Department of Education

STUDENT AID OVERVIEW

Fiscal Year 2014 Budget Request

CONTENTS

STUDENT AID OVERVIEW

Federal Student Aid Programs
(Higher Education Act of 1965, Title IV)

(dollars in thousands)

FY 2014 Authorization: Indefinite

Budget Authority:[1]

	2012	2013	2014	Change from 2013
Grants and Work-Study:				
Pell Grants				
Discretionary funding [2]	$22,824,000	$22,824,000	$22,824,000	0
Mandatory funding [3]	18,745,000	12,441,184	7,044,000	-$5,397,184
Subtotal, Pell Grants	41,569,000	35,265,184	29,868,000	-5,397,184
Federal Supplemental Educational Opportunity Grants [2]	734,599	734,599	734,599	0
Federal Work-Study [2]	976,682	976,682	1,126,682	+150,000
Iraq and Afghanistan Service Grants	180	248	231	-17
Teacher Education Assistance [4]	34,447	3,536	191,418	+187,882
Total, Grants and Work-Study	43,314,908	36,980,249	31,920,930	-5,059,319
Net Loan Subsidy, Loans: [5]				
Federal Family Education Loans (FFEL) [6]	-15,011,166	-6,843,641	-3,657,173	+3,186,468
Federal Direct Student Loans [7]	-21,534,522	-34,292,290	-26,301,439	+7,990,851
Federal Perkins Loan Program [8]	0	0	-1,408,498	-1,408,498

[1] Table reflects discretionary appropriations and mandatory funding.

[2] Excludes 0.612 percent across-the-board increase provided in P.L. 112-175.

[3] Amounts appropriated for Pell Grants for 2012, 2013, and 2014 include mandatory funding provided by the Full-Year Continuing Appropriations Act, 2011; the Consolidated Appropriations Act, 2012; and the Budget Control Act of 2011.

[4] Includes funding for TEACH Grants for 2012, 2013, and part of 2014 (through June 30), as well as a request for $190,000 thousand for a new program, Presidential Teaching Fellows – which would replace TEACH Grants – in 2014. For budget purposes, TEACH Grants is operated as a credit program. Amounts reflect the new loan subsidy, or the net present value of estimated future costs.

[5] Total net subsidy in any fiscal year reflects the estimated net cost of the loan program for that fiscal year. It includes both positive and negative subsidies and upward and downward impacts of re-estimates and modifications of existing loans. A negative subsidy occurs when the present value of cash inflows to the Government is estimated to exceed the present value of cash outflows. Normally budget authority is not shown if it is negative. However, for informational purposes, the amounts here reflect estimated negative budget authority. Negative subsidy is reported (as negative outlays) to a negative subsidy receipt account.

[6] Budget authority requested for FFEL does not include the FFEL Liquidating account. Amount for 2012 reflects a net downward re-estimate of $15,164,122 thousand, due primarily to updated interest rate assumptions; and a net upward modification of $152,957 thousand resulting from administrative action taken by the Department, and the change, as of April 1, 2012, that allows lenders the option to calculate their special allowance payments based on the London Interbank Offered Rate (LIBOR). Amount for 2013 reflects a net downward re-estimate of $6,843,641 thousand, due primarily to updated interest rate assumptions. FY 2014 request includes a net downward modification of $3,657,173 thousand as a result of the proposed guaranty agency rehabilitated loan retention policy.

[7] Amount for 2012 includes a net upward reestimate of $5,566,331 thousand, and amount for 2013 includes a net downward re-estimate of $8,151,717 thousand, both due primarily to updated interest rate assumptions. FY 2014 request includes a net upward modification of $2,871,258 thousand as a result of the proposed expansion of the Pay As You Earn plan.

[8] Amount for 2014 reflects the Budget proposal to fund Perkins Loans as a mandatory credit program; the request shows the net present value of estimated future costs of the estimated 2014 loan cohort.

