

Statement of Lauren Asher
President, the Institute for College Access & Success

CONTACT: Gretchen Wright
202/371-1999

March 26, 2010

Congress Passes Major Student Aid Reform

“In a major victory for both students and taxpayers, Congress has now passed and sent to the President historic legislation that will make college more affordable for millions of Americans. By streamlining the federal student loan programs, the bill saves tens of billions of dollars and reinvests them in helping students through annual increases to need-based grant aid. The reform also reduces the deficit and invests in college access and completion, all at no new cost to taxpayers.

“Our country needs this reform now more than ever, as the economy drives people to seek education and training but leaves them less able to pay for it. Starting in 2013, annual Pell Grant increases will be tied to the consumer price index, providing a funding floor that we hope Congress will consistently exceed. For the first time, students and families will be able to count on reliable minimum increases in the Pell Grant and plan accordingly.

“The new law will also expand the Income-Based Repayment (IBR) program for borrowers who take out their first federal student loan after 2014. These borrowers will have their monthly payments capped at 10 percent of their discretionary income, and any debt remaining after 20 years of repayment will be forgiven. However, borrowers who are currently struggling to repay their federal student loans can still use IBR to significantly reduce their loan payments. Current law caps IBR payments at 15 percent of discretionary income and forgives remaining debt after 25 years. For more information visit www.IBRinfo.org.

“We would like to thank President Barack Obama, Education Secretary Arne Duncan, Senate Health, Education, Labor and Pensions Committee Chairman Tom Harkin, and House Education and Labor Committee Chairman George Miller for their leadership on these issues. We regret that Senator Edward Kennedy did not live to see this victory for students, taxpayers, and our country.

“As we celebrate this important moment, we look forward to the law’s implementation and to building on this new foundation to further expand college affordability and reduce the burdens of student debt.”

###

An independent, nonprofit organization, the Institute for College Access & Success works to make higher education more available and affordable for people of all backgrounds. The Institute’s Project on Student Debt works to increase public understanding of rising student debt and the implications for our families, economy, and society. For more information see www.projectonstudentdebt.org and www.ticas.org.