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## Making College More Affordable

With so much talk about health reform this week and the college basketball tournament underway, it's easy to overlook another historic moment – the largest expansion of federal student aid in our nation's history, bigger than the GI bill. We're on the verge of helping countless students afford the rising cost of a college education – all at no additional cost to U.S. taxpayers.



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It sounds too good to be true, but over the past 30 years we have created a crazy quilt system where lenders are essentially paid to be middlemen. Their profits are guaranteed and the federal government pays the tab if a borrower defaults.



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As a result, taxpayers spend billions of dollars subsidizing private lenders to make loans that the federal government can – and does – make without the additional cost. For the past decade and a half, the federal government has used private contractors to make loans directly to students at a much lower cost, getting good marks on quality and service in the process. Schools like The Ohio State University, the University of Toledo, and Sinclair Community College have been part of this program from the beginning.

This week, we will end the less efficient program and redirect the funds to help expand the Pell Grant program, which helps students from middle-class families pay for college. The bill will also make it more manageable for Ohioans to pay back student loans.

Ending wasteful private lending subsidies will save \$61 billion over the next 10 years. With these savings, we'll be able to continue funding the Pell Grant at the historic high of \$5,550 for the next academic year. We will also be able to increase the Pell Grant at the rate of inflation in future years. For Ohio students, this means \$1.2 billion in additional grants over the next 10 years.

Why is this important? A generation ago, middle-class families could use a Pell Grant to cover 72 percent of the cost of a child's college expenses at a typical four-year college. Today, it covers only 32 percent. For 9 million students nationwide, these grants can often make the difference between going to college or not. And in today's economy especially, a college education makes an enormous difference to a child's future.

Cutting out the middleman in the student loan programs will also help college graduates who are carrying large student debts. The federal government will be able to offer more generous income-based repayment options to borrowers so that they do not have to sign away their economic futures when they sign up for college. Last year, Congress passed a provision to ensure that no American would have to spend more than 15 percent of his or

her income repaying a student loan. This new law will cap monthly payments at no more than 10 percent of a borrower's income.

It will also keep jobs in America. Unlike loans made by banks, the loans administered by the federal government can only be serviced by workers in the U.S. That means borrowers who have questions about their student loans will get their questions answered by American workers – rather than being transferred to call stations abroad. One company brought 2,000 jobs back to the U.S. last year in order to compete for a student loan servicing contract.

We don't know if an Ohio team will win the NCAA basketball tournament, and my all-Ohio semifinal prediction may not come true. But we do know this: Ohio's college students and their families were the big winners this week.



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