

Hillary Clinton's New College Compact *Costs won't be a barrier.*

Lifting incomes for everyday Americans is the defining economic challenge of our time. And to raise wages, there is no better investment we can make than in education. College graduates earn \$570,000 more on average in their careers than high school graduates. Graduates of community college, career training, certificate programs, and coding boot camps also earn more.

The Problem

The barriers to obtaining a degree are becoming increasingly steep. At 4-year public colleges and universities, for example, between 2004 and 2014 in-state tuition-and-fees rose 42 percent, after adjusting for inflation. The recession accelerated the trend of state disinvestment in higher education, with states spending \$1,805, or 20 percent, less per student on average than they did 7 years ago.

Colleges have responded not by tightening belts but by raising tuition, passing the costs on to students and families who must fill the gap by taking out loans. The federal government has responded by pumping more and more money into federal student aid to help fill the gap but has not done enough to address the underlying problem of rising costs.

Too little has been done to address the lack of accountability for colleges and universities that do not deliver on the promise of a degree. At 4-year public colleges, more than four out of every ten students do not graduate within six years. The statistics are even more troubling for 2-year institutions.

The New College Compact

Clinton's plan breaks down the barriers to obtaining a degree by establishing the New College Compact. The New College Compact ensures that students can attend a 4-year public college without taking loans for tuition, attend community college tuition-free, pushes states to re-invest and schools to reduce costs and raise graduation rates, and rewards innovation that makes a real difference in student outcomes.

Here is how it works:

The New College Compact Promotes College Affordability

The New College Compact will make sure cost is not a barrier to anyone who wants to receive higher education. Clinton's plan will:

- **Provide grants to states that commit to ensuring that no student should borrow for tuition and improved affordability for other costs at 4-year public colleges and universities.** States will have to halt disinvestment in higher education, ramp up that investment over time, and work with public colleges and universities to cut costs and increase innovation.
 - ✓ States will be rewarded for ensuring that no student should graduate with debt for tuition – and limiting costs for non-tuition expenses. Pell Grants are not included in

the calculation of no-debt-tuition, so Pell recipients will be able to use their grants fully for living expenses.

- ✓ States that commit to the compact will work with colleges and universities and distribute funds to meet these guarantees by lowering the cost of college on their campuses, ensuring that all funds received will be applied to instruction and learning, and improving the prospects for completion.
 - ✓ The size of federal investment for each state meeting the compact will depend on the number of in-state students enrolled in public colleges and universities, with higher grant amounts for low- and middle-income students.
 - ✓ States will be allowed a ramp-up period in which they can receive a portion of funds while adapting their levels of support and cost structure to meet this goal.
 - ✓ Families will be expected to make a realistic and simplified family contribution. Students will contribute based on wages from ten hours per week of work. But students and their families should be able to afford college without borrowing for tuition, and with lower costs for other expenses.
- **Provide tuition-free community college.** Following President Obama's plan, the New College Compact will provide tuition-free community college.
 - **Significantly cut the interest rate on student loans** so the government does not profit when students borrow to pay for living costs or for private college. This one change, if enacted today, would cut interest rates nearly in half – and reduce future interest rates. It would reduce loan payments by tens of billions of dollars in the next ten years, easing the burden on undergraduate borrowers.
 - **Support private colleges, including Minority Serving Institutions, working to improve affordability and student outcomes.** Clinton knows that in addition to public colleges, many private schools, including HBCUs, HSIs and other MSIs, help underserved students graduate and build the skills they need, including many first generation college attendees. But too many colleges struggle to keep tuition affordable and too many of their students struggle to complete their degrees. Clinton's plan provides a dedicated fund to help modest-endowment private colleges that serve a high percentage of Pell Grant recipients lower the cost of attendance and implement supports to improve outcomes for students.
 - **Provide robust educational benefits for those who serve their country.** Hillary Clinton believes our country should honor those who serve. She will work to continue to strengthen the educational benefits provided by the GI Bill and will invest in and expand opportunities for more Americans to receive educational benefits in return for national and community service.
 - **Strengthen and Protect the GI Bill's Educational Benefits:** The Post-9/11 GI Bill provides veterans who have served our country for at least three years since

September 11, 2001 with fully-paid-for tuition-and-fees at public schools, a stipend for books, and a housing allowance for cost-of-living. More than 1 million of our veterans have now benefited from the Post-9/11 GI bill. But vets need support to be sure they are not being defrauded of these benefits, have full information on the success rate of college and universities, and receive educational counseling and support along the way to complete their education.

Clinton's New College Compact will close the 90-10 loophole for-profit schools use to prey on veterans, ban schools from receiving federal student aid if they are found guilty of fraudulently recruiting students, build on the VA's effort to provide full and easy access to information on the retention rates, transfer-out rates, and graduation/program completion rates of schools serving veterans, expand the VetSuccess on Campus program to support veterans transitioning to college, and include zero tolerance for loan servicers that overcharge service members and veterans.

- **Expand AmeriCorps:** Clinton believes that if you serve your country through national and community service, you should also be awarded with educational benefits. Today, there are 75,000 people who participate in AmeriCorps by serving in communities across the country to address pressing problems through nonprofits, schools, public agencies, and community and faith-based group.

