



October 17, 2008

## **Ensuring Access to a College Education**

Dear Colleague:

The current economic crisis is making it increasingly difficult for Americans to access many forms of credit. Business and consumers alike are finding it harder to find affordable loans. As you may have read in today's New York Times, (*In Downturn, College Strains Family Budgets*) students and families who are paying for college have not been spared in turning to the private student loan market.

Due to prompt action by Congress this session to give liquidity to lenders through the Department of Education (at no cost to taxpayers), no students participating in the federal student loan program have been denied access to any federal student loan.

Fortunately, many options already exist to ensure that students and families can afford a college education. Additionally, the 110th Congress has taken deliberate steps to build on these existing options to ensure that students can afford a college education. Specifically, this Congress has passed legislation that would help students and families hit hard by the financial crisis by:

- ✓ Increasing annual federal student loan limits by \$2,000 for all students – therefore reducing students' dependence on more expensive private student loans;
- ✓ Providing additional discretion to schools to allow them to change financial aid packages based on a family's circumstances;
- ✓ Extending repayment of PLUS loans to 6-months after a student graduates to ensure that parents are not required to make payments on student loans in a time of economic uncertainty;
- ✓ Ensuring access to parent PLUS loans for parents who are experiencing challenges with their home mortgages and medical debt (under current law, parents with an adverse credit history are ineligible to receive a parent PLUS loan, except under extenuating circumstances);
- ✓ Increasing the thresholds for maximum student aid eligibility so that more families will be able to receive more aid;
- ✓ Strengthening campus-based aid programs including low-interest Perkins Loans, and work study;
- ✓ Ensuring that dislocated workers have increased access to federal student aid;
- ✓ Cutting interest rates in half on need-based (subsidized) federal student loans;

- ✓ Creating an income-based repayment program that will make student loan payments more manageable for borrowers;
- ✓ Increasing the purchasing power of the Pell Grant scholarship over the next five years;
- ✓ Investing in minority-serving schools – HBCUs, HSIs, TCUs, Alaska Native and Native Hawaiian institutions, and the newly designated Predominately Black Institutions and institutions serving Asian Americans and Pacific Islanders and Native American students – to ensure that their students will not only enter college, but have the support they need to stay in school and graduate; and
- ✓ Creating fail safe provisions in the federal student loan program that will ensure that students and families can continue to have access to all the federal loans they are eligible for.

Additionally, we understand the concern with the decreased participation of lenders in the federally guaranteed student loan program, as a result of the current credit markets. Attached is a fact sheet that is intended to provide students and families with helpful information about the availability of federal student aid.

We continue to monitor the federal student loan program in light of current economic conditions. Ensuring that no student is denied a federal student loan in this environment is our top priority. We hope you find this information useful. If you need additional assistance or have further questions, please contact the Committee at 6-2068.

Sincerely,

/s/

**GEORGE MILLER**

Chairman

Committee on Education and Labor