

## **GROWING & STRENGTHENING AMERICA'S MIDDLE CLASS**

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### **STUDENT AID AND FISCAL RESPONSIBILITY ACT**



**111<sup>TH</sup> CONGRESS**

**THE HONORABLE GEORGE MILLER  
CHAIRMAN  
COMMITTEE ON EDUCATION AND LABOR  
UNITED STATES HOUSE OF REPRESENTATIVES**

**July 15, 2009**

## **A LANDMARK INVESTMENT IN AMERICA'S ECONOMIC FUTURE**

Americans need affordable, quality education opportunities to help make our economy strong and competitive again. President Obama has identified an opportunity to make historic investments in our economic future by improving early learning opportunities and making college dramatically more affordable – and all at no cost to taxpayers.

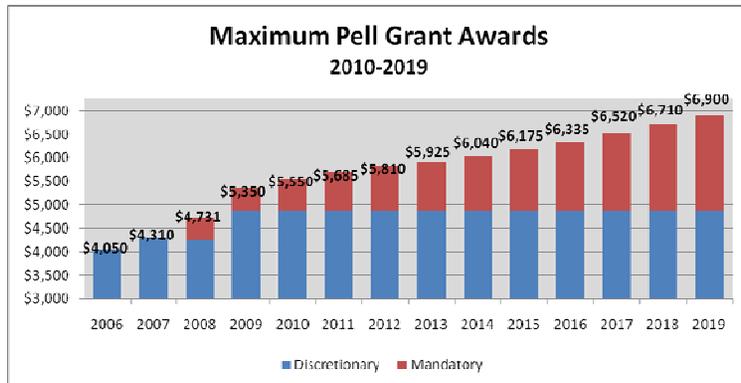
The Student Aid and Fiscal Responsibility Act embraces the president's challenge. It will help us reach his goal of producing the most college graduates by 2020 by making college accessible and transforming the way our student loan programs operate. It will expand quality early learning opportunities that will put more children on the path to success. It will strengthen community colleges and training programs to help build a highly-skilled, innovative, 21<sup>st</sup> century workforce ready for the rigors of a global economy. And it will boost the fiscal health of the country our children will inherit by paying down the deficit.

- ✓ *Invests the bill's savings in making college affordable and helping more Americans graduate*
- ✓ *Provides reliable, affordable, high-quality Federal student loans for all families*
- ✓ *Prepares students and workers for 21<sup>st</sup> century jobs by providing all Americans with the skills and resources they need to compete*
- ✓ *Ensures that the next generation of college students enter kindergarten with the basic skills they need to succeed in school*
- ✓ *Meets Pay-As-You-Go fiscally responsible principles and reduces the deficit*

## MAKES COLLEGE MORE AFFORDABLE AND HELPS MORE AMERICANS GRADUATE

The Student Aid and Fiscal Responsibility Act invests its savings in making college affordable and helping more Americans graduate:

- ✓ **Invests \$40 billion to increase the maximum annual Pell Grant scholarship** to \$5,550 in 2010 and to \$6,900 by 2019. Starting in 2010, the scholarship will be linked to match rising costs-of-living by indexing it to the Consumer Price Index plus 1 percent.



- ✓ **Invests \$3 billion to bolster college access and completion support programs** for students. It will increase funding for the College Access Challenge Fund program, and will also fund innovative programs at states and institutions that focus on increasing financial literacy and helping retain and graduate students.
- ✓ **Strengthens the Perkins Loan program**, a campus-based program that provides low-cost federal loans to students, by providing the program with more reliable

forms of credit from the federal government and expanding the program to every U.S. college campus.

- ✓ **Keeps interest rates low** on need-based – or subsidized – federal student loans by making the interest rates on these loans variable beginning in 2012. These interest rates are currently set to jump from 3.4 percent to 6.8 percent in 2012.
- ✓ **Makes it easier for families to apply for financial aid by simplifying the FAFSA form.** Building on proposals recently put forth by the Obama administration, the legislation will dramatically cut down the number of questions on the form by allowing students and families to apply for aid using the information on their tax returns.
- ✓ **Invests \$1.2 billion in Historically Black Colleges and Universities and Minority-Serving Institutions** to provide students with the support they need to stay in school and graduate.

