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Remarks by the President on College Affordability, Syracuse NY

Henninger High School
Syracuse, New York

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THE PRESIDENT:

And we've got to create as many pathways as possible for people to succeed as long as they're willing to work hard. That's what's always made America great. We don't judge ourselves just by how many billionaires we produce. We've got to focus on our ability to make sure that everybody who works hard has a chance to pursue their own measure of happiness.

And in that project, in that work, there aren't a lot of things that are more important than making sure people get a good education. That is key to upward mobility. That is key to a growing economy. That is key to a strong middle class. (Applause.)

AUDIENCE MEMBER: We love you!

THE PRESIDENT: Love you back. (Laughter.)

Now, everybody here knows that. That's why you're here. That's why a lot of your families are making big sacrifices to send kids to college. You understand that in the face of global competition, a great education is more important than ever. A higher education is the single best investment you can make in your future. (Applause.) Single best. And I'm proud of all of the students who are working toward that goal.

And in case any of you are wondering whether it's a good investment, think about these statistics: The unemployment rate for Americans with at least a college degree is about a third lower than the national average. The incomes of people with at least a college degree are more than twice what the incomes are of Americans who don't have a high school diploma. So more than ever before, some form of higher education -- two year, four year, technical college -- that's the path into the middle class.

But the main reason I'm here is to talk about the fact that we've seen a barrier and a burden to too many American families, and that's the soaring cost of higher education. (Applause.) The fact is, college has never been more necessary, but it's also never been more expensive.

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Think about this: Over the past three decades, the average tuition at a four-year public college has risen by more than 250 percent. The typical family income has gone up 16 percent. So I wasn't a math major, but let's just think about it -- college costs, 250 percent; incomes, 16 percent. What that means is, is that more and more, it's getting harder and harder for students to be able to afford that college education. And families are making bigger and bigger sacrifices -- including a lot of parents who are putting off their own retirement, their own savings, because they're trying to help their kids afford a college education.

In the meantime, over the past few years, you've got too many states that have been cutting back on their higher education budgets. Colleges have not been cutting back on their costs, and so what you end up with is taxpayers putting in more money, students and families picking up the tab, but young people are still ending up with more debt.

The average student who borrows for college now graduates owing more than \$26,000. And a lot of young people owe a lot more than that. I've heard from a lot of these young people, and they're frustrated because they're saying to themselves, we've done everything our society told us we were supposed to do, but crushing debt is crippling our ability to get started in our lives after we graduate. It's crippling our self-reliance and the dreams that we had.

At a time when higher education has never been more important or more expensive, too many students face a choice they should not have to make: Either they say no to college, or they pay the price of going to college and ending up with debt that they're not sure will pay off. And that's not a choice that we should ask young people to make. That's not a choice we should accept.

If you think about what built this country, this is a country that's always been at the cutting edge of making a good education available to more people. My grandfather, when he came back from World War II, he went -- he had the chance to go to college on the GI Bill. My mother got through school while raising two kids because she got some help. (Applause.)

Michelle and I, we didn't come from rich folks. We did not come from privileged backgrounds. So we're only where we are today because scholarships and student loans gave us a shot at a good education. And we know a little bit about paying back student loans, because we each graduated from college and law school with a mountain of debt. And even with good jobs, I didn't pay it off and she didn't pay off her loans until I was almost a U.S. senator. I was in my 40s.

So over the past four years, what we've done is to try to take some steps to make college more affordable. First thing we did -- we enacted historic reforms to the student loan system. What was happening was student loans were going through banks; banks were making billions of dollars. We said why don't we just give the loans directly to the students, cut out the banks, then we can help more students. (Applause.)

Then we set up a consumer watchdog that's already helping families and students sort through all the financial options so they really understand them and they're not ripped off by shady lenders. And we're providing more tools and resources for students and families trying to finance college. And, by the way, high school seniors, you guys want to start figuring this stuff out -- go to studentaid.gov. That's a website -- studentaid.gov. And it will give you a sense of what's available out there.

We took action to cap loan repayments at 10 percent of monthly income for a lot of borrowers who are trying to pay their debt but do so in a responsible way. (Applause.)

So, overall, we've made college more affordable for millions of students and families through tax credits and grants and student loans. And just a few weeks ago, Democrats and Republicans worked together to keep student loan rates from doubling, and that saves a typical undergraduate more than \$1,500 for this year's loans. (Applause.)

So, now, that's all a good start. But it's not enough. The system we have right now is unsustainable, because if it keeps on going up 250 percent a year, your incomes are only going up 16 percent -- not 250 percent a year -- over a decade -- but your incomes are only going up 16 percent, it's just at a certain point, it will break the bank. There won't be enough federal aid to make up for the difference. And families, at a certain point, aren't going to be able to send their kids to school.

And state legislatures, they can't just keep cutting support for public college and universities. Colleges can't just keep raising tuition year after year, and pushing these state cutbacks on to students and families, and federal taxpayers are not going to be able to make up all the difference.

Our economy can't afford the trillion dollars -- \$1 trillion in outstanding student loan debt. Because when young people have that much debt, that means they can't buy a home. It means they can't start the business that maybe they've got a great idea for. And we can't price the middle class and everybody working to get into the middle class out of a college education. (Applause.) It will put our young generation of workers at a competitive disadvantage for years.

