

U.S. DEPARTMENT OF THE TREASURY

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Vice President Biden Holds Middle Class Task Force Meeting on College Access and Affordability

9/9/2009

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Office of the Vice President

SYRACUSE, NY - The White House Task Force on Middle Class Families, chaired by Vice President Joe Biden, held a meeting at Syracuse University in New York to discuss ways to help families save and pay for college. The meeting, "Making College More Accessible and Affordable for Middle Class Families," also highlighted specific improvements the Administration is making to the overall process of paying for college.

The Vice President was joined today by Secretary of Treasury Timothy Geithner, Secretary of Education Arne Duncan, Syracuse University Chancellor Nancy Cantor, State University of New York Chancellor Nancy Zimpher and other higher education experts.

"I know how challenging it is for parents and students who are trying to save or pay for college," said Vice President Biden. "We should be making this process easier, not more difficult, and we're starting by tearing down barriers so that middle class families have the means to send their kids to college."

Earlier this year, the Task Force held its first college affordability discussion in St. Louis, Missouri. At this meeting, the Vice President asked the Treasury Department to look into 529 plans and find ways to make them more effective and reliable for middle class families. A 529 plan, offered by states, provides a convenient, tax-preferred way for families to save for college, and works much like ROTH IRAs, wherein contributions are made with after-tax income, returns accumulate tax free and distributions can be for qualified educational expenses without taxes. Based on a study of best plan management practices, the Treasury Department today provided recommendations that can be implemented now to make 529 plans more accessible, effective and reliable for the middle class. To view the full study and recommendations, please go to:

<http://www.treas.gov/press/releases/docs/529.pdf> 

"Today, we have identified several ways to make these plans more effective and reliable for middle class families," said Secretary of Treasury Geithner. "By encouraging all states to offer low-fee, age-based index funds and by encouraging greater competition among state plans, we can help make the dream of a college education a reality for millions of middle class families."

"We have to educate our way to a better economy. That's why we have an agenda to make college affordable and accessible to everyone - recent high school graduates, adults wanting to improve their careers, laid-off workers needing new job skills," said Secretary of Education Duncan. "As the President told high school students yesterday, if you drop out of school, you're not just quitting on yourself, you're quitting on your country. We also want to send the message that we're not quitting on you. We're providing the resources you need to go to college and succeed there."

The complicated and intrusive Free Application for Federal Student Aid (FAFSA) creates an obstacle to college affordability. By asking 153 questions, many of which have little or no impact on student aid eligibility, FAFSA imposes an unnecessary ordeal on 16 million students and parents every year, and more than a million students who are eligible for student aid fail to fill out the form. While the Administration is currently seeking legislation removing 29 of the most difficult questions from the form, it is also streamlining the form by tailoring it to individual students, skipping unnecessary questions, and allowing many students to electronically retrieve their tax information from the IRS and enter it into the online FAFSA. Two key members of the Task Force, the National Economic Council (NEC) and the Council of Economic Advisors (CEA), today released a report discussing the need to simplify the process of applying for federal student aid, describing President Obama's plan for simplification and analyzing the potential impact of such improvements on Pell Grant recipients. To view the NEC/CEA report, please go to:

http://www.whitehouse.gov/assets/documents/FAFSA_Report.pdf 

Today, the Task Force also released a full staff report diagnosing the existing barriers to higher education in America and highlighting ways for middle class families to better access higher education.

The staff report examines factors that limit students' access to higher education, including income inequality, mobility, cost of college, and debt load. The report reiterates the Administration's belief that a student's merit should be the determining factor in getting into, and graduating from, a good school, because a clear pathway to a college education is a clear pathway into the middle class. President Obama has set a goal that by 2020, America should once again lead the world in the proportion of adults with a college degree. A central goal of the Middle Class Task Force is to ensure that public policy is helping middle class families to realize their aspirations. The President, the Vice President and the Middle Class Task Force are committed to making sure that every student has the opportunity to earn a postsecondary credential or degree.

The full staff report is attached, or go to:

http://www.whitehouse.gov/assets/documents/MCTF_staff_report_barriers_to_college_FINAL.pdf 

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