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REMARKS BY THE PRESIDENT
ON COLLEGE AFFORDABILITY

University of Michigan
Ann Arbor, Michigan

10:00 A.M. EST

THE PRESIDENT: Hello, Michigan!
(Applause.) Oh, it is good to be back in
Ann Arbor. (Applause.)

Thank you, Christina, for that
introduction. I also want to thank your
president, Mary Sue Coleman. (Applause.)
The mayor of Ann Arbor, John Hieftje, is
here. (Applause.) My outstanding Secretary
of Education, Arne Duncan, is in the house.
(Applause.) We have some outstanding members
of Congress who are here as well, who are
representing you each and every day. Give
them a round of applause -- come on.
(Applause.)

AUDIENCE MEMBER: I love you, President

Obama!

THE PRESIDENT: I love you back.
(Applause.)

So in terms of -- boy, we've got all kinds of members of Congress here, so --
(laughter.)

Where's Denard? (Applause.) Denard Robinson is in the house. (Applause.) I hear you're coming back, man. (Applause.) That is a good deal for Michigan.
(Applause.)

AUDIENCE MEMBER: Denard Robinson in 2012! (Laughter.)

THE PRESIDENT: Oh, oh, come on. They're trying to draft you for President. (Laughter.) He's got to graduate before he runs for President. (Laughter.) There's an age limit. (Laughter.)

Well, it is wonderful to be here. I want to thank all of you for coming out this morning. I know for folks in college, this is still really early. I remember those days. It is good home -- good to be in the home of the Sugar Bowl champion Wolverines. (Applause.) And with Denard Robinson coming back, this will be a team to be reckoned with. I understand your basketball team is pretty good this year, too. (Applause.) All right -- go, Blue! (Applause.) It's

always good to start with a easy applause line. (Laughter.)

But the reason I'm here today -- in addition to meeting Denard Robinson -- (laughter) -- is to talk with all of you about what most of you do here every day -- and that is to think about how you can gain the skills and the training you need to succeed in this 21st century economy. And this is going to be one of the most important issues that not just you face, but this entire country faces: How can we make sure that everybody is getting the kind of education they need to personally succeed but also to build up this nation -- because in this economy, there is no greater predictor of individual success than a good education.

Today, the unemployment rate for Americans with a college degree or more is about half the national average. Their incomes are twice as high as those who don't have a high school diploma. College is the single most important investment you can make in your future. And I'm proud that all of you are making that investment. (Applause.)

And the degree you earn from Michigan will be the best tool you have to achieve that basic American promise -- the idea that if you work hard, if you are applying yourself, if you are doing the right thing,

you can do well enough to raise a family and own a home and send your own kids to college, put away a little for retirement, create products or services -- be part of something that is adding value to this country and maybe changing the world. That's what you're striving for. That's what the American Dream is all about.

And how we keep that promise alive is the defining issue of our time. I don't want to be in a country where we only are looking at success for a small group of people. We want a country where everybody has a chance. (Applause.) Where everybody has a chance. We don't want to become a country where a shrinking number of Americans do really well while a growing number barely get by. That's not the future we want. Not the future I want for you, it's not the future I want for my daughters. I want this to be a big, bold, generous country where everybody gets a fair shot, everybody is doing their fair share, everybody is playing by the same set of rules. That's the America I know. That's the American I want to keep. That's the future within our reach. (Applause.)

Now, in the State of the Union on Tuesday, I laid out a blueprint that gets us there. Blueprint -- it's blue. (Laughter and applause.) That's no coincidence. I planned it that way, Michigan. (Laughter.) A blueprint for an economy that's built to

last.

It's an economy built on new American manufacturing -- because Michigan is all about making stuff. (Applause.) If there's anybody in America who can teach us how to bring back manufacturing, it is the great state of Michigan. (Applause.)

