

*Says new law will expand opportunity to students and reduce the deficit*

Austin, MN – Today at Riverland Community College in Austin, Congressman Walz highlighted a new law that will make college more affordable for students, improve the student loan process and save taxpayer dollars.

“As a teacher and a parent, I know how critical a high-quality education is to our country’s economic future, but I also know how much anxiety middle class families feel about the cost of college.” said Walz. “This new law makes the student loan process more efficient, puts the best interests of students first and makes college more affordable. And because we are taking the middle man out, we’re saving taxpayer dollars, investing some of them in education and using the rest to reduce the deficit by \$10 billion over the next ten years.”

Krista Olson, a graduate of Riverland Community College currently enrolled at Bemidji State University, said she believes the process will be much more hassle-free for students. She said, “The process is much easier with a direct lender because you just work with the school’s financial aid office and they present the loan package to you. With lenders, you have to check around and be really careful to understand the different fees that may vary among lenders.”

Dr. Terry Leas, President of Riverland Community College said he believes the transition to direct loans will be smooth for the college. He also said, "This is a 'win-win' with the cost savings benefiting student, community colleges and addressing the federal deficit."

The new law will reform the system of federal student loans to save the taxpayers \$61 billion over 10 years and will direct \$10 billion back to the Treasury to reduce the deficit. It will change the way the student loan system functions by originating all new loans through the Department of Education's Direct Loan program, but will maintain competition among private lenders and non-profits to provide top-notch customer service for student borrowers and save jobs. Unlike loans made by banks, loans originated directly through the Department of Education must be serviced by workers in the United States.

These reforms will make college loans more reliable for students and families, and ensure that loans operate in the best interests of borrowers by reducing many of the potential conflicts of interest that exist in the current loan system.

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