

Department of Education

RACE TO THE TOP: COLLEGE AFFORDABILITY AND COMPLETION

Fiscal Year 2013 Budget Request

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**RACE TO THE TOP: COLLEGE AFFORDABILITY AND COMPLETION**

**Amounts Available for Obligation**  
(dollars in thousands)

Appropriation and Adjustments	2011	2012	2013
Discretionary budget authority:			
Annual appropriation .....	<u>0</u>	<u>0</u>	<u>\$1,000,000</u>
Total, direct obligations.....	0	0	1,000,000

**Obligations by Object Classification**  
(dollars in thousands)

Object Class	2011	2012	2013
Grants, subsidies, and contributions.....	<u>0</u>	<u>0</u>	<u>\$1,000,000</u>
Total, direct obligations .....	0	0	1,000,000

## RACE TO THE TOP: COLLEGE AFFORDABILITY AND COMPLETION

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### Race to the Top: College Affordability and Completion (Proposed Legislation)

(dollars in thousands)

FY 2013 Authorization: To be determined

Budget Authority:

<u>2012</u>	<u>2013</u>	<u>Change</u>
0	\$1,000,000	+\$1,000,000

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### PROGRAM DESCRIPTION

President Obama has set an ambitious goal for the United States to have the highest proportion of college graduates in the world by 2020. Meeting this goal is critical to securing America's economic prosperity as our Nation's employers increasingly demand workers with postsecondary degrees, professional certifications, and other industry-recognized credentials. Unfortunately, the growing need for higher education is coming at the same time that the cost of college is rising to levels that are increasingly unaffordable for many American families.

The Administration believes that State-level reforms must be a crucial component of long-term improvements in college affordability and quality. While State-supported public colleges and universities educate over 70 percent of all students, many State higher education policies can make the affordability problem worse. Declining State support for postsecondary education, for example, is the primary driver of tuition increases at public institutions of higher education. Beyond State funding, other State policies—or lack thereof—in areas such as high school exit and college admission standards, credit transfer, remediation, and course completion, can also increase college costs by making it difficult for students to pursue the most efficient pathway to complete a postsecondary credential.

The Administration is proposing Race to the Top: College Affordability and Completion to catalyze State efforts to reform higher education systems. With an initial investment of \$1 billion in 2013, and planned annual renewals, this multi-year program would provide competitive grants to States with strong records of, and commitments to, increasing college affordability and quality, and as a consequence, value. States can demonstrate their commitment to college affordability in ways such as: making a consistent financial commitment to higher education; operating institutions that reasonably stabilize or contain the growth in what students pay for college; measuring and publicizing institutional value in terms of financial returns and other outcomes; making use of data to drive policy; and improving alignment of standards from K-12 to higher education and across colleges, especially between 2-year and 4-year institutions.

Winning States would receive funds to support and augment foundational investments that improve the value of students' postsecondary education, such as redesigning courses to improve learning and reduce costs or exploring alternative ways to measure learning and award degrees. These investments would simultaneously focus on both quality and productivity,

## **RACE TO THE TOP: COLLEGE AFFORDABILITY AND COMPLETION**

### **Race to the Top: College Affordability and Completion**

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reflecting the Administration's belief that States and institutions should strive to increase the quality and rigor of the education they are providing while making such education available to more students. This dual emphasis on quality and productivity would result in better student learning outcomes and increased capacity to graduate more students from college.

Race to the Top: College Affordability and Completion is the centerpiece of the comprehensive approach the Administration is pursuing in 2013 to improve college affordability, quality, and value. This overall strategy would:

- Encourage States to reform their higher education systems by increasing their affordability, efficiency, quality, and productivity;
- Reward colleges that have acted responsibly in setting tuition, providing value, and serving needy students;
- Develop evidence of strategies colleges can use to improve their long-term affordability and quality, and to increase capacity; and
- Empower students and families with better information so they can choose affordable colleges that provide good value.

This comprehensive approach builds on the Administration's significant investments in supporting college access and affordability: increasing and sustaining the maximum Pell Grant, expanding higher education tax benefits, and making student loans more affordable. Though these historic efforts have helped slow the growth in the net price that students actually pay for college, we cannot continue on this path indefinitely without systemic reforms that help us break the paradigm that equates quality with cost.

### **FY 2013 BUDGET REQUEST**

The Administration requests \$1 billion for the first year of Race to the Top: College Affordability and Completion in fiscal year 2013, a new initiative designed to support a comprehensive approach to improving college affordability and quality nationwide.

In this first year of the program, the Department would provide reform grants for up to five States that can demonstrate the capacity and willingness to support higher education and pursue systemic reforms designed to improve college affordability, quality, and efficiency in their States. Winning states would have broad flexibility to design and implement reforms that meet the goals of this program. Funding could support activities such as course and program redesign; providing alternative ways to improve the skills of students who need remediation; improving the transfer process among public institutions, and to the extent practicable, private institutions; and other efforts to reduce time to degree.

The request also includes approximately \$5 million for evaluation and \$5 million for administration, including peer review costs.

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**Race to the Top: College Affordability and Completion**

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**PROGRAM OUTPUT MEASURES** (dollars in thousands)

<u>Measures</u>	<u>2013</u>
<b>State Reform Grants:</b>	
Number of awards	2-5
Average award	\$198,000-\$495,000
Total award funding	\$990,000
<b>Administration</b>	
Peer review of new award applications	\$2,500
Other <sup>1</sup>	\$2,500
<b>Evaluation</b>	
	\$5,000
Total Program Funding	\$1,000,000

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<sup>1</sup> Funds support technical assistance, program monitoring and other necessary administrative activities.