STUDENT AID OVERVIEW

FY 2014 Budget Proposal

The Federal Government will provide a significant investment in fiscal year 2013 of $170.3 billion in grants, loans, and work-study assistance to help students pay for postsecondary education. These funds help millions of Americans obtain the benefits of a higher education. The Administration is proud of this commitment to higher education. However, fiscal constraints now limit the extent to which additional Federal resources are available to help students and families cope with unrelenting increases in the costs of higher education. To avoid leaving students and families with crippling debt in financing their education, a strategic approach to student aid is needed to ensure that both students and the Nation are prepared for the challenges we all face in the global economy. Accordingly, the fiscal year 2014 Budget includes in its proposals, solutions addressing the college affordability challenge. The request dedicates $182.9 billion to Federal student aid in fiscal year 2014, including $35.3 billion in Pell Grants and over $145 billion in student loans. Nearly 14.7 million students would be assisted in paying the cost of their postsecondary education at this level of available aid.

This overview details the package of reforms proposed by the Administration as part of its 2014 Budget to increase aid to students while improving the effectiveness of the grant and student loan programs. Current student aid programs are described in detail under **Student Financial Assistance**, beginning on page Q-1, **Teacher Education Assistance Overview** on page R-1, and the **Student Loans Overview** on page S-1. The administrative costs requested in support of these student aid programs are presented in the **Student Aid Administration** section, beginning on page AA-1.

The United States has long been a global leader in postsecondary education, but recently this advantage has slipped. While the U.S. ranks 5th in terms of the proportion of 25-64 year olds with a postsecondary education, it ranks 14th in attainment among those aged 25-34. There is an opportunity gap as well. Today, high-school graduates from the wealthiest families are virtually certain to continue on to higher education, while just over half in the bottom quartile attend. Even when high-school graduates can afford to begin higher education, they all too often fail to finish. Only about six in ten college students graduate within 6 years; for low-income students, the completion rate in the same time period is closer to 25 percent.

With a focus on the issue of college affordability – in accordance with the President's vision of leading the world in college attainment rates by 2020 – the 2014 Budget provides sufficient resources to fully fund the $5,785 maximum Pell Grant award in the 2014-2015 award year; reforms the student loan interest rate structure and provides an opportunity for more borrowers to benefit from expanded repayment options; increases the amount of aid made available to students under the campus-based aid programs and fundamentally reforms these programs to target aid to students attending those schools with a dedication to quality education at a reasonable price; and, rationalizes our programs for aspiring teachers by replacing the TEACH grant program with a new, better-targeted teacher fellowship program, Presidential Teaching Fellows.

In addition to fully funding the Pell program in fiscal year 2014, this Budget also makes a down payment toward addressing the long-term Pell funding gap by including measures that will secure funding to maintain our critical investment in Pell Grants, while ensuring the prudent use of scarce taxpayer dollars. These measures include improving and expanding the Perkins Loan program and reducing the costs associated with providing defaulted loan borrowers opportunities to repair their credit standing. The savings associated with these proposals would offset corresponding increases in mandatory budget authority to reduce the future Pell funding gap. These important reforms will address the growing costs of the Pell Grant program while still ensuring that aid is available to the neediest college students. While this Budget provides for significant contributions toward addressing future Pell funding needs, the Administration is committed to working with Congress to ensure the long-term stability of this vital program.

Student Aid Reform Proposals

The 2014 Budget is designed to make needed reforms to modernize and improve the Federal student aid programs. The specifics of these reform proposals are discussed below.

Reform Campus-Based Aid to Better Serve Low-Income Students

Some of the roughly 7,000 institutions of higher education that participate in the Federal Pell Grant and/or Federal Student Loan programs also participate in one or more of the Federal Campus-based Aid programs: Federal Supplemental Educational Opportunity Grants (SEOG), Federal Work-Study and Federal Perkins Loan programs. While all schools are potentially eligible to participate in the campus-based aid programs, static or no Federal appropriations, coupled with antiquated formulas with stringent hold-harmless provisions, have resulted in institutions receiving allocations distorted in ways that reward schools for high tuition prices, bear little reflection to the population of Pell-eligible students attending the institutions, and fail to consider whether institutions are a good value for students. The President's 2014 Budget proposes **to reform and expand Federal allocations in the campus-based programs** to target those institutions that enroll and graduate relatively higher numbers of Pell-eligible students; offer relatively lower tuition prices and/or restrain tuition growth; and, offer quality education and training such that graduates obtain employment and can comfortably afford to repay educational debt.

