Department of Education

STUDENT AID OVERVIEW

Fiscal Year 2017 Budget Request

CONTENTS

Federal Student Aid Programs

(Higher Education Act of 1965, Title IV)

(dollars in thousands)

FY 2017 Authorization: Indefinite

Budget Authority:

	2016	2017	Change
Grants and Work Study:			
Pell Grants			
Discretionary funding	$22,475,352	$22,475,352	0
Mandatory funding	5,804,441[1]	7,629,000[1,2]	+$1,824,449
Subtotal, Pell Grants	28,279,793	30,104,352	+1,824,449
Federal Supplemental Educational Opportunity Grants	733,130	733,130	0
Federal Work Study	989,728	989,728	0
Iraq and Afghanistan Service Grants	453	0[2]	-453
TEACH Grants	12,412[3]	12,306[3]	-106
Total, Grants and Work-Study	1,735,723	1,735,164	-599
Net Loan Subsidy, Loans[4]			
Federal Family Education Loans (FFEL)	-1,074,690[5]	0	+1,074,690
Federal Direct Student Loans	-671,627[6]	-8,292,464	-7,620,837
Federal Perkins Loan Program	0	-640,312	-640,312[7]

NOTE: Table reflects discretionary and mandatory funding.

[1]Amounts appropriated for Pell Grants for 2016 and 2017 include mandatory funding provided in the Higher Education Act, as amended, to fund both the base maximum award and add-on award.

[2]Reflects Budget policy to move the Iraq and Afghanistan Service Grant program into the Pell Grant program.

[3]TEACH Grants is operated as a credit program. Amounts reflect the new loan subsidy, or the net present value of estimated future costs.

[4]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. Negative subsidy is reported (as negative outlays) to a negative subsidy receipt account.

[5]Budget authority for FFEL does not include the FFEL Liquidating account. Amount for 2016 reflects a net downward reestimate of $1,226,278 thousand due primarily to updated deferment assumptions.

[6]Amount for 2016 includes a net upward reestimate of $7,693,290 thousand, primarily due to updated interest rate assumptions and changes to the income-driven repayment model and plans.

[7]Amount for 2017 reflects the Budget proposal to reform and modernize Perkins Loans as a mandatory credit program; the request shows the net present value of estimated future costs of the estimated 2017 loan cohort.

FY 2017 BUDGET PROPOSAL

The Federal student aid programs provide grant, loan, and work-study assistance to help students afford a postsecondary education, which is one of the most important investments America can make in its future. These funds enable millions of Americans to obtain the significant and lifelong benefits of a higher education. The Administration is proud of its record and historic investments in higher education. Since 2009, the Administration has increased the maximum Pell Grant by more than $1,000, and created the American Opportunity Tax Credit, worth $10,000 over 4 years of college. It has cut student loan interest rates, saving students up to $1,000 this year, and allowed more borrowers to cap their loan payments at 10 percent of their income through the President's Pay As You Earn and related income-driven repayment plans.

The 2017 Budget continues on the path of helping ensure that students can attain a postsecondary credential without taking on more debt than they and their families can afford. It also supports an ongoing shift toward focusing on improving student outcomes in higher education so that both students and the Nation can thrive in the global economy. Accordingly, the fiscal year 2017 Budget includes proposals to address college access, affordability, and completion.

The request dedicates $188.1 billion to Federal student aid in fiscal year 2017, including $31 billion to Pell Grants and over $155 billion to student loans. More than 12 million students will use these resources in their efforts to complete college. In addition, the Administration is proposing new student supports and incentives that will help students to accelerate progress toward their degrees by attending school year-round and encourage students to take more credits per term, increasing their likelihood of on-time completion. Pell for Accelerated Completion restores year-round Pell Grant eligibility for full-time students who accelerate their completion and an additional $300 On-Track Pell Bonus to students who take 15 credits per semester, the course load typically required for on-time completion.

