

# FACT SHEET: A College Degree: Surest Pathway to Expanded Opportunity, Success for American Students

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Pursuing high-quality postsecondary education is one of the most important investments a student can make, and is the surest path to the middle class in our country. Americans with college degrees are more likely to live healthier lives, be more civically engaged in their communities, have good-paying jobs, and experience greater job security. America's students, families, and economic strength depend on a higher education system that helps everyone succeed. Achieving this goal requires making college more accessible and affordable—especially for historically underserved students—and ensuring that students graduate in a timely way with a meaningful degree that sets them up to thrive in careers and life.

That is why the Obama Administration has taken strong actions since 2009 to offset the rising costs of higher education, including expanding Pell Grants—federal financial aid offered to undergraduate students from lower-income families—and making student debt more manageable.

During a speech today at [Louisiana State University \(LSU\)](#) in Baton Rouge, Louisiana, [U.S. Secretary of Education John B. King Jr.](#), called for states, communities, and colleges to do more to improve college completion rates in America. LSU has made measurable strides in increasing enrollment and graduation rates for African-American students, as well as narrowing completion gaps between African-American students and their white peers.

"When President Obama took office, he made increasing the share of Americans with a postsecondary degree or a credential a top priority. After all, a college education means higher lifetime earnings, lower jobless rates, a competitive edge in the global marketplace—and even better long-term health," King said. "A college education helps us fulfill the promise of our Founders—that we can truly be the land of equal opportunity for all."

Over the next decade, the share of jobs requiring some level of higher education is expected to grow even more rapidly, with [11 of the 15 fastest-growing occupations](#) requiring a postsecondary education. In today's economy, higher education is a necessity for individual economic opportunity and America's competitiveness in the global economy.

- College graduates with a bachelor's degree typically earn 66 percent more than those with only a high school diploma; and are also far less likely to face unemployment.
- Over the course of a lifetime, the average worker with a bachelor's degree will earn approximately \$1 million more than a worker without a postsecondary education.

## Resources for Students

"Higher education has never mattered so much, to so many—as a means of social mobility, an engine of our economy, and a defender of our democracy. Today's average student is no longer the 18-year-old whose parents drive her up to college in a minivan stuffed with boxes. Instead, the average student may be a 24-year-old returning veteran, a 36-year-old single mother, a part-time student juggling work and college, or the first-generation college student," said Under Secretary of Education Ted Mitchell. "The faces we picture as our college hopefuls can't be limited by race, age, income, zip code, disability, or any other factor. While we have made great gains in college completion among students, we still must do better for the full cross-section of our 'new normal' college students. For all students—but for these students especially—a college degree would be life-changing."

<http://www.ed.gov/news/press-releases/fact-sheet-college-degree-surest-pathway-expanded-opportunity-success-american-students>



Helping more students graduate with high-quality degrees can change lives and strengthen the economic security of our country. In addition to giving families a clear path to the middle class, for many students earning a college degree on time is well worth the cost; students with college degrees are more likely to be employed, have good-paying jobs, and pay back their student loans on time and successfully. As the Administration works to increase college opportunity, value, and affordability, we continue to see signs of progress in expanding opportunity for low-income and disadvantaged students. Black and Hispanic students earned over 270,000 more undergraduate degrees in 2013-14 than in 2008-09. There were a million more black and Hispanic students enrolled in college in 2014 than in 2008.

Despite this progress, to meet the President's goal of leading the world in college attainment—to move from 5th to 1st among [Organization for Economic Cooperation and Development](#) countries—we need to do more. Far too many students never complete their degree—with only 60 percent of those enrolled in a bachelor's degree program completing their education. We need to do more to ensure that students from all backgrounds are entering, effectively navigating, and successfully exiting the postsecondary education system, in order to buck the trend of one in 10 Americans from low-income families completing college by age 25, compared with half of Americans from high-income families.

Through the First in the World program, the Department provided \$135 million in grants to colleges to test and validate strategies to help at-risk students to complete their degrees. The Department has also developed toolkits and resource guides to support students, schools and communities in their efforts to increase college completion rates.

- The [The Next Generation: A College Completion Toolkit for First-Generation and Non-Traditional Students](#) provides information and support for first-generation students, families, and postsecondary institutions. Developed by the [White House Initiative on Education Excellence for African Americans](#), the toolkit provides resources that ensure students receive a quality postsecondary education. Included in this toolkit is a step-by-step guide to help parents and institutions support first-generation African-American students in preparing for college admission.
- The [White House Initiative on Educational Excellence for Hispanics](#) created the [¡Gradúate! Financial Aid Guide to Success](#) in both English and Spanish. The guide provides helpful tips on filling out the Free Application for Federal Student Aid (FAFSA) and other key financial resources available to better support Hispanics, including Deferred Action for Childhood Arrivals (DACA) and students who are not U.S. citizens, in their efforts to access a postsecondary education. In addition, fact sheets on [College Access: Ensuring Equality of Opportunity for Latinos](#) and [College Completion: Ensuring Equality of Opportunity for Latinos](#) are now available. The Initiative will be releasing the ¡Gradúate! Guide 2.0 focused on college access this October.
- The [Foster Care Transition Toolkit](#) supports foster youth in pursuing college and career opportunities. The toolkit includes tips and resources intended to help foster youth access and navigate social, emotional, educational, and skills barriers as they transition into adulthood. The toolkit is aimed at helping foster youth continue to postsecondary education and set out on a career path that can offer them personal fulfillment.
- Our [Homeless Student Guidance](#) clarifies the implementation of existing and amended statutory requirements in the Every Student Succeeds Act (ESSA) for supporting homeless youth. It also recommends a range of tips and strategies for supporting all homeless secondary-age youth in completing high school and accessing postsecondary education. The guidance is complemented by a [Homeless Youth Fact Sheet](#) to inform homeless students about how to answer the pertinent FAFSA questions.
- The Department of Education's recent report, [Fulfilling the Promise, Serving the Need: Advancing College Opportunity for Low-Income Students](#), shines a light on institutions across the country that have a strong record of success when it comes to ensuring that low-income students are not just attending college, but are completing their degrees. The report highlights schools that excel in providing Pell Grant recipients with access to college, as well as schools with strong performance on measures of college success for students eligible for Pell Grants. The report is also a call to action for institutions with significant gaps between



completion rates for Pell recipients and overall completion rates, as well as to institutions that do not enroll a significant proportion of low-income students, despite positive outcomes.

