

(Washington, DC) - The House Education and Labor Committee approved an amendment sponsored by U.S. Representative Jason Altmire (PA-4) and Rep. Tim Bishop (NY-1) to the College Cost Reduction Act of 2007 (H.R. 2669) that would allow more colleges and universities to participate in the Perkins Loan program and would allow more students to receive these low cost loans. The Altmire-Bishop Amendment would provide \$500 million over the next five years for the federal capital contribution (FCC) to the Perkins Loan program. Perkins Loans are long-term, low-interest loans distributed by institutions of higher education to low and middle income students.

The Altmire-Bishop Amendment is attached to H.R. 2669 and was approved with bipartisan support by a voice vote of 30 to 16. The legislation now moves to the House floor.

**"More than 500,000 students received a Perkins Loan last academic year to help pay for their college education, but far more could have benefited from these loans had additional funds been available," said Congressman Altmire, a member of the House Education and Labor Committee. "Perkins Loans prevent students from needing to borrow from high-cost alternative sources, such as private education loans. Since private loans require good credit or a co-signer with good credit, many low and even middle income students are turned down. My amendment would expand the availability of this low-cost alternative and make college more affordable for thousands more students nationwide."**

Perkins Loans offer students a fixed five percent interest rate, as compared with Stafford Loans which are currently set at 6.8 percent and private loans whose rates are far higher.

Throughout the history of the Perkins Loan Program, \$7.9 billion in federal contributions has been leveraged to award over \$28.8 billion in student loans, making it one of the most effective public-private partnerships in the federal government.

The College Cost Reduction Act (H.R. 2669) would make the largest investment in college financial aid since the 1944 GI Bill, helping millions of students and families pay for college - and doing so at no new cost to taxpayers. In addition to expanding the federal capital contribution to the Perkins Loan program, the legislation would increase the maximum value of the Pell Grant scholarship by \$500 over the next five years. Over 180,000 students in

Pennsylvania receive Pell Grant scholarships and 6 million low and middle income students nationwide would benefit from this increase.

H.R. 2669 would reduce the cost of need-based student loans for millions of student borrowers by cutting interest rates in half. Once fully phased in, this would save the typical student borrower \$4,400 over the life of the loan. About 6.8 million students take out need-based loans each year, including nearly 212,000 in Pennsylvania.

The legislation would also prevent student borrowers from facing unmanageable levels of federal student debt by guaranteeing that borrowers will never have to spend more than 15 percent of their yearly discretionary income on loan repayments and by allowing loan forgiveness after 20 years for borrowers facing economic hardship.