The request also expands the Administration's landmark initiative, America's College Promise (ACP)—which would support 2 years of free community college for responsible students who get good grades and stay on track to graduate. The ACP would also provide 2 years of college for new low-income students at 4-year Historically Black Colleges and Universities (HBCUs) and Minority-Serving Institutions (MSIs), including community college transfers, at zero or significantly reduced tuition. The Administration is also re-proposing other key initiatives, including simplifying the FAFSA, permanently extending the annual inflationary increase in the maximum Pell grant award, as well as rewarding colleges that successfully enroll and graduate a significant number of low-income students on time and encouraging all institutions to improve their performance.

This overview discusses the Administration's proposed package of initiatives and reforms that will not only increase aid to students, but also improve student success. Current student aid programs are described in detail under the **Student Financial Assistance** account, the **TEACH Grants** account, and the **Student Loans Overview**. The administrative costs associated with the student aid programs are presented in the **Student Aid Administration** account. **America's College Promise** and the **College Opportunity and Graduation Bonus** programs are discussed in the **Higher Education** account.

STUDENT AID OVERVIEW

The United States has long been a global leader in postsecondary education, but recently this advantage has slipped. According to the Organisation for Economic Co-operation and Development (OECD) in its annual "Education at a Glance," the U.S. ranks 6th among OECD and partner countries in terms of the proportion of 25–64 year olds with postsecondary attainment, but ranks 13th in the same category among those aged 25–34. There is a significant opportunity gap as well. While half of Americans from high-income families hold a bachelor's degree by age 25, just 1 in 10 people from low-income families attain that level of education. Moreover, regardless of income status, high-school graduates that enroll in college too often fail to finish: barely half will complete their degree in a reasonable time at 4-year institutions; and at 2-year schools it's only about a third.

Student Aid Reform Proposals

In remarks provided by then-Secretary Arne Duncan in July 2015, at the University of Maryland, Baltimore County, the Administration doubled down on its efforts toward a new higher education focus on degree completion, in addition to college access and affordability. Citing the fact that borrowers who drop out of college face a three times greater risk of defaulting on their student loans compared with those who graduate, he stated that "we must shift incentives at every level to focus on student success, not just on access."

In line with this call, the 2017 Budget proposes key reforms to make that vision a reality by providing institutional and student supports and incentives for on-time and accelerated degree attainment, making college more affordable, student aid more accessible, and student loan repayment easier, as well as protecting students and taxpayers.

Promoting College Completion

Pell for Accelerated Completion

Currently, full-time students who want to accelerate their studies, but exhaust their Pell Grant eligibility during an award year, are unable to receive Pell aid for additional coursework during an institution's academic calendar—such as a summer semester. The Budget proposes to **reinstate year-round Pell Grant eligibility, allowing students the opportunity to earn a third semester of Pell Grant funding during an academic year** if they have already completed a full-time course load of 24 credit hours. Eligible students will be able to receive up to 150 percent of their regular Pell Grant award, allowing students to complete their degrees on time or faster.

On-Track Pell Bonus

Under current law, a student who is enrolled in 12 credit hours (or the equivalent) during a term is considered full-time for Federal student aid purposes and is eligible for a maximum Pell grant. Assuming two standard terms during a Pell Grant award year, students pursuing a 2-year/4-year degree and enrolled at 12 credit hours per term cannot graduate within 2/4 years and those who take more credits within the same academic year cannot obtain more Pell aid. To **bolster incentives for students to complete on-time,** the Budget proposes to provide an additional $300 Pell bonus award, effectively increasing the Pell Grant maximum award to $6,235 for recipients who take 15 credit hours per semester in an academic year. Finishing on-time or faster means more students will complete their education at a lower cost and likely with less student debt. The Budget also proposes to strengthen academic progress requirements in the Pell Grant program to encourage students to complete their studies on time.

College Opportunity and Graduation Bonus

The proposed College Opportunity and Graduation Bonus will provide grants to **reward colleges that successfully enroll and graduate** a significant number of **low-income students on time** and encourage all institutions to improve their performance.

