowing for loan forgiveness after 10 years of public service in specific fields, including nursing and firefighting, the legislation would also make repaying debts and loans more affordable for new college graduates.

Wisconsin Republicans Jim Sensenbrenner and Paul Ryan voted against the bill. They are concerned, they said, that the bill will hurt financial institutions and argued that universities should concentrate on lowering their tuition rates instead.