<u>Perkins Loan Program Modernization and Expansion</u>

The Budget proposes to expand and improve the Perkins Loan program into a new Perkins Loan program which would provide $8.5 billion in loans annually, allocating lending authority among institutions on the basis of the financial need of students attending an institution, the extent to which institutions produce Pell-eligible graduates, and the extent to which institutions offer lower tuition prices or high amounts of non-Federal grant aid. This reform would replace the current program that is scheduled to terminate in 2014. When fully implemented, the new Perkins loan program would provide eight and a half times the current Perkins loan volume and expand participation by up to an additional 2,700 postsecondary institutions.

Rather than operating through institutional revolving funds, new Perkins Loans would be originated by institutions in the same manner as Federal Direct Student Loans; however, institutions would continue to have discretion with regard to student eligibility. By modernizing and expanding the program, many more students who need additional financing options would have increased access to loan funds that carry important protections and benefits, including the ability to repay through income-based repayment plans as well as access to the same loan forgiveness options available for Stafford loan borrowers.

SEOG Allocation Formula Reform

Proposed reforms to the allocation formula for SEOG would redirect funding from higher-priced and well-endowed institutions to lower-priced public and private institutions that enroll and graduate higher numbers of Pell-eligible students and restrain tuition increases. Allocations to schools that fail to maintain a commitment to meeting these standards would be redistributed to better-performing institutions.

Expansion and Refocus of Federal Work-Study Program

To help students earn their way through college, and help put the Work-Study program on track to double the number of participants over 5 years, the Administration proposes to reform the allocation formula, and to provide $150 million in new funds for the Work-Study program, directed to institutions opting to participate in an enhanced Work-Study partnership with prospective employers. To increase students' employment prospects, institutions would collaborate with employers to provide students with Work-Study opportunities that are meaningfully aligned with students' academic programs and career aspirations.

Reform Student Loan Interest Rates to Better Reflect Current Economic Conditions

Student loans meet an important Administration strategic goal to help ensure the accessibility of higher education and to better prepare students and adults for employment and future learning. Students rely on low-cost Federal student loans to help close the gap between what their families can afford to pay and the cost of attendance (including tuition, fees, and room and board).

The Administration's FY 2014 student loan budget request proposes to **change the structure of interest rates on Federal student and parent loans to provide market-based rates** for new originations. Under the proposal, new rates for subsidized Stafford loans would be set equal to the 10-year Treasury note with an add-on of 0.93 percentage points (i.e., 93 basis points). The add-on to the 10-year Treasury note for Unsubsidized Stafford and PLUS loans would be 2.93 and 3.93 percentage points, respectively.

This proposal maintains the current policy of providing a lower interest rate on Subsidized Stafford loans, which are awarded based on the financial need of students and families, than on other Federal student and parent loans made regardless of need. The proposal does not include an interest rate cap, and the existing cap of 8.25 percent on new consolidation loans would be eliminated. However, interest rates would be fixed for the life of the loans and would not vary from year to year. When implemented, the new structure would operate much like the fixed-rate mortgage market, and borrower rates would better reflect and align with the Federal Government's cost of borrowing and administering the program.

Rather than proposing a cap on the interest rate, the Administration's budget request proposes extending the income-based Pay As You Earn repayment plan to all qualified student borrowers, regardless of when the borrower's loans were made, as explained below.

Expand the Pay As You Earn Repayment Plan to All Borrowers

In October 2011, the Administration announced the Pay As You Earn (PAYE) initiative to accelerate the benefits of the Income-Based Repayment (IBR) plan as modified in the Health Care and Education Reconciliation Act. Qualified borrowers – those who were new borrowers (with no outstanding loans) as of October 1, 2007 and had received a Direct Loan disbursement on or after October 1, 2011 – are eligible to have student loan payments capped at 10 percent of their prior-year discretionary income, and, to have any remaining balances forgiven after 20 years of repayments.