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

Some of the roughly 6,500 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, Federal Work-Study, and Federal Perkins Loan programs. While all schools are eligible to participate in the campus-based aid programs, antiquated statutory formulas with stringent hold-harmless provisions have resulted in institutions receiving allocations that reward them for high tuition prices, do not reflect the population of Pell-eligible students attending the institutions, and fail to consider whether the institutions are a good value for students. The President's 2017 Budget proposes **to reform Federal allocations in the campus-based programs** to target those institutions that **enroll and graduate** higher numbers of Pell-eligible students, and **offer affordable and quality education and training** such that graduates can obtain employment and repay their educational debt.

Making College More Affordable and Accessible

America's College Promise

America's College Promise will help ensure all Americans have the opportunity to pursue and succeed in higher education, with **a goal of making 2 years of college as universal as high school**. This proposed grant program will provide funding to States that agree to waive tuition and fees for responsible students in high-quality programs at community colleges, increase their own investment through matching funds, allocate a significant portion of State funding based on performance, and undertake a set of key reforms to help more students complete at least 2 years of college. America's College Promise will also provide grants to 4-year HBCUs and MSIs to offer new low-income students, including community college transfers, with up to 2 years of college at zero or significantly reduced tuition.

The Budget would provide $61 billion in mandatory outlays over 10 years to this program. Reflecting America's higher education model of shared responsibility, everyone will have to do their part: 1) States must invest more in public higher education and training; 2) participating community colleges, HBCUs, and MSIs must adopt promising and evidence-based institutional reforms to improve student outcomes; and, 3) students must take responsibility for their education, attend at least half-time, earn good grades, and stay on track to graduate

Protecting Pell Grants

Pell Grants are considered to be the foundation of a student's financial aid package, to which other forms of aid are added. This Budget would fully fund the Pell program in 2017, with a maximum award of $5,935 in award year 2017–2018 (effectively $6,235 for those taking 15 credit hours per semester), and **protect the value of Pell Grants from eroding** due to the expiration of indexing set to occur in award year 2018-19 and beyond. To this end, the Budget proposes **to continue indexing the Pell Grant program permanently for inflation**. The Budget also proposes moving the Iraq and Afghanistan Service Grant program into the Pell Grant program to avoid further award reductions as a result of sequestration and ensure our veterans' children receive a full, non-sequestered aid award.

Second Chance Pell

The Budget proposes to reinstate access to Pell Grant aid for eligible incarcerated students in Federal and State penal institutions. Under this proposal, incarcerated individuals who otherwise meet Title IV eligibility requirements and are eligible for release could access Pell Grants to pursue postsecondary education and training. Research published in 2013 from the RAND Corporation titled "Evaluating the Effectiveness of Correctional Education" suggests that inmates who participate in correctional education programs have (1) lower odds (43 percent) of recidivating and (2) higher odds (13 percent) of obtaining employment post-release than those who do not participate in correctional education. This proposal will increase access to high-quality educational opportunities and **help incarcerated individuals successfully transition out of prison with the goals of helping them get jobs, support their families, turn their lives around, and strengthen their communities.**

FAFSA Simplification

The Department of Education has taken administrative steps to improve the Federal financial aid process. Today, more than 99 percent of the Free Application for Federal Student Aid (FAFSA) applications are submitted online. The online FAFSA uses skip-logic, which allows applicants to skip questions that do not pertain to them, to expedite completion. On average, students complete the online FAFSA in approximately 20 minutes, one third of the time it took 7 years ago. Moreover, among 2014-2015 applicants that had filed their taxes, 58 percent of independent students and 46 percent of parents of dependent students, or over 6 million students and parents, had used the IRS Data Retrieval Tool (DRT), which allows students and parents to access and automatically transfer their IRS tax return information into the FAFSA.

In September 2015, President Obama announced significant changes in the process for filing FAFSAs starting in the 2017-2018 award year. Applicants will be able to access and submit the FAFSA for the 2017-2018 award year starting in October 2016, 3 months earlier than the current process would allow. In addition, applicants will submit "prior-prior" income information, meaning that 2015 income information, already available in October through the data retrieval tool, will be used to inform aid decisions for the 2017 award year. Both of these changes will streamline the student aid process and provide families with an earlier picture of their aid eligibility.