On the day I took office, with the help of folks like Debbie Stabenow, your senator, and Carl Levin and -- (applause) -- John Conyers -- the American auto industry was on the verge of collapse. And some politicians were willing to let it just die. We said no. We believe in the workers of this state. (Applause.) I believe in American ingenuity. We placed our bets on the American auto industry, and today, the American auto industry is back. Jobs are coming back -- (applause) -- 160,000 jobs.

And to bring back even more jobs, I want this Congress to stop rewarding companies that are shipping jobs and profits overseas, start rewarding companies who are hiring here and investing here and creating good jobs here in Michigan and here in the United States of America. (Applause.)

So our first step is rebuilding American manufacturing. And by the way, not all the jobs that have gone overseas are going to come back. We have to be realistic. And technology means that a

larger and larger portion of you will work in the service sector as engineers and computer scientists. (Applause.) There you go. We got the engineering school -- there you go. (Applause.) And entrepreneurs. So there's going to be a lot of activity in the service sector. But part of my argument, part of the argument of Michigan's congressional delegation is that when manufacturing does well, then the entire economy does well.

The service sector does well if manufacturing is doing well, so we've got to make sure that America isn't just buying stuff, but we're also selling stuff -- all around the world, products stamped with those three proud words: Made In America. (Applause.)

An economy built to last is also one where we control our energy needs. We don't let foreign countries control our energy supplies. Right now, America is producing more of our own oil than we were eight years ago. That's good news. (Applause.) As a percentage, we're actually importing less than any time in the last 16 years.

But -- I think young people especially understand this -- no matter how much oil we produce, we've only got 2 percent of the world's oil reserves. And that means we've got to focus on clean, renewable energy. (Applause.) We've got to have a strategy

that, yes, is producing our own oil and natural gas. But we've also got to develop wind and solar and biofuels. (Applause.)

And that is good for our economy. It creates jobs. But it's also good for our environment. (Applause.) It also makes sure that this planet is sustainable. That's part of the future that you deserve.

We've subsidized oil companies for a century. That's long enough. Congress needs to stop giving taxpayer dollars to an oil industry that's never been more profitable, and double down on a clean energy future that's never been more promising. (Applause.)

I don't want to cede the wind or the solar or the battery industry to China or Germany because we were too timid, we didn't have the imagination to make the same commitment here. And I want those jobs created here in the United States of America. And I also want us to think about energy efficiency, making sure -- we've already doubled fuel efficiency standards on cars. Part of Detroit coming back is creating more fuel-efficient cars here in Michigan -- (applause) -- and more fuel-efficient trucks. And we've got to revamp our buildings to make them more fuel-efficient.

And we -- if we are focused on this, we

can control our energy future. That's part of creating an America that's built to last.

And we've got to have an economy in which every American has access to a world-class higher education, the kind you are getting right here at the University of Michigan. (Applause.)

My grandfather got the chance to go to college because this country decided that every returning veteran of World War II should be able to afford it. My mother was able to raise two kids by herself because she was able to get grants and work her way through school. I am only standing here today because scholarships and student loans gave me a shot at a decent education. Michelle and I can still remember how long it took us to pay back our student loans. (Laughter.)

AUDIENCE MEMBER: Tell the First Lady we wish her happy birthday!

THE PRESIDENT: I will tell Michelle you said happy birthday. (Applause.)

But I just want all of you to understand, your President and your First Lady were in your shoes not that long ago. (Laughter.) We didn't come from wealthy families. The only reason that we were able to achieve what we were able to achieve was

because we got a great education. That's the only reason. (Applause.) And we could not have done that unless we lived in a country that made a commitment to opening up opportunity to all people. (Applause.)

The point is, this country has always made a commitment to put a good education within the reach of all who are willing to work for it, and that's part of what helped to create this economic miracle and build the largest middle class in history. And this precedes even college. I mean, we were -- we helped to begin the movement in industrialized countries to create public schools, public high schools, understanding that as people are moving from an agricultural sector to an industrial sector, they were going to need training.

