To create true middle-class security and to ensure our nation’s economic prosperity, the doors of higher education must be opened to more Americans. Today, three-quarters of the fastest-growing occupations require more education and training than a high school diploma. Yet the United States has one of the highest high school dropout rates in the world, and nearly half of students who begin college in this country don’t finish within six years. The Obama administration is committed to ensuring that every student has access to a complete and competitive education.

THE NEED
Post-secondary education is not just a pathway to opportunity: it is a prerequisite. It is the key to both individual success and collective prosperity in a knowledge-based economy. The United States ranks 14th in the world in college attainment rates among young adults. Just one generation ago, this country led the world in the percentage of its population who earned postsecondary degrees.

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

THE PLAN
Over the last four years, federal investments in student financial aid, including Pell grants, campus-based aid and loans, and higher education tax credits have helped to keep college affordable for America’s students and families. The President’s plan builds on this progress by continuing the administration’s commitment to improve access to postsecondary education, to increase the number of college students who earn their degrees and certificates and to better post-graduation outcomes, all while reducing costs to students and their families. The key elements of the plan include:

• Race to the Top - College Affordability and Completion ($1 billion): This initiative would provide competitive grants to states that undertake comprehensive reforms
in both higher education policies and practices that help more students attain high-quality degrees. The program also will provide incentives for states to do more to contain college costs and make it easier for students to afford a college education.

• **First in the World Fund ($260 million):** This program aims to spur cutting-edge innovations to boost postsecondary attainment rates and decrease costs, leveraging advances in the learning sciences and technology. The program will also provide new funds to test and expand strategies to help low-income high school students prepare for, attend, and succeed in two- and four-year colleges and universities.

• **Campus-Based Aid Programs ($10 billion):** The President’s plan provides funding for Supplemental Educational Opportunity Grants and Perkins Loans, as well as a $150 million increase for Federal Work Study that would put the program on track to double the number of participants over the next few years. The President’s plan also proposes changes to the funding formula of campus-based aid programs, which will recognize and reward colleges that have a track record of serving high-need students well, setting responsible tuition policies, and providing good value to students and families.

The President’s budget reflects the administration’s commitment to the Pell Grant program and includes sufficient resources to fully fund the maximum award of $5,785 in 2014. The plan also includes a cost-neutral proposal to align interest rates for Federal student and parent loans more closely to market rates and provide students with more affordable repayment options.

**PROGRESS**

The Obama administration is committed to empowering students to become better consumers and smarter investors. Armed with the right information, students and families can identify colleges where students are more likely to earn their degrees and certificates, pay less, and take on smaller amounts of debt. That is why the administration recently released a “College Scorecard” to help families find the postsecondary institutions where students get the best value for their money and have the best opportunities to advance their careers.

In addition, the administration has simplified the Free Application for Federal Student Aid (FAFSA) and unveiled a “Financial Aid Shopping Sheet,” which helps students to compare various aid packages and understand the aid for which they qualify. The administration’s “Income-Based Repayment” and “Pay as You Earn” programs also assist student borrowers in managing their debt, especially in the early years of repayment.

The administration also led the effort to eliminate waste from the federal student loan program. By cutting out banks—which represented the middleman in federal student loan programs—the federal government saved billions of dollars and redirected those funds to student aid for low-income students.

**MODELS**

While 40 states have cut funding for higher education in the past year, some states have taken on the fight of controlling costs and boosting completion, even in a tough economy. For example, in North Dakota—only one of two states that increased funding for higher education between 2008 and 2011—net price increases for college are being kept to a modest 3 percent average for four-year public universities while average net prices have decreased by 1 percent at public two-year universities.

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