Despite these improvements, the FAFSA requires some applicants to complete over 100 questions to determine their eligibility for Federal student aid, and this complexity discourages many eligible students from applying for aid: An estimated 2 million students who would have qualified for a Pell Grant failed to complete the application. The FAFSA could be made more understandable and easier for applicants to complete by removing data elements pertaining to assets and additional types of income, and by relying primarily on information readily available in Federal tax returns. That is why the President's 2017 Budget proposes **additional and significant FAFSA simplification** by removing questions regarding savings, investments, and net worth, which rarely affect the actual aid award but significantly lengthen the application for some families. Additionally, untaxed income and exclusions from income data that are not reported to the IRS would no longer be collected. To prevent resulting decreases of aid awards, the Budget also proposes **adjustments to the Expected Family Contribution** for certain categories of applicants.

Perkins Loan Program Modernization and Expansion

The Budget proposes to modernize and expand the Perkins Loan program into a new Unsubsidized Perkins Loan program which would provide $8.5 billion in loans annually, allocating lending authority among institutions on the basis of the extent to which institutions **enroll and graduate higher numbers of Pell-eligible students**, and **offer affordable and quality education** such that graduates can repay their educational debt. This new program would replace the current program, which was recently reauthorized through the end of September 2017, and would be in effect for the 2017-18 school year. When fully implemented, the new Perkins loan program **would provide eight and a half times the current Perkins loan volume and expand institutional participation** by up to an additional 2,900 postsecondary institutions.

The Department would administer the new Perkins Loan program as a direct loan program; however, institutions would continue to have discretion over awarding aid to students. Modernizing and expanding the program would give more students increased access to Federal student loans that carry important protections and benefits, including income-based repayment plans and loan forgiveness options.

Making Student Loan Repayment Easier

Reform and Streamline Repayment Plan Options

Since President Obama took office, the Administration has improved and expanded the protections of income-based repayment plans through both legislative changes and administrative actions. Today, all existing Direct Loan student borrowers can limit the amount of their loan payments to 10 percent of their income, and those payments are limited to 20 years (25 years for some graduate borrowers).

In addition, the Office of Federal Student Aid has conducted, and continues to implement, significant outreach efforts to inform student loan borrowers of their repayment options, including the protections of Pay As You Earn (PAYE) and related repayment plans. This effort has paid off—participation in income-based repayment plans has more than doubled over the past 2 years.

Despite these efforts, choosing and enrolling in the right repayment plan is complicated by the numerous repayment plans authorized and required by law to be offered to borrowers. Thus, the Administration continues to seek to work with Congress to create a single, simple, and better targeted income-driven repayment plan.

The 2017 Budget would **reform and streamline PAYE and related repayment plans to ensure that program benefits are better targeted** and **safeguard the program for the future by protecting against institutional practices that may further increase student indebtedness.** The proposal would create a single PAYE plan for loans originated on or after July 1, 2017, similar to the Revised PAYE (REPAYE) plan. This would simplify borrowers' experience and allow for easier selection of a repayment plan, while reducing program complexity and targeting benefits to ensure program effectiveness. Students who borrowed their first loans prior to July 1, 2017, would continue to be able to select among the existing repayment plans for loans borrowed to fund their current course of study, though loans they borrow for future degrees would be under the new terms. A single PAYE plan would:

- Calculate loan payments at 10 percent of discretionary income, and eliminate the standard repayment cap, requiring high-income, high-balance borrowers to pay an equitable share of their earnings as their incomes rise;
- Forgive the remaining loan balance after 20 years of qualifying payments for borrowers with only undergraduate debt, and after 25 years for borrowers with graduate debt, to ensure that high-debt graduate borrowers, who may have higher incomes later in the repayment period, are more likely to repay their debts;
- Calculate payments for married borrowers filing separately on the combined household Adjusted Gross Income to ensure that married couples' payments are based on their true ability to pay;
- Cap the amount of interest that can accrue when a borrower's monthly payment is insufficient to cover the interest to avoid ballooning loan balances;
- Cap Public Sector Loan Forgiveness (PSLF) at $57,500 to protect against institutional practices that may further increase student indebtedness, while ensuring the program provides generous relief for students committed to public service; and
- Prevent payments made under non-income driven repayment plans from being applied toward PSLF to prevent gaming of repayment amounts as an individual's earnings rise.