*“The status quo has become impossible to defend. Students and families are not being served as well as they could be and taxpayers are spending billions of dollars annually to finance a broken system. Momentum is building for reforms that will deliver aid to families in a more stable and sustainable way, shielded from any ups and downs in the markets.”*

-- Chairman George Miller

## **PROVIDES RELIABLE, AFFORDABLE, HIGH-QUALITY FEDERAL STUDENT LOANS FOR ALL FAMILIES**

The Student Aid and Fiscal Responsibility Act provides reliable, affordable, high-quality Federal student loans for all families:

- ✓ **Converts all new federal student lending to the stable, effective and cost-efficient Direct Loan program.** Beginning July 1, 2010, all new federal student loans will be originated through the Direct Loan program, instead of through lenders subsidized by taxpayers in the federally-guaranteed student loan program. Unlike the lender-based program, the Direct Loan program is entirely insulated from market swings and can therefore guarantee students access to low-cost federal college loans, in any economy.

- ✓ **Provides all federal student loan borrowers with upgraded, modern, state-of-art customer service.** Rather than force private industry out of the system, the bill will forge a new public-private partnership that provides all borrowers with the highest-quality customer service when repaying their loans and maintains jobs. It will establish a competitive bidding process that allows the U.S. Department of Education to select lenders based on how well they serve borrowers, educate them financially, and prevent loan defaults. Provides a role for non-profits to continue servicing student loans.



## **PREPARES STUDENTS AND WORKERS FOR 21<sup>ST</sup> CENTURY JOBS**

The Student Aid and Fiscal Responsibility Act prepares students and workers for 21<sup>st</sup> century jobs by providing all Americans with the skills and resources they need to compete:

- ✓ **Builds a 21<sup>st</sup> century workforce by encouraging historic partnerships** between community colleges, businesses, job training and adult education programs. The bill will create a new competitive grant program for community colleges that agree to work with local employers, improve their student support services, and implement other innovative reforms that will help align student learning with employer needs.
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- ✓ **Expands access to education by supporting free, high-quality, online training, high school and college courses.** The U.S. Department of Education would be authorized to make competitive grants available to eligible colleges, workforce programs or other entities to help support the development of these courses.
  - ✓ **Ensures that all community college students can learn in modern, updated, state-of-the-art facilities** by renovating campuses in need of repair.

## **ENSURES NEXT GENERATION IS PREPARED WITH BASIC SKILLS BEFORE ENTERING KINDERGARTEN**

The Student Aid and Fiscal Responsibility Act ensures that the next generation of college students enters kindergarten with the basic skills they need to succeed in school:

- ✓ **Increases the number of low income children entering kindergarten prepared to succeed** by reforming state standards for early learning programs and boosting the quality of existing programs. The legislation would create an Early Learning Challenge Fund program, which would award competitive grants to states that implement a standards-based birth-to-five early learning system that will improve early learning standards, classroom environments, and invest in the early childhood workforce.
- ✓ **Provides every child with access to a world-class learning environment** by providing school districts with funds for school modernization, renovation, and repair projects that will create healthier, safer, and more energy-efficient teaching and learning climates.



## **MEETS PAY-AS-YOU-GO FISCALLY RESPONSIBLE PRINCIPLES AND REDUCES THE DEFICIT**

The Student Aid and Fiscal Responsibility Act meets Pay-As-You-Go fiscally responsible principles and reduces the deficit:

- ✓ **Saves taxpayers \$87 billion over ten years** by switching to the cheaper Direct Loan program, according to the Congressional Budget Office. In addition to investing in college aid, **this legislation will also direct \$10 billion in savings back to the U.S. Treasury to help pay down the deficit.**



**Rep. George Miller, CHAIRMAN  
Committee on Education and Labor**

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