

This week, the House approved H.R. 3221, the Student Aid and Fiscal Responsibility Act. H.R. 3221 represents the single largest investment in aid to help students and families pay for college in history, at no cost to taxpayers. By expanding access to an affordable college education, H.R. 3221 is critical to our efforts to build a stronger, more competitive American economy. The economic downturn our nation has faced has put going to college out of reach for many of America's students and families. Now, more than ever, students and families need reliable, stable forms of federal student aid to pay for college.

**The Student Aid and Fiscal Responsibility Act, which mirrors President Obama's student loan reform proposal, will make college more affordable and our nation more competitive by transforming the way our student loan programs operate:**

- First, it will help more students graduate with less debt. Too many students are graduating with record debt, partly because grant aid doesn't cover nearly as large a share of college costs as it used to. H.R. 3221 will allow us to invest \$40 billion in the Pell Grant scholarship, to keep interest rates affordable on need-based federal student loans, to simplify the federal student aid application process, and in other forms of aid that will help low-income, middle class and minority students pay for and complete college – at no additional cost to taxpayers.

- Second, it will stabilize and safeguard the federal student loan program that students and families depend on to pay for college. The intertwined economic and credit crises have exposed serious vulnerabilities in the structure of the federally-guaranteed student loan program – putting it on life support. Families shouldn't have to worry about whether the roller coaster fluctuations of the financial markets will hurt their access to low-cost student loans. By originating all new federal loans through the cheaper Direct Loan program, students and parents will be able to receive the exact same loans with the added assurance that these loans are entirely reliable, no matter what happens in the economy. This simple change will save taxpayers \$87 billion over 10 years.

- Third, it builds on the best of what works in the private sector to provide borrowers with top-notch customer service. The legislation will allow state non-profit lenders and private industry to continue doing what they do best – servicing loans. It will allow private entities to compete for contracts to service these loans – ensuring that students get the best services available and maintaining jobs in communities across the country.

- Fourth, it will eliminate waste and create a streamlined, cost-effective program for families and taxpayers. Each year, billions of taxpayers dollars are being sent into a program that no longer works – and that the Department of Education can administer for a much lower cost. This is exactly the kind of waste we need to eliminate in tough fiscal times. By cutting out the middleman, this legislation will save taxpayers \$87 billion over 10 years, according to the Congressional Budget Office. It's a smarter business decision for taxpayers and families.

**In addition to investing to make college more affordable, H.R. 3221 will use the savings it generates to invest in President Obama's key education priorities.**

**It will make an unprecedented \$10 billion investment to make community colleges part of our economy's recovery.** For years, business leaders have told us there weren't enough workers with the knowledge and the expertise for their specific industries. H.R. 3221 will change that. It will help us build a 21<sup>st</sup> century workforce by strengthening partnerships among community colleges, businesses and job training programs that will align community college curricula with the needs of high-wage, high-demand industries. It will provide community colleges with the tools to replicate programs that are successfully educating and training students and workers for these fields.

**Creating better educational opportunities demands that we invest in our students long before they reach college.** To ensure that the next generation of students enters kindergarten with the skills they need to succeed in school, the legislation creates an Early Learning Challenge Fund to increase high-quality early learning opportunities for low-income children. It also will help provide every child with access to a world-class learning environment by investing in school modernization, renovation, and repair projects that will create healthier, safer, and more energy-efficient environments -- a measure the House is already on record supporting.

**Finally, this legislation will meet Pay-As-You-Go fiscally responsible principles and reduce entitlement spending by \$10 billion.**