

Health care overhaul bill affects student loan process

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Regardless of how you feel about the healthcare overhaul bill signed by President Obama, and passed by the Senate this week, there is another portion of the bill which is of interest to students that you may not know about.

While in the House of Representatives, there was a new initiative added to the bill which reformed much of the student loan industry and provided more federal money to prospective and current students.

In fact, the U.S. education secretary, Arne Dunne said about this part of the bill, "Tonight's vote in the House is a big victory

for America's students."

This vote actually saved many students who likely didn't even know that they were in peril. The bill was written in order to reform the Pell Grant program which generally is granted to lower-income students. Before the bill was passed, however, it became apparent that without a major overhaul to the Pell program, many of those receiving aid would lose at least half of their financial aid, and up to 500,000

recipients would be dropped from the program for lack of funding.

Students and families working on paying off Pell Grants will also see a benefit in relation to their monthly payments. Previously, families were asked to pay no more than 15 per cent of their monthly income to pay off the Pell Grant, and that number has been reduced to 10%. Also, the

size of Pell Grants will increase about 500 dollars per student.

For other students not affected by the Pell Grants, their benefit will be more related to knowing where their loans are actually held.

The main part of this reform brings all student loans under federal control and takes private lenders out of the process. Because of this, students will know exactly where their loans are held and the process forgetting a loan will be greatly simplified.

A downside to this, however, is that in an economy with scarce jobs, this will cause many private lenders to cut some jobs.

However, other legislators have said that taking private lenders out of the equation will be an economic boon to families. Representative George Miller, Chairman of the House Education and Labor Committee said, "You're taking billions of dollars in wasteful subsidies to student lenders and banks, and you're recycling that money on behalf of families and students to help pay for their college education."



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