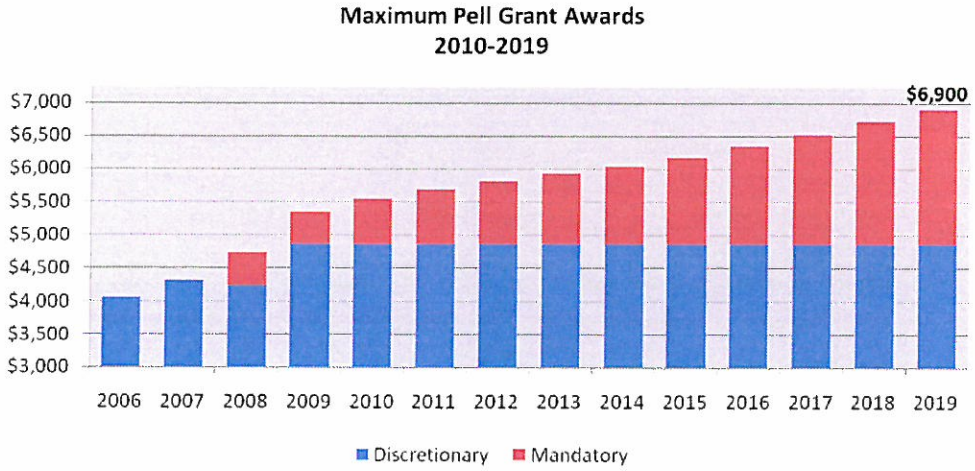
The Student Aid and Fiscal Responsibility Act

A Landmark Investment in New York's Economic Future

The Student Aid and Fiscal Responsibility Act will make college accessible; transform the way our student loan programs operate; reform quality early education opportunities that will put more children on the path to success; strengthen community colleges and training programs to help build a highly-skilled and innovative 21st century workforce that is ready for the rigors of a global economy; and it will boost the fiscal health of the country our children will inherit by paying down the deficit. Specifically, the legislation will:

Invest the bill's savings in making college affordable and helping more New York students graduate

- ✓ **Over the next ten years, invests more than $2.6 billion in New York and $ 78.3 million in NY-04 to increase the maximum annual Pell Grant scholarship** to $5,550 in 2010 and to $6,900 by 2019. Starting in 2011, the scholarship will be linked to match rising costs-of-living by indexing it to the Consumer Price Index plus 1 percentage point. This not only increases the award students are eligible for, but also increases the number of students eligible for an award. **In NY-04, 15,582 students will be eligible for a Pell Grant award in the 2010-2011 academic year.**



- ✓ **Invests $3 billion nationally to bolster college access and completion support programs** for students. It will increase funding for the *College Access Challenge Grant* program, **resulting in at least $ 8.9 million a year for the next five years in New York**, and will also fund innovative programs in states and at institutions that focus on increasing financial literacy and helping retain and graduate students.

- ✓ **Strengthens and expands the Perkins Loan program**, a campus-based program that provides low-cost federal loans to students, by providing the program with more reliable and stable funding from the federal government and expanding the program to include significantly more college campuses.

- ✓ **Keeps interest rates low** on need-based – or subsidized – federal student loans by making the interest rates on these loans variable beginning in 2012. These interest rates are currently set to jump from 3.4 percent to 6.8 percent in 2012. **In 2008, students in New York borrowed 520,244 subsidized student loans.**

- ✓ **Makes it easier for families to apply for financial aid by simplifying the FAFSA form** and allowing students and families to apply for aid using the information on their tax returns.

- ✓ **Invests $2.55 billion nationally in Historically Black Colleges and Universities and Minority-Serving Institutions** to provide students with the support they need to stay in school and graduate.

Prepare New York's students and workers for 21st century jobs by providing the skills and resources they need to compete

- ✓ **Builds a 21st century workforce by encouraging historic partnerships** between community colleges, states, businesses, job training and adult education programs. The bill will create a new competitive grant program for community colleges to improve instruction, work with local employers, improve their student support services, and implement other innovative reforms that will lead to a college degree, certificate or industry recognized credential to help fulfill local workforce needs. **In 2007, over 270,000 students were enrolled in New York community colleges.**

- ✓ **Expands access to education by supporting the development of online training, high school and college courses that are freely available and high-quality.**

- ✓ **Ensures that community college students can learn in modern, updated, state-of-the-art** facilities by renovating campuses in need of repair or by constructing new facilities. **New York will receive nearly $ 135.5 million to help finance projects to community college facilities.**

Ensures that the next generation of children enters kindergarten with the skills they need to succeed in school

- ✓ **Increases the number of children from low-income families entering kindergarten ready to succeed** by reforming state standards and practices for birth-to-five early learning programs. The legislation would create an *Early Learning Challenge Fund*, which would award $1 billion nationally each year in competitive grants to states that implement comprehensive standards-based reform of the state's early learning system that will transform early education standards and practices, build an effective early childhood workforce, and improve the school readiness outcomes of young children.

- ✓ **Provides every child with access to a world-class learning environment** by providing school districts with funds for school modernization, renovation, and repair projects that will create healthier, safer, and more energy-efficient teaching and learning climates. **New York will receive more than $333.1 million over the next two years.**

Provide reliable, affordable, high-quality Federal student loans for New York's families

- ✓ **Converts all new federal student lending to the stable, effective and cost-efficient Direct Loan program**. Beginning July 1, 2010, all new federal student loans will be originated through the Direct Loan program, instead of through lenders subsidized by taxpayers in the federally-guaranteed student loan program. Unlike the lender-based program, the Direct Loan program is entirely insulated from market swings and can therefore guarantee students access to low-cost federal college loans, in any economy.

- ✓ **Provides all federal student loan borrowers with upgraded, modern, state-of-the-art customer service**. Rather than force private industry out of the system, the bill will forge a new public-private partnership that provides all borrowers with the highest-quality customer service when repaying their loans and maintains jobs. It will provide a role for non-profits to continue servicing student loans.

Meet fiscally responsible Pay-As-You-Go principles and reduce the deficit: **Saves taxpayers $87 billion over ten years** by switching to the cheaper Direct Loan program, according to the Congressional Budget Office. In addition to investing in college aid, **this legislation will also direct $10 billion in savings back to the U.S. Treasury to help pay down the deficit**.