

## **Obama Administration Record for Young Americans**

*"Regardless of your political affiliation, you've got to be involved, especially the young people here. Your generation. If you don't give us a shove, if you don't give the system a push, it's just not going to change and you're going to be the ones who end up suffering the consequences. But if you are behind it, if you put the same energy and imagination you put into Facebook into the political process I guarantee you, there's nothing we can't solve."*

-President Barack Obama, April 20, 2011

President Obama believes we need to do more than just recover from this economic crisis. We need to restore security and opportunity for middle class Americans with the fundamental values that made our economy the strongest in the world – making sure everyone does their fair share, everyone gets a fair shake, and hard work and responsibility are rewarded. He knows that to create true middle class security by out-innovating, out-educated, and out-building our competition, we have to invest in our young people and give them the skills they need to succeed now and in the decades to come. That's why President Obama has made historic investments to support young people, such as increasing Pell Grant awards and expanding health insurance coverage to 2.5 million young adults by allowing them to remain on their parents plan until the age of 26. The Obama Administration's record for young Americans includes:

- **Increasing Access to Higher Education for All Americans:** For too many young people, the cost of college prevents them from getting the skills they need to succeed in the workforce. That's why President Obama has worked to expand access to college.
  - **Helping Students and Families Pay for College:** By re-directing subsidies from private lenders to students, the Obama Administration has already raised the maximum Pell Grant award to \$5,550, and it will increase again to \$5,635 in 2013. Meanwhile, the number of Pell Grant recipients has risen by 3 million – a 50% increase in students served since 2008 – demonstrating the need for this critical program. These increases in Pell Grants were paid for by ending subsidies to banks serving as middle-men in the student loan system and redirecting those funds towards investments in students.
  - **Providing Tax Credits to Help Families Pay for College:** For families struggling with the cost of college, President Obama has also created the American Opportunity Tax Credit (AOTC)—a partially refundable tax credit worth up to \$10,000 over four years of college. AOTC helps more than 9 million students and their families afford the cost of college.
  - **Making College More Affordable:** The student loan reform bill signed by President Obama ended subsidies for private student lenders and directed some of those savings toward expanding the Income-Based Repayment Plan, which, for all new borrowers starting in 2014, will cap student loan repayments at 10 percent of discretionary income (down from 15 percent) and allow borrowers to have their remaining balances forgiven in 20 years (down

from 25 years. Last fall, the President announced a “Pay as You Earn Plan” which will accelerate this opportunity for 1.6 million students in 2012.

- The President also announced that 5.8 million borrowers who have loans from both the Family Education Loan Program and a Direct Loan from the government will have the opportunity to consolidate those loans and save up to half a percentage point on the interest rate on their loan.
  - The President has also called for Congress to suspend an increase in student loan interest rates.
  - These changes will reduce the burden of student loans and keep more money in the hands of our graduates.
- **Giving Students the Skills They Need to Successfully Enter the Workforce:** The student loan reform bill also provided \$2 billion to community colleges and other eligible institutions of higher education to improve education and career training programs. By supporting innovative community college-employer partnerships to develop 21st century programs with a focus on growth industries, these grants will provide education and training opportunities that for good jobs.
- **Providing Opportunities for Young Workers to Enter the Workforce:** A critical part of providing young Americans with an introduction to the workforce is ensuring that those who face the greatest challenges have opportunities to work. The Recovery Act provided over 367,000 summer job opportunities to young people through our workforce investment system in the summers of 2009 and 2010. These programs provided young people with their first paycheck and taught them employment skills that will provide life-long benefits throughout their careers. In January 2012, we launched *Summer Jobs+*, a new call to action for businesses, non-profits, and government to work together to provide pathways to employment for low-income and disconnected youth, and we announced there were already commitments to create nearly 180,000 employment opportunities for low-income youth this summer.
  - **Expanding Health Care Coverage for Young Americans:** The Affordable Care Act established new consumer protections, including a provision allowing adults under the age of 26 to stay on their parent’s plan unless they are offered insurance at work. Already, the Affordable Care Act has helped 2.5 million additional young adults get health insurance. The Act also stops insurance companies from denying coverage based on pre-existing conditions and requires that plans pay for preventative care at no additional cost.
  - **Protecting Young People from Abusive Credit Card Practices:** The Obama Administration established the Consumer Financial Protection Bureau, which will be able to monitor compliance with the Credit CARD Act. The Act cleans up credit card marketing practices for college students and young adults, including requirements that card issuers and universities disclose agreements with respect to the marketing of credit cards to students. The Act prohibits credit card issuers from giving a credit card to anyone under the age of 21 unless they can prove they have the ability to repay the credit

card debt. Otherwise, they must have a co-signer. The Act requires credit card marketers to stay at least 1,000 feet away from college campuses if they are offering any promotional gifts or rewards in exchange for signing up for credit cards.

- **Giving Students and Families New Tools to Help Them Make Good Financial Aid Decisions:** The Consumer Financial Protection Bureau and the Department of Education have teamed up to launch the new “[Know Before You Owe](#)” campaign aimed at creating a model financial aid disclosure form, which colleges and universities could use to help students better understand the type and amount of aid they qualify for and easily compare aid packages offered by different institutions. This “Financial Aid Shopping Sheet” makes the costs and risks of student loans clear upfront – before students have enrolled – outlining their total estimated student loan debt, monthly loan payments after graduation, and additional costs not covered by Federal aid. Additionally, the Administration is taking steps to create a College Scorecard for all degree-granting institutions making it easier for students and families to choose a college that is best suited to their needs, priced affordably, and consistent with their career and educational goals.

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