Clinton's New College Compact will expand AmeriCorps from 75,000 to 250,000 members. And it will build on the current AmeriCorps Segal education award by partnering with state and university leaders to enable volunteers who complete two years of community service and one year in a public service job to attend an in-state public college or university without having to take out loans for any expenses or to have their loans forgiven upon completion of their service commitment.

- **Make income-based repayment simple and broadly available** so that all students know they can enroll, and never have to repay more than they can afford.
- **Extend the American Opportunity Tax Credit ensuring that middle-class families avoid a tax increase of up to \$2,500 per year.** Hillary Clinton's plan will permanently extend the American Opportunity Tax Credit, which now provides up to \$2,500 in tax relief for tuition and other expenses to everyday American families – including \$1,000 that is refundable and fully available for lower-income families. If the AOTC expires as scheduled after 2017, up to 11 million American families trying to pay for college could see tax increases.

The New College Compact Promotes College Completion

The New College Compact will change the trajectory of too few students completing college and too few low- and middle-income students enrolling in the first instance. Clinton's plan will:

- **Increase college enrollment** by simplifying the FAFSA, providing early Pell notification and other key changes to remove barriers and obstacles to applying in the first place.

- **Push colleges to raise graduation rates.** Building on initiatives like TRIO and GEAR UP, Clinton’s plan will make new grants to the colleges and universities that invest in student support, quality child care, partnerships with early childhood providers, emergency financial aid, and other interventions proven to boost completion, especially for low-income and first-generation students.

The New College Compact Expands Educational Pathways and Rewards Innovation

Hillary Clinton knows that in addition to four-year and community college, many students are rebooting their careers and improving their economic prospects through innovative on-line programs offering badges, specializations, certificates, or Nanodegrees, as well as more traditional career and technical training programs. Clinton’s plan will:

- **Provide added support for rebooting careers and participating in lifelong learning** in fields ranging from advanced manufacturing to health care services to 12-week coding boot camps. Online coursework, when well-designed and integrated with student support services, often provides the flexibility that many students need to complete career credentials. Yet, many students cannot use federal student aid to pay for these badges, specializations, certificates, or Nanodegrees. Clinton’s plan will build on experiments allowing federal student aid to be used for high-quality career and lifelong learning programs with promising or proven records.
- **Ensure that accreditation does not stifle innovation and keep out promising new entrants – but set standards high for existing and new entrants.** Title IV funds will be a lever to ensure accreditors are open to low-cost, technology-enabled programs. But we will rigorously evaluate outcomes to make sure these programs work. We must bring integrity to online learning and will not tolerate programs that fall short.

The New College Compact Will Force Schools to Focus on Student Outcomes Rather Than Their Bottom Lines. Too many students work hard and are supported by taxpayer dollars, only to emerge without a degree, a worthless degree, or a degree weighed down by debt. Hillary Clinton’s plan will:

- **Require colleges and universities to have some skin in the game.** Too many colleges are loading up students with debt for programs that don't let them climb the economic ladder. And when things go wrong and students default on their loans, it is students and taxpayers who end up holding the bag. We need our nation’s colleges to have strong incentives to keep debt low, and they need to be penalized when their graduates are unable to repay their loans. Clinton will embrace bipartisan efforts for schools to share in the risk, such as the principles envisioned in the Student Protection and Success Act, introduced by Senators Orrin Hatch and Jeanne Shaheen. She will ensure that these efforts encourage, not discourage, enrollment in quality programs for underserved students.
- **Defend and strengthen the gainful employment rule** to ensure that for-profit schools adequately support students to complete their degrees and prepare students for work.

- **Crack down on law-breaking for-profits** by expanding support for the CFPB, FTC, DOJ, and VA to enforce laws against deceptive marketing, fraud, and other illegal practices.
- **Require transparency.** Our colleges and universities should be upfront about graduation rates, likely earnings, and likely debt, and how those metrics compare with other schools. Clinton's plan will make sure that students can shop around, rather than roll the dice.

The Cost – and How We Will Pay It

Clinton's New College Compact plan costs in the range of \$350 billion over 10 years and will be fully paid for by closing tax loopholes and expenditures for the most fortunate. We need to make ambitious investments so that cost is no longer a barrier to college education, and the burden of debt does not hold back everyday Americans.

- More than half of the total will go towards grants to states and colleges. These grants will ensure that students do not need to take out loans for tuition and that support will also help reduce the burden of living expenses at 4-year public colleges. They will provide free tuition at community colleges, support private non-profit colleges that keep costs low and provide value, and relieve debt for students who commit to national service. These new grants will be paired with holding states and colleges accountable for bringing down costs.
- Around one-third of the funds will go toward relief on interest from student debt. This includes allowing every American with outstanding public debt to refinance their student loans at today's low interest rates, cutting interest rates to reflect the government's cost of debt, and making it far easier for students to enroll in income-based repayment that limits crushing debt.
- The remaining funds will support innovative new investments to create a higher education system for the 21st Century. That means new funds to expand new models of life-long learning, rewarding college completion and enrollment, and broadening support for student parents. Some of these costs will be offset by risk-sharing with colleges.