

COLLEGE AFFORDABILITY AND COMPLETION: ENSURING A PATHWAY TO OPPORTUNITY

“By 2020, America will once again have the highest proportion of college graduates in the world.”

– President Barack Obama, February 24, 2009

Creating a clear path to the middle class and ensuring our nation’s economic prosperity requires opening the doors of higher education to more Americans. Today, three-quarters of the fastest-growing occupations require education and training beyond a high school diploma. Yet nearly half the students who begin college in this country don’t finish within six years. And tuition continues to rise, putting college out of reach for the very families that need it most to join the middle class. A generation ago, America led the world in college attainment of young adults; now, we rank twelfth. The Obama administration is committed to restoring our world leadership in college completion and ensuring that every student has access to an affordable and high-quality education.

THE NEED

College offers a crucial path to greater economic security, professional fulfillment and civic engagement. Yet, over the past three decades, average tuition at a public 4-year college has increased by over 250 percent. A college credential remains an excellent investment—but the average borrower now graduates with nearly \$30,000 in debt. And too many students leave college with debt but without earning a degree.

THE GOAL

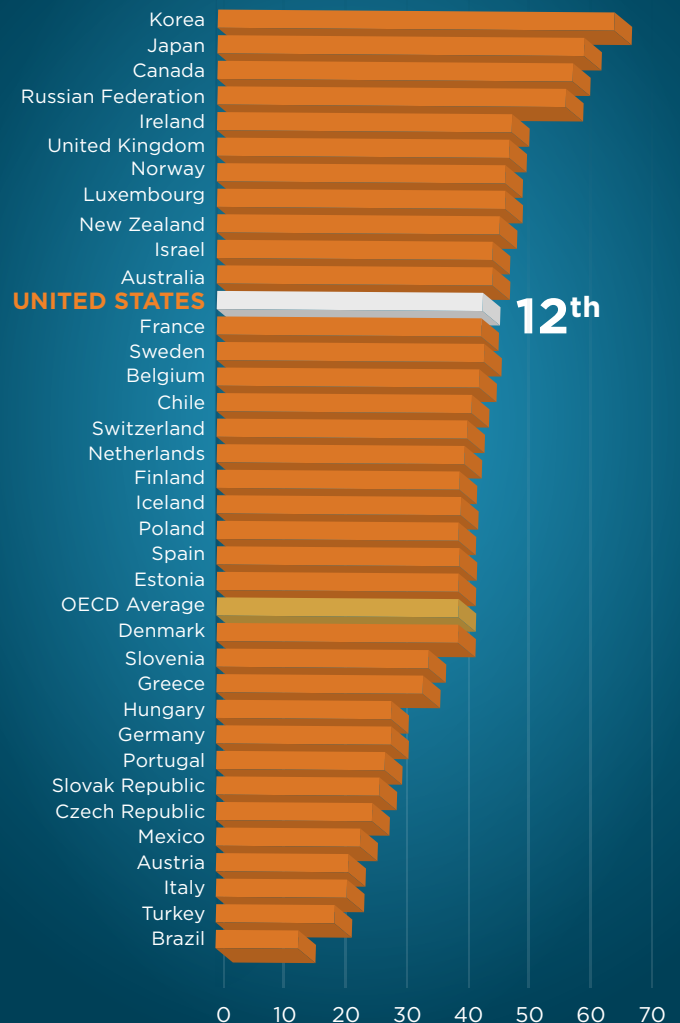
President Obama has set two ambitious goals: for all adults in America to pursue at least one year of higher education or career training, and for America to regain its role as the world leader in college completion.

THE PLAN

To place postsecondary education within reach of every American, the Obama administration is taking action to provide the resources students and families need to make good choices and afford college; bring down the cost of getting a degree; and create incentives for higher education institutions to innovate.

COLLEGE COMPLETION RATES

The United States ranks 12th in the world in the percentage of young adults with a college education.



The fiscal year 2015 budget request for higher education builds on the administration’s record of improving college affordability through historic investments that increased the maximum Pell Grant award for working and middle class families by \$1,000,

kept student loan interest rates affordable, and created the American Opportunity Tax Credit.

THE PRESIDENT'S FISCAL YEAR 2015 BUDGET PROPOSAL

Key elements in the President's budget request include:

- **College Opportunity and Graduation Bonuses (10-year budget, \$7 billion):** This program would reward colleges that successfully enroll and graduate significant numbers of low- and moderate-income students on time, and encourage all institutions to boost performance, by providing grants to institutions based on their number of on-time Pell graduates. Institutions could use these funds for expanding need-based financial aid, enhancing student instruction and support strategies, and adopting other best practices to increase college access and success for low-income students.
- **State Higher Education Performance Fund (\$4 billion):** These competitive state grants would support systemic efforts to reform and improve the performance of public higher education systems and make college more affordable, especially for low-income students.
- **First in the World (\$100 million):** Building on the 2014 competition, the budget increases funding to support innovative strategies and practices shown to be effective in improving educational outcomes and making college more affordable for students and families.
- **College Success Grants (\$75 million):** This competition would support sustainable strategies to reduce costs and improve student outcomes through awards to Historically Black Colleges or Universities and other Minority-Serving Institutions.
- **Pay As You Earn (PAYE) Expansion:** To make sure that students and families have an easy-to-understand insurance policy against unmanageable debt now and in the future, the budget proposes to extend PAYE to all student borrowers, regardless of when they borrowed. The budget also would reform PAYE to safeguard the program for the future and ensure that program benefits are targeted to the neediest borrowers.

The President's budget continues a strong commitment to the Pell Grant program and includes resources to fully fund the maximum award of \$5,830 in 2015. The proposal also reforms campus-based aid programs to promote affordability, quality and outcomes; provides \$30 million for pilot and demonstration programs; restores innovative programs' access to Pell Grants; and supports the further development and refinement of the college ratings system.

PROGRESS

Action by the Obama administration and Congress has helped millions of families afford college. The number of students able to afford college with Pell Grants has grown by 50 percent, to nearly 9 million, and the President's Pay-as-You-Earn plan expanded income-based college loan repayment to an additional 1.6 million students. The [American Opportunity Tax Credit](#) provides up to \$10,000 for four years of college tuition for families earning up to \$180,000. The administration worked with Congress to keep student loan interest rates low and is working with [colleges, nonprofits and government leaders](#) to develop innovations that improve affordability and completion.

Families also have access to better information today. Since the launch of the "[Financial Aid Shopping Sheet](#)," 2,000 institutions—enrolling almost half of all college students nationwide—have adopted this tool. The administration's "[College Scorecard](#)" also offers key facts on nearly 4,000 colleges and universities.

Today, it's faster and easier than ever to complete the simplified Free Application for [Federal Student Aid \(FAFSA\)](#). The federal "[Income-Based Repayment](#)" and "[Pay as You Earn](#)" programs are helping student borrowers manage their debt, and the U.S. Department of Education is launching [new efforts](#) so borrowers understand all of their repayment [options](#).

In addition, at a White House event in January 2014, more than 100 colleges and organizations [announced commitments](#) to expand college opportunity.



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