<u>Strengthen and Streamline Teacher Loan Forgiveness</u>

The Administration is committed to ensuring that all students, especially those in high-need schools, have access to effective teachers. To meet this commitment, we must attract more talented people into the teaching profession, and reward them for **the hard, daily work of improving student learning outcomes in our lowest-performing schools**.

The Budget proposes to expand and increase teacher loan forgiveness, starting in 2021. This proposal would simplify existing postsecondary assistance available to teachers, such as TEACH grants and the current teacher loan forgiveness program, by consolidating them into a single, more generous loan forgiveness program, incentivizing more individuals to teach in our neediest schools and encouraging them to stay on the job.

Current programs have either entirely back-loaded benefits (teachers are eligible for a lump sum forgiveness after 5 years of teaching) or entirely front-loaded benefits (grants that may convert to loans if students fail to fulfill a 4-year teaching requirement) and have proved insufficient to incentivize individuals to join and remain in the teaching profession.

The new program would reward teachers in high-need schools with forgiveness up to $10,000, while those who graduated from effective teacher preparation programs, as determined by States, would be eligible to receive up to $25,000. This new program would also reward job retention by forgiving increasing shares of student loan balances, awarded at 10 percent per year for teachers starting years 2-3, 20 percent for starting years 4-5, and 40 percent for starting year 6.

Protect Students and Taxpayers

The Budget proposes several reforms aimed at ensuring student aid dollars are spent prudently. The Budget proposes to include all Federal educational aid programs, including Department of Defense Tuition Assistance and Department of Veterans Affairs GI Bill Benefits, in the 90/10 calculation as part of the administration of Title IV Federal student aid at proprietary (for-profit) institutions. This proposal will discourage aggressive, and sometimes predatory and deceptive, marketing and recruitment of veterans and servicemembers who receive non-Title IV educational aid. Currently, for institutions participating in Federal student aid programs, no more than 90 percent of revenue can come from Federal student loans and grants. Additionally, the budget proposes to revert the 90 percent benchmark back to the original 85 percent in the calculation. The intent of this requirement is simple: quality for-profit institutions should be able to secure funding that is not solely from the Federal Government and show that they are able to bring in paying customers willing to spend their own funds. The Budget also will prevent additional Pell disbursements to recipients who repeatedly enroll and obtain aid but do not earn any academic credits.

STUDENT AID PROGRAMS OUTPUT MEASURES

Aid Available to Students
(dollars in millions)

Output Measures	2015	2016	2017
Pell Grants	$28,529	$28,283	$30,975[1]
Supplemental Educational Opportunity Grants	925	925	925
Federal Work Study	1,125	1,125	1,125
Iraq and Afghanistan Service Grants	0.410	0.477	0[2]
New Student Loans:			
Stafford Loans	23,658	23,162	23,507
Unsubsidized Stafford Loans	51,583	52,457	55,483
Parent PLUS Loans	11,372	12,133	12,812
Grad PLUS Loans	8,591	9,166	9,834
Perkins Loans	1,172	872	872
Unsubsidized Perkins Loans	0	0	4,113
TEACH Grants[3]	87	88	96
Subtotal, New Student Loans	96,463[4]	97,878[4]	106,717[4]
Total	127,043	128,212	139,744

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

Shows total aid generated by Department programs, including Perkins Loan capital from institutional revolving funds, and institutional matching funds generated by the SEOG and Work-Study programs.

[1]Aid available for the Iraq and Afghanistan Service Grant (IASG) program is displayed as part of the Pell Grant program, reflecting Budget policy to move IASG into the Pell Grant program.

[2]Aid available under the IASG program is projected at $0.572 million for fiscal year 2017.

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

[4]Excludes loans issued to consolidate existing loans (Consolidation Loans), which total $45,967 million in 2015, $48,841 million in 2016, and $48,420 million in 2017.

