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# Obama Signs Overhaul of Student Loan Program

By PETER BAKER and DAVID M. HERSZENHORN

ALEXANDRIA, Va. — **President Obama** signed legislation on Tuesday to expand college access for millions of young Americans by revamping the federal **student loan** program in what he called “one of the most significant investments in higher education since the G.I. Bill.”

Mr. Obama went to a **community college** where the wife of his vice president teaches to draw attention to the **student loan** overhaul attached to the final piece of health care legislation that passed last week. In signing the bill, Mr. Obama put the final touches on his health care program but used the occasion to highlight the education provisions.

“That’s two major victories in one week,” he told students and guests at the Alexandria campus of Northern Virginia Community College, where **Jill Biden** teaches English. While he praised the health care overhaul, the president said, “what’s gotten overlooked amid all the hoopla, all the drama of last week, is what’s happened with education.”

The new law will eliminate fees paid to private banks to act as intermediaries in providing loans to college students and use much of the nearly \$68 billion in savings over 11 years to expand Pell grants and make it easier for students to repay outstanding loans after graduating. The law also invests \$2 billion in **community colleges** over the next four years to provide education and career training programs to workers eligible for trade adjustment aid after dislocation in their industries.

The law will increase Pell grants along with inflation in the next few years, which should raise the maximum grant to \$5,975 from \$5,550 by 2017, according to the White House, and it will also provide 820,000 more grants by 2020.

Students who borrow money starting in July 2014 will be allowed to cap repayments at 10 percent of income above a basic living allowance, instead of 15 percent. Moreover, if they keep up payments, their balances will be forgiven after 20 years instead of 25 years — or after 10 years if they are in public service, like teaching, nursing or serving in the military.

Mr. Obama portrayed the overhaul of the student loan program as a triumph over an “army of lobbyists,” singling out Sallie Mae, the nation’s largest student lender, which he said spent \$3 million on lobbying to stop the changes. “For almost two decades, we’ve been trying to fix a sweetheart deal in federal law that essentially gave billions of dollars to banks,” he said. The money, he said, “was spent padding student lenders’ pockets.”

But Sallie Mae said the law would cost jobs, telling news outlets that it may have to eliminate a third of its 8,500 positions nationwide. Senator [Lamar Alexander](#), a Republican whose state of Tennessee is home to big players in the private student lending industry, said the changes over all would cost 31,000 private-sector jobs.

In a statement, Mr. Alexander said students would be overcharged on their loans with the proceeds to be used to pay for the health care law, and he bemoaned the government’s getting more deeply into the lending business. “The Obama administration’s motto,” he said, “is turning out to be: ‘If we can find it in the Yellow Pages, the government ought to try to do it.’ ”

The House Republican leader, Representative [John A. Boehner](#) of Ohio, criticized both the health and education components of the bill, calling them “two job-killing government takeovers that are already hurting our economy.”

Mr. Boehner added, “As the White House continues to ‘sell’ this new law, we are seeing the same pattern we’ve seen for the past year: the more the American people learn about it, the less they like it.”

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