The 2014 Budget proposes to **expand the PAYE plan to all qualified borrowers** beginning in 2014, regardless of when borrowers obtained their loans or became new borrowers. All Stafford, Grad PLUS, and Consolidation loans (that repaid Stafford and Grad PLUS loans) made under the Direct Loan or Federal Family Education Loan (FFEL) programs that are not in default are eligible to be included in the program. PAYE lowers monthly payments for borrowers who have high loan debt and modest incomes, and, compared with a cap on student loan interest rates, provides a more meaningful measure to help protect borrowers from unmanageable student loan repayments.

In extending the Pay As You Earn plan to all qualified borrowers, the Administration seeks not only to help borrowers manage student loan payments, but also to harmonize the various income-based repayment plans available, thereby simplifying borrowers' experience while reducing program complexity. Coupled together, the Administration's proposals to change the student loan interest rate structure and extend the Pay As You Earn repayment plan to all qualified borrowers is budget cost neutral – thereby providing a long-term, sustainable solution to ensure students have the certainty they need to plan for the cost of attending college in a fiscally-responsible manner.

Modify the FFEL Loan Rehabilitation Programs

The Budget proposes to **reconfigure the FFEL loan rehabilitation program to reduce costs for both the Federal Government and borrowers**. Under the proposal, the maximum collection fee guaranty agencies (GAs) may charge borrowers to rehabilitate their defaulted FFEL loans would be reduced from 18.5 percent of the outstanding principal and interest owed on the loan to 16 percent; and, GAs would be required to return 100 percent – rather than the current 81.5 percent – of the Federal default reinsurance payment it received when the borrower of the rehabilitated loan originally defaulted on the loan. Besides easing the financial burden on borrowers, the proposal to reduce the maximum collection fee charged to borrowers would make the compensation earned by GAs comparable to that earned by the Department's private sector contractors who also rehabilitate defaulted FFEL and Direct Loan program loans.

In addition, GAs would be required to transfer rehabilitated loans to the Department if they are unable to find a FFEL lender to purchase the loan to complete the rehabilitation process. Under the proposal, the Department would compensate the GAs for the defaulted loan at par, thus eliminating the costs of any discount currently being funded by the agencies when loans are sold to lenders at less than par.

Rationalize Programs for Aspiring Teachers

The TEACH Grant program (TEACH) provides awards up to $4,000 each year to undergraduate and graduate students who commit to teach a high-need subject, and to teach in a high-need school, for at least 4 years within 8 years of graduation. For students who fail to meet the service requirement, grants are converted to Direct Unsubsidized Stafford Loans. Under the current structure, any institution of higher education is eligible to receive funding to provide TEACH Grants irrespective of the quality of its teacher preparation program. In fact, 22 institutions of higher education with teacher preparation programs that were identified by the State as low-performing or at-risk received funds to award TEACH Grants. Further, while TEACH aims to recruit and prepare effective teachers, data suggest a significant portion of TEACH Grant recipients will fail to graduate and complete their service requirement, much less prove to be effective in the classroom.

In order to enhance the likelihood that grant recipients will be well-prepared to enter and likely to persist in the teaching profession, **the Administration proposes to overhaul and replace TEACH with the Presidential Teaching Fellows (PTF) program**. PTF would provide formula aid directly to States that meet certain conditions to award scholarships of up to $10,000 to talented individuals attending the high quality preparation programs. Fellows will have to be trained to teach a high-need subject, such as mathematics or science, and commit to teach in a high-need school at least 3 out of 6 years after their fellowship begins.

To be eligible for funding, States would have to measure the effectiveness of their teacher preparation programs based on their graduates' success in improving elementary and secondary student achievement, among other outcome measures; hold teacher preparation programs accountable for results; expand the field of effective providers including alternative routes to certification; and make career milestones like certification and licensure rigorous and meaningful. Funds are to be available on equal terms to traditional and alternative certification preparation programs.