We are also helping students and families make more informed choices about where to enroll with resources like the [College Scorecard](#), which provides valuable information about alumni earnings, the prices students pay to attend, and loan repayment rates. We've streamlined the federal aid application process by making the [FAFSA](#) available beginning in October, as the college application process gets underway, rather than in January, to allow students and families to apply for aid earlier. The [Financial Aid Shopping Sheet](#) allows students to make side-by-side comparisons of financial aid award offers when evaluating out-of-pocket expenses for higher education.

## Investing in Students

**In total, the Obama Administration made the largest investment in higher education funding since the GI Bill was passed in 1944.** The President raised the maximum [Pell Grant](#) by nearly \$1,000 over the course of his Administration, and, for the first time, tied the maximum amount of the award to inflation. Pell Grants [cut the cost of college](#) by about \$3,700 on average for more than 8 million students last year. In 2010, the Obama Administration made a landmark investment in the Pell Grant program through the Health Care and Education Reconciliation Act, which ended student loan subsidies for private banks and shifted more than \$60 billion in savings back to students and taxpayers.

These efforts resulted in 2 million additional Pell Grants awarded to students every year since the President took office. In addition, the Administration launched pilot programs across the country to help students get a jumpstart on their college coursework by allowing high school students to use Pell Grants to pay for college classes, and to allow eligible incarcerated Americans to receive Pell Grants to pursue postsecondary education. And, in the President's fiscal year 2017 budget, he proposed several reforms that would promote college completion, particularly for low-income students, including:

- [Pell for Accelerated Completion](#) that would allow full-time students to use their Pell awards to pay for courses year-round, including in the summer, enabling more students to complete their degrees faster and more affordably;
- [On-Track Pell Bonus](#) to create incentives for approximately 2.3 million students to successfully work toward or accelerate their progress to a degree by taking enough credits to graduate on time; and,
- [College Opportunity and Graduation Bonus](#) program 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.

President Obama increased annual aid to students by over \$50 billion from 2008 to 2016, and increased tax benefits by over \$12 billion, which helped the nation ensure more students are graduating from college than ever before. For example, the [American Opportunity Tax Credit](#) (AOTC) was established and permanently extended over this Administration to assist families with the cost of college. The program provides up to \$10,000 for four years of college tuition. In 2016, the AOTC will cut taxes by over \$1,800, on average, for nearly 10 million families.

Recognizing the power of college to transform lives, during his 2015 State of the Union address, the President unveiled his [America's College Promise](#) proposal to make two years of community college free for responsible students. The initiative would create a partnership with states to enable students to earn critical workforce skills and an associate degree or the first half of a bachelor's degree at no cost. The program will require everyone to do their part: Community colleges must strengthen their programs and increase the number of students who graduate, states must invest more in higher education and training, and students must take responsibility for their education, earn good grades, and stay on track to graduate. The President's proposal would also support four-year HBCUs and MSIs in providing low-income students with up to two years of college at no cost or significantly reduced tuition.



## Making Loans More Affordable

**The President recognizes the challenges students face in managing student loan debt. That is why, in addition to working to lower college costs, the Administration created new and expanded loan repayment options that allow students to pursue their dreams and successfully pay their loans.** With these plans, borrowers set their monthly student loan payment at an amount based on income and family size. The Administration's "[Pay as You Earn](#)" (PAYE) plan, for example, expanded [income-based repayment](#) and reduced the burden on borrowers in a fiscally responsible way. As of March 2016, income-driven repayment plans, including PAYE and its successor, the Revised Pay as You Earn (REPAYE) program, enabled approximately 5 million borrowers to take advantage of a new option to cap their loan payments at 10 percent of their discretionary monthly income, up from 700,000 borrowers in 2011. Additionally, the Obama Administration recently announced efforts to make it easier for borrowers who have committed to careers in public service to have their loans forgiven after 10 years by digitizing the [Public Service Loan Forgiveness](#) application process through a partnership with the United States Digital Service (USDS).

As more and more borrowers enroll in the Administration's new and expanded income-driven repayment plans, student loan delinquency and default rates have decreased substantially across the country and continue to trend downward.

In addition, the Administration lowered interest rates for nearly 11 million borrowers, a move that could [save a typical student](#) \$1,000 over the life of his or her loan.

In March 2015, the President underscored his vision for an affordable, quality higher education for all in a [Student Aid Bill of Rights](#) and a Presidential Memorandum outlining new actions his Administration would take to make paying for college an easier and fairer experience for more students. Since that time, the Department of Education worked to make sure [federal loan servicers are held to high standards](#) and that they [provide better information](#) and [improved customer service](#) to borrowers. The Department also [created a Student Aid Enforcement Unit](#) to respond more quickly and efficiently to complaints of higher education institutions not serving students or taxpayers well. Additionally, the Department announced new efforts in 2016 to [strengthen loan counseling](#) to help borrowers manage their debt, and the [FSA Data Center](#) began issuing quarterly updates with key data on federal financial assistance programs to inform researchers and policymakers.