



FOR IMMEDIATE RELEASE

NEWS RELEASE

CONTACT: Keith New, 717-720-2509
knew@aesSuccess.org

Nicole Elbertson, 717-720-2509
nelberts@aesSuccess.org

PHEAA Announces Dramatic Increase to State Grant Awards
New Awarding Formula Benefits Students and Families

Harrisburg, PA (April 20, 2006) – PHEAA announced today that the Board of Directors has voted to accept the Pennsylvania State Grant awarding formula to increase the purchasing power of the Pennsylvania State Grant Program.

The new awarding formula will provide State Grants to more than 166,000 students for the 2006-07 academic year. The purchasing power of the average State Grant award will see an unprecedented increase, bringing the average Pennsylvania award to \$3,345 and the maximum award to \$4,500. During the 2005-06 academic year, the average grant award was \$2,800 with a maximum grant award of \$3,500.

This dramatic increase in purchasing power is also the direct result of \$72.5 million in additional grant funding that the agency committed from its business earnings to the Pennsylvania State Grant Program for the 2006-07 academic year.

“The effectiveness of the Pennsylvania State Grant Program has been decreasing over the past few years as tuition costs increase much faster than the rate of inflation,” said Representative Elinor Z. Taylor, chairman of the PHEAA Board of Directors. “The supplemental funds that PHEAA is able to provide to the program from its business earnings for the next academic year are breathing new life into the program. The average State Grant award has reached unprecedented levels, making higher education an even more affordable reality for the program’s more than 166,000 recipients.”

The effectiveness of the State Grant Program has been under close watch by PHEAA for the past several years, as government appropriations continued to fall short of ever-increasing tuition rates. The PHEAA Board of Directors created the State Grant Task Force, under the leadership of Representative Jess Stairs, to evaluate the real-world purchasing power of the State Grant Program. Following numerous public hearings and exhaustive research and evaluation, the Task Force proposed a new State Grant awarding formula, which was accepted by the Board of Directors and implemented today to determine the value of the 2006-07 grant awards.

- more -

In addition to this year's \$72.5 million supplement, PHEAA uses its business earnings to administer the State Grant Program, at a cost of \$15 million annually. Their administration of the program, at no cost to taxpayers, ensures that every appropriated dollar goes directly to students and their families.

For more information on the Pennsylvania State Grant Program, please contact 800-692-7392 or visit PHEAA.org.

#

About PHEAA and American Education Services

As the nation's leading non-profit student aid organization, PHEAA earns money that is used to help Pennsylvania families pay for college, to create thousands of jobs, and to help keep taxes down. Doing business nationally as American Education Services (AES), we bring additional revenue back to the Commonwealth to benefit Pennsylvania families.

PHEAA supplements the State Grant Program with an additional \$72.5 million and thousands of additional grant awards, provides millions of dollars in free scholarships and loan forgiveness, develops award-winning online planning tools, and has saved our students more than \$400 million by underwriting expensive upfront fees on student loans - - all at no cost to taxpayers.

This year, we are investing more than \$200 million of our business earnings to pay for free student aid for Pennsylvania families. As our success grows, so will our investment in the Commonwealth, exceeding the hundreds of millions of dollars and growing into the billions of dollars.

Our success is Pennsylvania's success. And as a non-profit legislative organization, our earnings stay in Pennsylvania to be used by Pennsylvania. For more information, please visit our Website at www.PHEAA.org.