Student Aid Programs Output Measures

Aid Available to Students[1]

($ in millions)

	2012	2013	2014
Pell Grants	$32,798	$33,728	$35,325
Supplemental Educational Opportunity Grants	982	982	982
Federal Work-Study	1,162	1,162	1,350
Iraq and Afghanistan Service Grants[2]	0	0	0
Presidential Teaching Fellows[3]	0	0	149
New Student Loans:			
Stafford Loans	33,612	28,645	29,346
Unsubsidized Stafford Loans	53,888	59,186	62,729
PLUS Loans	17,851	18,602	19,987
Perkins Loans	857	857	857
Unsubsidized Perkins Loans	0	0	4,113
TEACH Grants[4]	111	116	87
Subtotal, New Student Loans[5]	106,319	107,406	117,119
Total	141,261	143,279[6]	154,925

NOTE: Detail may not add to total aid available due to rounding.

[1] Shows total aid generated by Department programs, including Perkins Loan capital from institutional revolving funds, and institutional and State matching funds.

[2] Aid available under the Iraq and Afghanistan Service Grants program is projected at $257,000, $225,000, and $268,000, respectively, for FYs 2012, 2013 and 2014.

[3] The 2014 Budget request proposes to create the Presidential Teaching Fellows program, which would provide grants to States to fund scholarships for students planning to teach in high-need areas and high-need subjects.

[4] For budget and financial management purposes, this program is operated as a loan program under the Federal Credit Reform Act of 1990.

[5] Does not include loans issued to consolidate existing loans, which total $36,000 million in 2012, $27,000 million in 2013, and $27,900 million in 2014.

[6] Excludes 0.612 percent across-the-board increase provided in P.L. 112-175.

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Number of Student Aid Awards

(in thousands)

	2012	2013	2014
Pell Grants	8,965	9,171	9,373
Supplemental Educational Opportunity Grants	1,584	1,584	1,584
Federal Work-Study	697	697	809
Iraq and Afghanistan Service Grants	[1]	[1]	[1]
Presidential Teaching Fellows	0	0	15
New Student Loans:			
Stafford Loans	9,911	8,941	9,153
Unsubsidized Stafford Loans	10,924	10,973	11,420
PLUS Loans	1,347	1,291	1,318
Perkins Loans	461	461	461
Unsubsidized Perkins Loans	0	0	751
TEACH Grants	37	39	30
Subtotal, New Student Loans [2]	22,680	21,705	23,133
Total new awards	33,924	33,156	34,914

NOTE: Detail may not add to Total due to rounding.
[1] Denotes number of recipients will be fewer than 1,000.
[2] Does not include loans issued to consolidate existing loans.

Number of Postsecondary Students Aided by Department Student Aid Programs

	2012	2013	2014
Unduplicated Count (in thousands)	13,941	14,256	14,694

PROGRAM PERFORMANCE INFORMATION

Performance Measures

This section presents selected program performance information, including, for example, GPRA goals, objectives, measures and performance targets and data; and an assessment of the progress made toward achieving program results. Achievement of program results is based on the cumulative effect of the resources provided in previous years and those requested in fiscal year 2014 and future years, as well as the resources and efforts invested by those served by this program.

Because Federal student assistance grant and loan programs rely on the same program data, performance indicators and strategies that apply to these programs are grouped here in the

Student Aid Overview. They are not repeated in justifications for the **Student Financial Assistance**, or **Teacher Education Assistance Overview** programs accounts, or in the **Student Loans Overview**.

Goal: To help ensure access to high-quality postsecondary education by providing financial aid in the form of grants, loans, and work-study in an efficient, financially sound, and customer-responsive manner.

Objective: *Ensure that low- and middle-income students will have the same access to postsecondary education that high-income students do.*

Measure: College enrollment rates: Postsecondary education enrollment rates will increase each year for all students, while the enrollment gap between low- and high-income and minority and non-minority high school graduates will decrease each year.

Targets and Performance Data

The percentage of high school graduates aged 16-24 enrolling immediately in college following high school.