STUDENT AID OVERVIEW

Number of Student Aid Awards
(in thousands)

Output Measures	2015	2016	2017
Pell Grants	7,670	7,679	7,719
Supplemental Educational Opportunity Grants	1,547	1,547	1,547
Federal Work-Study	674	674	674
Iraq and Afghanistan Service Grants	N/A[1]	N/A[1]	N/A[1]
New Student Loans:			
Stafford Loans	7,297	7,068	7,157
Unsubsidized Stafford Loans	9,191	9,105	9,454
Parent PLUS Loans	900	958	990
Grad PLUS Loans	522	546	574
Perkins Loans	539	401	401
Unsubsidized Perkins Loans	0	0	714
TEACH Grants	30	31	31
Subtotal, New Student Loans	18,480[2]	18,109[2]	19,322[2]
Total	28,370	28,009	29,261

NOTE: Detail may not add to Total due to rounding.

[1] N/A denotes number of recipients will not exceed 1,000.
[2] Excludes loans issued to consolidate existing loans.

Number of Postsecondary Students Aided by Department Student Aid Programs

	2015	2016	2017
Unduplicated Count (in thousands)	11,974	11,833	12,078

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 2017 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 and are not repeated in justifications for the **Student Financial Assistance** or **TEACH Grants** program 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.

Submeasure: The percentage of high school graduates ages 16-24 enrolling immediately in college following high school.

Year	Target: Total Percentage Enrolled	Actual: Total Percentage Enrolled
2012	68%	68.2%
2013	68	66.2
2014	68	
2015	68	
2016	68	
2017	68	

Year	Target: Percentage point difference between high-income and low-income high school graduates ages 16-24 enrolling immediately in college	Actual: Percentage point difference between high-income and low-income high school graduates ages 16-24 enrolling in college
2012	25.75%	29.80%
2013	25.25	33.00
2014	25.00	
2015	24.75	
2016	24.50	
2017	24.50	

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.

Submeasure: The percentage of high school graduates ages 16-24 enrolling immediately in college following high school.

Year	Target: Percentage point difference between White and Black high school graduates ages 16-24 enrolling immediately in college	Actual: Percentage point difference between White and Black high school graduates ages 16-24 enrolling immediately in college
2012	6.25%	9.30%
2013	6.00	12.30
2014	5.75	
2015	5.50	
2016	5.25	
2017	5.25	

Year	Target: Percentage point difference between White and Hispanic high school graduates ages 16-24 enrolling immediately in college	Actual: Percentage point difference between White and Hispanic high school graduates ages 16-24 enrolling immediately in college
2012	9.00%	4.60%
2013	8.75	9.00
2014	8.50	
2015	8.25	
2016	8.00	
2017	8.00	

Additional information: In 2013, the overall enrollment rate in postsecondary education following high school fell slightly below the target goal of 68.0 percent, to 65.9 percent. In 2011, this metric slightly exceeded its goal, but has since declined for 2 consecutive years. The gap between high- and low-income students who enrolled immediately in college after high school grew slightly in 2013 by 3.2 percentage points, while exceeding the target goal of 25.5 percentage points by 7.75 percentage points. The Department believes its commitment to the Student Financial Assistance programs will continue to encourage and allow more low-income students to enroll in college—and provide them the means to remain in school—than would be the case in the absence of the Federal student financial assistance programs.

The gap between White and Black high school graduates enrolling in college immediately after high school continued to increase in 2013 when compared to the previous year, and consequently, continued to exceed the declining target goal for 2013. In 2013, 68.8 percent of White students enrolled in college immediately after high school, as compared to 56.5 percent of Black students. This gap of 12.3 percentage points is higher than the 9.0 percentage points observed in 2012.

Similarly, the gap between White and non-White Hispanic high school graduates who enroll immediately in college continued to increase in 2013. In 2012, the gap was 4.60 percentage points and well below the target of 9.00 percentage points; in 2013, the gap was 9 percentage points and only slightly higher than the target goal of 8.75 percentage points. The Department remains committed to furthering equal educational opportunity, and will continue to pursue policies to support this important goal.

Data for the measures is taken from the Digest of Education Statistics, published annually by the National Center for Education Statistics. Fiscal year 2014 data will be available in early 2016.

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

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

Submeasure: The percentage of first-time, full-time degree seeking students graduating within 150 percent of the normal time required.