So if a higher education is still the best ticket to upward mobility in America -- and it is -- then we've got to make sure it's within reach. We've got to make sure that we are improving economic mobility, not making it worse. Higher education should not be a luxury. It is a necessity, an economic imperative that every family in America should be able to afford. (Applause.)

So what are we going to do about it? Today what I've done is propose major new reforms that will shake up the current system. We want to create better incentives for colleges to do more with less and to deliver better value for our students and their families.

And some of these reforms will require action from Congress, which is always difficult. (Laughter.) Some of these changes, though, I can make on my own. (Applause.) And we want to work with colleges to keep costs down. States are going to need to make higher education a higher priority in their budgets. And by the way, we're going to ask more from students as well if they're receiving federal aid.

And some of these reforms won't be popular for every -- with everybody, because some folks are making out just fine under the status quo. But my concern is not to look out just for the institutions; I want to look out for the students who these institutions exist to serve. (Applause.) And I think -- I've got confidence that our country's colleges and universities will step up to the plate if they're given the right incentives. They, too, should want to do the right thing for students.

So let me be specific. Here are three things we're going to do. Number one, I'm directing my administration to come up with a new ratings system for colleges that will score colleges on opportunity -- whether they're helping students from all kinds of backgrounds succeed; and on outcomes -- whether students are graduating with manageable debt; whether they're actually

graduating in the first place; whether they have strong career potential when they graduate.

That's the kind of information that will help students and parents figure out how much value a particular college truly offers.

Right now all these ranking systems, they rank you higher if you charge more and you let in fewer students. But you should have a better sense of who's actually graduating students and giving you a good deal. (Applause.)

So down the road we're going to use these ratings, we hope by working with Congress, to change how we allocate federal aid for colleges. And we're going to deliver on a promise that I made last year -- colleges that keep their tuition down are the ones that will see their taxpayer funding go up. We've got to stop subsidizing schools that are not getting good results, start rewarding schools that deliver for the students and deliver for America's future. That's our goal. (Applause.)

Our second goal: We want to encourage more colleges to embrace innovation, to try new ways of providing a great education without breaking the bank. A growing number of colleges across the country are testing some new approaches, so they're finding new ways, for example, to use online education to save time and money.

Some are trying what you're doing right here in Syracuse -- creating partnerships between high schools and colleges, so students can get an early jump on their degree. They can graduate faster. That means they're paying less in tuition. I want to see more schools and states get in the game, so more students can get an education that costs less but still maintains high quality. And we know it can be done. It's just we got to get everybody doing it, not just a few schools or a few cities around the country. That's the second goal. (Applause.)

Somebody screamed, and I thought somebody fell, but they were just excited. (Laughter.)

Number three: We're going to make sure that if you've taken on debt to earn your degree that you can manage and afford it. Nobody wants to take on debt, but even if we do a good job controlling tuition costs, some young people are still going to have to take out some loans. But we think of that as a good investment because it pays off in time -- as long as it stays manageable, as long as you can pay it back.

And remember, again, Michelle and I, we went through this. It took us a long time to pay off our student loans. But we could always manage it. It didn't get out of hand. And I don't want debt to keep young people -- some of who are here today -- from going into professions like teaching, for example, that may not pay as much money, but are of huge value to the country. (Applause.)

And I sure don't want young people not being able to buy a home, or get married, or start a business because they're so loaded down with debt. So what we've done is two years ago, I capped loan repayments at 10 percent of a student's income after college. We called it "pay as you earn." And so far this, along with a few other programs, has helped more than 2.5 million students.

But right now, a lot of current and former students aren't eligible, so we want to work with Congress to fix that so that we got a lot more people who are eligible for this program. And then the problem is a lot of young people don't know this program exists. So we're going to do a

better job advertising this program so that you will never have to pay more than 10 percent of your yearly income in servicing your debt.

And if you're involved in public service or non-for-profits, then at some point that debt gets forgiven because you're giving back to society in other ways. (Applause.) So we're going to launch a campaign to help borrowers learn more about their options. We want every student to have the chance to pay back their loans in a way that doesn't stop them from pursuing their dreams.

So if we move forward on these three points -- increasing value, making sure that young people and their parents know what they're getting when they go to college; encouraging innovation so that more colleges are giving better value; and then helping people responsibly manage their debt -- then we're going to help more students afford college. We're going to help more students graduate from college. We'll help more students get rid of their debt so they can get started on their lives. (Applause.)

And it's going to take some hard work. But the people of Syracuse know something about hard work. (Applause.) The American people know something about hard work. (Applause.)

And we've come a long way together over these past four years. I intend to keep us moving forward on this and every other issue. We're going to keep pushing to build a better bargain for the middle class and everybody who's fighting to join the middle class. And we're going to keep fighting to make sure that this country remains a country where hard work and studying and responsibility are rewarded. We're going to make sure that no matter who you are, or where you come from, or who you love, or what your last name is -- (applause) -- in the United States you can make it if you try. (Applause.)

Thank you, Syracuse! God bless you, and God bless America.

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6:50 P.M. EDT