Year	**Target:** Total Percentage Enrolled	**Actual:** Total Percentage Enrolled
2009	68.00	70.10
2010	68.00	68.10
2011	68.00	68.20
2012	68.00	
2013	68.00	
2014	TBD	

Year	**Target:** Difference in the percentage of **low- and high-income high school graduates** ages 16-24 enrolling immediately in college	**Actual:** Difference in the percentage of **low- and high-income high school graduates** ages 16-24 enrolling immediately in college
2009	26.25	30.30
2010	26.00	31.50
2011	25.75	28.90
2012	25.50	
2013	25.25	
2014	TBD	

Measure: College enrollment rates: Postsecondary education enrollment rates will increase each year for all students, while the enrollment gap between low- and high-income and minority and non-minority high school graduates will decrease each year. (Continued)

Targets and Performance Data
The percentage of high school graduates aged 16-24 enrolling immediately in college following high school.

Year	**Target:** Difference in the percentage of **Black and White high school graduates** ages 16-24 enrolling immediately in college	**Actual:** Difference in the percentage of **Black and White high school graduates** ages 16-24 enrolling immediately in college
2009	6.75	8.80
2010	6.50	4.00
2011	6.25	4.80
2012	6.00	
2013	5.75	
2014	TBD	

Year	**Target:** Difference in the percentage of **Hispanic and White high school graduates** ages 16-24 enrolling immediately in college	**Actual:** Difference in the percentage of **Hispanic and White high school graduates** ages 16-24 enrolling immediately in college
2009	9.75	10.30
2010	9.50	7.80
2011	9.25	5.90
2012	9.00	
2013	8.75	
2014	TBD	

Additional Information: Overall enrollment rates in postsecondary education following high school surpassed its goal metric for the fourth consecutive year (since 2008, not shown). Despite this, the difference between low- and high-income students who enrolled after high school has remained well above its target metric, although the gap closed somewhat between 2010 and 2011 – from 31.5 to 28.9 percentage points. The Administration hopes that its focus on college affordability articulated through program change and support levels in the 2014 Budget will help these students have the financial means, and encourage them – and other students like them – to complete their academic training.

Additional Information (continued)**:** The sharp reduction in the difference between Black and White high school graduates enrolling in college immediately after high school that occurred in 2010 – when it dropped from 8.8 to 4.0 percentage points – was maintained in 2011 (at 4.8 percentage points). The difference in the equivalent statistic for Hispanics of any race and White non-Hispanic students has decreased dramatically over the last 3 years, from 10.3 percentage points in 2009, to 7.8 in 2010, and finally to 5.9 in 2011. Both measures surpassed their target metrics in both 2010 and 2011, and the difference between Hispanics of any race and White non-Hispanics surpassed its target in 2009, as well.

Data on these measures is collected through the Graduation Rate Survey (GRS) conducted as part of the annual Integrated Postsecondary Student Aid Study (IPEDS). Fiscal year 2012 data will be available in early 2014.

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Objective: *Ensure that more students will persist in postsecondary education and attain degrees and certificates.*

Measure: Graduation rate: Graduation rates for all first-time, full-time, degree-seeking students in 4-year and less than 4-year programs will improve, while the gap in completion rates between minority and non-minority students will decrease.

Targets and Performance Data
The percentage of first-time, full-time degree seeking students completing within 150 percent of the normal time required.

Year	**Target:** Students completing a **4-year degree**	**Actual:** Students completing a **4-year degree**
2009	59.00	57.40
2010	60.00	58.30
2011	61.00	
2012	62.00	
2013	63.00	
2014	TBD	

Year	**Target:** Students completing a **less than 4-year degree**	**Actual:** Students completing a **less than 4-year degree**
2009	39.00	29.20
2010	40.00	29.90
2011	41.00	
2012	42.00	
2013	43.00	
2014	TBD	

Measure: Graduation rate: Graduation rates for all first-time, full-time, degree-seeking students in 4-year and less than 4-year programs will improve, while the gap in completion rates between minority and non-minority students will decrease.

