O'MALLEY

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MAKING COLLEGE DEBT FREE FOR ALL AMERICANS

Governor O'Malley believes higher education should be affordable, accessible, and accountable for all Americans. Just as the GI Bill allowed his father, a WWII bombardier, to go to law school debt-free and pursue his dreams, the next generation of Americans should have the same opportunity to attend college debt-free.

Yet today, the cost of obtaining a college degree is skyrocketing. American families are being crushed by $1.3 trillion in outstanding student loans. And in our increasingly competitive economy, attaining a college degree is more important than ever before.

This is a crisis: Unless we act now, more and more students will not be able to afford higher education at all, putting the American Dream even further out of reach.

PROPOSAL: SET A NATIONAL GOAL THAT *ALL* STUDENTS HAVE ACCESS TO A HIGH-QUALITY DEBT-FREE COLLEGE EDUCATION WITHIN 5 YEARS, ATTAINABLE AT ANY IN-STATE PUBLIC COLLEGE OR UNIVERSITY.

Provide Immediate Relief to Student Borrowers

Nearly 70 percent of U.S. students are now graduating with student debt, averaging more than $28,000 in loans. Unlike homeowners or businesses, student borrowers and their families can't refinance their loans to take advantage of lower interest rates.

- **Refinance Student Loans.** All Americans with student debt – including both students and their parents – should be able to refinance their loans at lower rates.
- **Tie Minimum Payments to Incomes.** All student borrowers should be automatically enrolled in income-based repayment plans, with loan forgiveness options. Borrowers who do not wish to use repayment plans would be able to opt out of them while those with private loans should be able to refinance into federal programs.

Stop Skyrocketing Tuition Rates

States have slashed higher education investments by an average of 20 percent per student since 2008. Colleges have used tuition increases to make up for 80 percent of lost funding.

- **Freeze Public Tuition Rates.** Governor O'Malley is calling on states to immediately freeze tuition rates.
- **Restore State Higher Education Funding.** He is also calling on states to restore investments in higher education. As president, he would partner with states, leveraging federal dollars through matching grants to encourage states to increase funding for public colleges and universities.

Reduce Tuition Costs

Almost all states have seen double or even triple digit percentage increases in tuition over the past 10 years. As a result, tuition rates at public four-year institutions are now more than 20 percent of state median income in 10 states.

- **Tie Tuition Rates to Median Incomes.** Governor O'Malley would set a national goal of reducing the cost of tuition – to no more than 10 percent of state median income at four-year public universities, and to no more than 5 percent of median income at two-year public colleges. While institutions would be challenged to maintain quality and innovate in education and teaching to cut down on costs, states would be required to maintain their own funding efforts which, along with the increased funding from the matching grant program, would ensure universities do not suffer any decrease in educational quality while meeting these goals.

Help Low- and Middle-Income Students Cover Non-Tuition Costs

Debt-free college must apply to all college costs, not just tuition. But room and board is roughly double the cost of tuition on average. This brings the total cost of attendance up to nearly $19,000 a year for in-state students at four-year public universities. And federal support has not kept pace: while Pell Grants once covered nearly 70% of the cost of college for low-income students, they now cover only a third.

- **Increase Pell Grants.** Pell Grants and state grants should be increased to cover the bulk of non-tuition costs for students who otherwise couldn't afford them.
- **Expand and Modernize Work-Study.** The need-based federal work-study program should be tripled so that at least two million students can participate. The program would be redesigned to make placements career-focused, and to better support low- and middle-income, part-time, and mid-career students. It will be essential to ensure the program hours are equitable and do not create additional economic hardship or detract from a quality education.

PROPOSAL: SET A NATIONAL GOAL OF INCREASING COLLEGE COMPLETION RATES BY 25 PERCENTAGE POINTS WITHIN 10 YEARS, AND ELIMINATING DISCREPANICES IN GRADUATION RATES BASED ON RACE AND INCOME

Partner With States and Schools to Improve Completion Rates

Fewer than 40 percent of students of all ages graduate from four-year institutions within four years. Low-income students are the least likely to graduate, with only nine percent of students from the lowest income bracket earning a bachelor's degree by the time they turned 24.

- **Give Colleges Incentives to Lead.** Matching federal grant programs and additional aid dollars should be used to encourage colleges to increase on-time graduation rates, improve education quality, and direct aid toward students who need it most.
- **Decouple Profits from Longer Completion Times.** Federal and state governments should develop new incentives to encourage colleges and universities to help ensure students graduate on time.

Support Part-Time and Mid-Career Students

Roughly six million students attend college part-time, with five million students also supporting families while pursuing their degree. Unsurprisingly, part-time students are three times more likely to drop out than full-time students.

- **Make Childcare Affordable on Campus.** A first priority for supporting this group of strivers is providing safe, high quality childcare on campus. Federal and state government should share the costs of increasing access to childcare for student parents.

Create Multiple Pathways to Graduation

Four years of classes are not always required for students to master the skills needed to enter a discipline, and many students learn better outside of the classroom. All measures should ensure access to an equal and quality education for all students at a given school, regardless of income.

- **Reduce Time to Graduation.** The federal government should encourage schools to employ competency-based education strategies, which allow students to learn at their own pace, saving both money and time.
- **Encourage Expanded Online and Blended Learning, Project-Based Learning, and Course Redesign.**

Increase College Preparedness

Although high school graduation rates are at a record-high 80 percent, one-third of high school students are unprepared for entry-level college courses.

- **Expand Access to Early College Credit.** The federal government should support innovative efforts to better prepare high schoolers for college, like expanded accelerated learning and dual-enrollment programs.
- **Expand Access to Quality College Counseling.** Better access to counseling is critical to helping lower-income and first-generation students apply for, navigate, and graduate from college, increasing college enrollment and graduation rates overall.

Hold For-Profit Colleges Accountable

Less than a quarter of students enrolled in for-profit institutions graduate, while the 11 percent of students who attend them represent almost half of all student loan defaults.

- **Set Strict Accountability Targets.** President Obama's aggressive efforts to prevent abuse, including the new gainful employment rule, should be expanded, to require colleges to meet accountability targets in recruitment, completion, and risk-sharing.