Obama’s Plan to Make Colleges More Affordable

On August 22, 2013 President Obama released his plan to make colleges more affordable, which will be done by measuring college performance through a new rating system being developed by the U.S. Department of Education (Department). This rating system is intended to provide students with information to compare similar colleges in order to get the best value for an excellent post-secondary education. It will also encourage colleges to perform better to receive a higher ranking. The ratings will be based on measures such as access, affordability, and outcomes as well as additional metrics to be determined. The additional metrics will be identified through a series of hearings organized by the Department to be held around the nation asking students, state leaders, and college presidents for their input. The Department’s goal is to have this rating system available and published to the College Scorecard before the 2015 school year.

Once the rating system is established, the Administration will seek legislation through Congress in order to tie federal student aid to college performance. Through the reauthorization of the Higher Education Act, President Obama will be pursuing legislation to allocate financial aid based on the new college ranking system by 2018. Colleges and students would both reap the benefits of a high-ranked college. The President is proposing to grant students more Pell grant money and affordable student loan options to those students enrolled in a college performing high on the College Scorecard. As for the college, they will be given Pell bonuses based on the number graduates who had obtained Pell grants. The President will also seek legislation to strengthen the academic progress requirements of students receiving financial aid. One proposal is to only continue funding a student receiving financial aid who completes a certain percentage of classes. Colleges will have the opportunity to raise their ranking between the time the Scorecard is released and the 2018 implementation of the proposed legislation.

President Obama’s plan to promote innovation and competition in higher education is by asking colleges and higher education leaders to utilize new technologies and establish competency-based programs shown to increase graduation rates. He specified using MOOCs as an option to redesign coursework and to incorporate student services such as e-advising into online learning portals. The President has also proposed to create a $260 million “First in the World” fund used test and evaluate various innovative approaches colleges are using to improve student learning thereby increasing college outcomes. Also, the Department of Labor is planning to grant community colleges with an additional $500 million to promote accelerated degree pathways.

Finally, the President’s plan will attempt to help students afford their college debt by providing flexible repayment options on student loans. The Administration plans to work with Congress to establish the “Pay as You Earn” program where student borrowers can cap their federal student loan payments at 10 percent of their monthly income.