Year	Target: Students graduating with a 4-year degree within 150 percent of the normal time required	Actual: Students graduating with a 4-year degree within 150 percent of the normal time required
2012	62%	59.2%
2013	63	59.0
2014	64	
2015	65	
2016	66	
2017	66	

Year	Target: Students graduating with a less-than-4-year degree within 150 percent of the normal time required	Actual: Students graduating with a less-than-4-year degree within 150 percent of the normal time required
2012	42%	31%
2013	43	29
2014	44	
2015	45	
2016	46	
2017	46	

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

Submeasure: The percentage of first-time, full-time degree seeking students graduating within 150 percent of the normal time required.

Year	Target: Percentage point difference between White and Black first-time, full-time students graduating with a 4-year degree within 150 percent of the normal time required	Actual: Percentage point difference between White and Black first-time, full-time students graduating with a 4-year degree within 150 percent of the normal time required
2012	16.5%	22.3%
2013	16.2	22.9
2014	16.0	
2015	15.8	
2016	15.6	
2017	15.6	

Year	Target: Percentage point difference between White and Hispanic first-time, full-time students graduating with a 4-year degree within 150 percent of the normal time required	Actual: Percentage point difference between White and Hispanic first-time, full-time students graduating with a 4-year degree within 150 percent of the normal time required
2012	9.5%	10.7%
2013	9.0	11.3
2014	8.7	
2015	8.6	
2016	8.5	
2017	8.5	

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 graduation rates between minority and non-minority students will decrease.

Submeasure: The percentage of first-time, full-time degree seeking students graduating within 150 percent of the normal time required.

Year	Target: Percentage point difference between White and Black first-time, full-time students graduating with a less –than-4-year degree within 150 percent of the normal time required	Actual: Percentage point difference between White and Black first-time, full-time students graduating with a less –than-4-year degree within 150 percent of the normal time required
2012	5.5%	3.8%
2013	5.4	6.2
2014	5.3	
2015	5.2	
2016	5.1	
2017	5.1	

Year	Target: Percentage point difference between White and Hispanic first-time, full-time students graduating with a less –than-4-year degree within 150 percent of the normal time required	Actual: Percentage point difference between White and Hispanic first-time, full-time students graduating with a less –than-4-year degree within 150 percent of the normal time required
2012	1.0%	-6.3%
2013	0.9	-3.9
2014	0.8	
2015	0.8	
2016	0.7	
2017	0.7	

Additional Information: The percentage of first-time, full-time degree-seeking students graduating with a 4-year degree within 150 percent of the normal time slightly decreased from 59.2 percent in 2012 to 59 percent in 2013. Similarly, the percentage for students completing a less-than-4-year degree decreased from 31 percent in 2012 to 29 percent in 2013. The graduation rates for both 2-and-4-year degree levels observed in 2013 were below the target goals established for this measure.

Changes from 2012 to 2013 in the completion gaps for 4-year degree programs between White and Black students and between White non-Hispanic and Hispanic students were very minimal (less than 1 percentage point). The gaps observed in 2013 for both comparison groups, however, remain larger than the target goals established in 2013 and future years.

From 2012 to 2013, the difference between the percentages of White and Black students at less-than-4-year degree programs increased by 2.4 percentage points to 6.2 percentage points—outside of the goal of 5.4 percentage points. In both 2012 and 2013, Hispanic students graduated from degree programs within 150 percent of the normal time at less than 4-year programs at a higher rate than White non-Hispanic students (36.4 compared to 30.2 percent in

2012 and 36.1 to 32.2 percent in 2013). The target for this goal has been met in each of the last 3 years.

Data for the measures supporting this objective are collected through the Graduation Rate Survey (GRS) conducted as part of the annual Integrated Postsecondary Student Aid Study (IPEDS). Fiscal year 2014 data will be available in early 2016. The Department will continue to evaluate current performance measures and, where appropriate, revise these measures and goals.

Program Improvement Efforts

The Department is exploring ways to gather detailed program and student outcome data for program-specific measures that will provide reliable indicators of program effectiveness.

Efficiency Measures

The Department is reassessing the 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.