

COLLEGE ACCESS, AFFORDABILITY AND COMPLETION

Earning a college degree is the clearest path to the American dream and the benefits and security of the middle class—it is an economic imperative, not a luxury. But 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 and threaten our ability to meet President Obama's ambitious goal for America to have the highest proportion of college graduates in the world by the end of the decade. The Administration's landmark investments in Pell Grants, coupled with the creation of more generous tax credits and loan repayment options have helped more Americans access a college education and helped slow increases in the net price that students and families pay for college. But we cannot expect Federal student aid to keep pace with rising college costs indefinitely. Instead, we need larger reforms that address the root causes affecting college affordability, while also creating incentives to provide greater quality and value to students—a task the Federal government cannot take on alone.

The President's Budget outlines a four-part plan to jointly meet our challenges to higher education access, affordability, and completion. It would maintain the Federal investment in higher education—including the maximum Pell Grant of \$5,635—while also challenging and helping States, colleges and families meet our shared responsibility to slow the growth in tuition and fees.

1) Federal Investment: The federal government must keep doing its part to help students and families afford college through its investments in financial aid. The budget strengthens the federal government's investments in financial aid by:

- **Increasing the maximum Pell Grant Award to \$5,635**—a crucial source of support that helps nearly 10 million low-income and middle-class students access and afford higher education.
- **Making permanent the American Opportunity Tax Credit**—which provides benefits of up to \$10,000 over four years for 9 million middle-class families.
- **Doubling the number of work-study jobs**—to provide over 700,000 more positions within five years to help students support themselves during college by working.
- **Freezing student loan interest rates**—keep the interest rate on subsidized Stafford loans at 3.4 percent for 7.5 million students so that their rates will not double on July 1, 2012.

2) State Reform: State funding and policies are the biggest drivers of increased public college tuition and can make it harder for students to complete college. We need to help States pursue systemic reforms to improve affordability and quality in higher education, while also helping more low-income and first generation students access college. The President's Budget accomplishes these goals through the following investments:

- **\$1 billion for the first year of Race to the Top: College Affordability and Completion.** States have a major role to play in adopting reforms that control the cost of higher education

while also improving access and quality. The first year of the program would provide competitive grants to States with strong records of, and commitments to, increasing college affordability and quality. This initial investment would incentivize States to maintain adequate levels of funding for higher education, revamp the way States finance higher education, align entry and exit standards among K-12 education, community colleges, and universities to help students waste fewer credits and finish faster, and address other important long-term causes of cost growth. A significant portion of funds would be passed through to institutions to scale productivity reforms that can reduce costs and help students complete college faster.

- **\$150 million in funding for State access and completion initiatives.** The budget maintains mandatory funding for the College Access Challenge Grant program, which provides formula aid to States to bolster their access, persistence, and completion activities.

3) Institutional Innovation and Reform: We need to provide incentives for colleges and universities to keep costs from growing, serve low-income students well, and provide good value. We also have to foster a culture of innovation on campuses to help them meet these goals. The President's budget makes the following investments in driving reform and innovation at institutions:

- **\$55 million for a “First in the World” competition.** To improve student outcomes, we need to encourage the field to come up with innovative solutions to address the completion challenge and improve higher education productivity, build evidence of what works through rigorous evaluations, and scale up and disseminate those strategies that prove successful. This initiative, modeled after the Department's Investing in Innovation (i3) program, would direct the highest level of funding to programs with the strongest evidence base. It would also provide significant support for innovative and promising programs that are willing to undergo rigorous evaluation. The competition would include priorities for projects that demonstrate the potential to: reduce the net price paid by students; improve learning outcomes; reduce time to degree; reduce instructional costs; or other ideas that could improve college access or completion rates. It would also invest up to \$20 million for projects at minority-serving institutions. Lessons learned through this program could be scaled by States and institutions participating in Race to the Top: College Affordability and Completion.
- **Reform Campus-Based Aid to encourage value and completion.** The 2013 request seeks to expand the Campus-based aid programs—the Supplemental Education Opportunity Grant (SEOG), Federal Work Study (FWS), and the Perkins Loan Program—to make available over \$10 billion in aid to students. The President's budget would modernize the way these funds are distributed to reward institutions that demonstrate a commitment to providing their students a high-quality education at a reasonable price, and provide good value. As part of these reforms, the 2013 request includes \$150 million in additional funds for FWS to help the program focus more on institutional success in placing their students in

positions that meaningfully complement and reinforce students' educational programs or future career goals

4) Empower Students and Families: Students and families can face many non-financial barriers to college, but two in particular stand out: difficulty choosing the school that best suits their needs and getting the preparation necessary to succeed in higher education. The 2013 request would address these issues through the following activities and investments:

- **Create a “College Scorecard” for all degree-granting institutions** that will present clear information for students and families to help them choose a college that is priced affordably and that is best suited to meet their needs and help them attain their career and educational goals.

The Department's long standing support for college access and institutional support programs also continues in 2013. These investments include:

- **\$840 million for Federal TRIO Programs.** Meeting the 2020 college completion goal requires increasing the number of students who are well-prepared for college and succeed once they enroll. The TRIO programs are crucial for expanding that supply of college-ready students. These programs, which include Upward Bound and Talent Search, help low-income and first generation college students access and succeed in higher education.
- **\$302 million for GEAR UP.** This program supports early college preparation and awareness activities for schools to serve entire cohorts of low-income students. Over 725,000 students will continue to be served by the GEAR UP program, which features partnerships with local businesses and nonprofit organizations, and requires matching federal funds with local contributions to encourage program sustainability.
- **\$431 million in discretionary funding for Title III Aid for Institutional Development programs and \$109 million in discretionary funding for Title V Hispanic Serving Institution (HSI) programs.** We cannot meet the President's 2020 goal without strengthening minority-serving institutions (MSIs) and HSIs. These schools play a crucial role in the higher education sector because they enroll a sizeable number of the low-income, first generation, and minority students that are in college today. Because these students traditionally have lower graduation rates than others, it's important for us to provide institutions serving large numbers of them with the support needed to help students get through to graduation. The budget also maintains support for \$167 million in mandatory funding for Title III programs and \$112 million in mandatory funding for Title V programs.
- **\$81 million for College Pathways and Accelerated Learning.** This program would help increase graduation rates and preparation for college matriculation and success by supporting college-level and other accelerated courses and instruction in high poverty-schools. Funds

could be used to support strategies like expanding the availability of Advanced Placement and International Baccalaureate courses, implementing dual-enrollment programs that allow students to take college-level classes while in high school, and “early-college high schools” that allow students to earn a high school degree and an associate’s degree or two years of college credit simultaneously.