Targets and Performance Data
The percentage of first-time, full-time degree seeking students completing within 150 percent of the normal time required.

Year	**Target:** Difference in the percentage of **Black and White first-time, full-time students** completing a 4-year degree within 150 percent of the normal time required	**Actual:** Difference in the percentage of **Black and White first-time, full-time students** completing a 4-year degree within 150 percent of the normal time required
2009	17.50	21.70
2010	17.00	22.00
2011	16.70	
2012	16.50	
2013	16.25	
2014	TBD	

Year	**Target:** Difference in the percentage of **Hispanic and White first-time, full-time students** completing a 4-year degree within 150 percent of the normal time required	**Actual:** Difference in the percentage of **Hispanic and White first-time, full-time students** completing a 4-year degree within 150 percent of the normal time required
2009	11.00	12.10
2010	10.50	11.40
2011	10.00	
2012	9.50	
2013	9.00	
2014	TBD	

Measure: Graduation rate: Graduation rates for all first-time, full-time, degree-seeking students in 4-year and less than 4-year programs will improve, while the gap in completion rates between minority and non-minority students will decrease.

Targets and Performance Data
The percentage of first-time, full-time degree seeking students completing within 150 percent of the normal time required.

Year	**Target:** Difference in the percentage of **Black and White first-time, full-time students completing a less than 4-year program** within 150 percent of the normal time required	**Actual:** Difference in the percentage of **Black and White first-time, full-time students completing a less than 4-year program** within 150 percent of the normal time required
2008	6.10	5.90
2009	6.00	4.80
2010	5.80	4.20
2011	5.70	
2012	5.50	
2013	TBD	

Year	**Target:** Difference in the percentage of **Hispanic and White first-time, full-time students completing a less than 4-year program** within 150 percent of the normal time required	**Actual:** Difference in the percentage of **Hispanic and White first-time, full-time students completing a less than 4-year program** within 150 percent of the normal time required
2008	1.70	2.80
2009	1.50	1.50
2010	1.30	3.90
2011	1.10	
2012	1.00	
2013	TBD	

Additional Information: From 2009 to 2010, there were slight increases to overall completion rates within 150 percent of the normal time for both 4-year (from 57.4 to 58.3 percent) and less than 4-year (from 29.2 to 29.9 percent) degree programs. Additionally, there was a decrease in the completion rate gaps between Hispanic and White students at 4-year degree programs (0.7 percent), and between Black and White students at less than 4-year degree programs (0.6 percent).

Additional Information (continued)**:** In fact, in both 2009 and 2010, Hispanic students completed degree programs within 150 percent of the normal time at less than 4-year programs at a higher rate than White students (30.8 to 29.3 percent in 2009; 33.4 to 29.5 percent in 2010). (Digest of Education Statistics 2011, Table 345)

The difference between Black and White students at 4-year degree programs increased somewhat (from 21.7 to 22.0 percent). The gap in completion rates for Hispanics and White non-Hispanics at less than 4-year programs was higher, increasing from 1.5 to 3.9 percent. This contrasts with the slight increase in Hispanic completion rates at 4-year programs. The Department is reassessing out-year targets for some measures based on prior year data.

Data on these measures is collected through the Graduation Rate Survey (GRS) conducted as part of the annual Integrated Postsecondary Student Aid Study (IPEDS). Fiscal year 2011 data will be available in early 2013.

Program Improvement Efforts

The Department is exploring ways to gather detailed program and student outcome data that will support program-specific measures, as well as provide reliable indicators of program effectiveness. The fiscal year 2014 Budget includes funds under the Institute of Education Sciences to help States develop student-level data that could support the development of these measures for the student aid programs. The Budget also includes $67 million in new funds for research and development to investigate the effectiveness of a dual enrollment proposal in the Federal student aid programs, which would enable students to earn college credit while still in high school, and $9 million for the Office of Federal Student Aid to improve data collection in the National Student Loan Data System.

Efficiency Measures

The Department is reassessing the appropriate efficiency measures for the individual student financial aid programs. The results of this reassessment will reflect proposed program changes and be incorporated into future budget requests.