Now we've moved to an information age, a digitalized age, a global economy. We've got to make that same commitment today. (Applause.)

Now, we still have, by far, the best network of colleges and universities in the world. Nobody else comes close. Nobody else comes close. (Applause.) But the challenge is it's getting tougher and tougher to afford it. Since most of you were born, tuition and fees have more than doubled. That forces students like you to take out more loans and rack up more debt.

In 2010, graduates who took out loans left college owing an average of \$24,000. That's an average. Are you waving because you owe \$24,000 or -- (laughter.)

Student loan debt has now surpassed credit card debt for the first time ever. Think about that. That's inexcusable. In the coming decade, 60 percent of new jobs will require more than a high school diploma. Higher education is not a luxury. It's an economic imperative that every family in America should be able to afford. And when I say higher education, I don't just mean four-year colleges and universities; I also mean our community colleges and providing lifelong learning for workers who may need to retrain for jobs when the economy shifts. All those things cost money, and it's harder and harder to afford. (Applause.)

So we've got to do something to help families be able to afford -- and students to be able to afford -- this higher education. We've all got a responsibility here.

Thanks to the hard work of Secretary Duncan, my administration is increasing federal student aid so more students can afford college. (Applause.) And one of the things I'm proudest of, with the help of all these members of Congress, we won a tough fight to stop handing out tens of billions

of dollars in taxpayer subsidies to banks that issue student loans and shift that money to where it should go, directly to the students and to the families who need it. (Applause.)

Tens of billions of dollars that were going to subsidies for banks are now going to students in the form of more grants and lower rates on loans. We've capped student loan payments so that nearly 1.6 million students -- including a bunch of you -- are only going to have to pay 10 percent of your monthly income towards your loans once you graduate -- 10 percent of your monthly income. (Applause.)

So that's what we've been doing. Now Congress has to do more. Congress needs to do more. They need to stop the interest rates on student loans from doubling this July. That's what's scheduled to happen if Congress doesn't act. That would not be good for you. (Laughter.) So you should let your members of Congress know: Don't do that. Don't do it. Don't do it.

They need to extend the tuition tax credit that we've put in place that's saving some of you and millions of folks all across the country thousands of dollars. And Congress needs to give more young people the chance to earn their way through college by doubling the number of work-study jobs in the next five years. (Applause.)

So the administration has a job to do. Congress has a job to do. But it's not just enough to increase student aid, and you can imagine why. Look, we can't just keep on subsidizing skyrocketing tuition. If tuition is going up faster than inflation, faster than even health care is going up, no matter how much we subsidize it, sooner or later, we're going to run out of money. And that means that others have to do their part. Colleges and universities need to do their part to keep costs down as well. (Applause.)

Recently, I spoke with a group of college presidents who've done just that. Here at Michigan, you've done a lot to find savings in your budget. We know this is possible. So from now on, I'm telling Congress we should steer federal campus-based aid to those colleges that keep tuition affordable, provide good value, serve their students well. (Applause.) We are putting colleges on notice -- you can't keep -- you can't assume that you'll just jack up tuition every single year. If you can't stop tuition from going up, then the funding you get from taxpayers each year will go down. We should push colleges to do better. We should hold them accountable if they don't. (Applause.)

Now, states also have to do their part. I was talking to your president --

and this is true all across the country -- states have to do their part by making higher education a higher priority in their budgets. (Applause.) Last year, over 40 states cut their higher education spending -- 40 states cut their higher education budget. And we know that these state budget cuts have been the largest factor in tuition increases at public colleges over the past decade.

So we're challenging states: Take responsibility as well on this issue. (Applause.) What we're doing is, today we're going to launch a Race to the Top for college affordability. We're telling the states, if you can find new ways to bring down the cost of college and make it easier for more students to graduate, we'll help you do it. We will give you additional federal support if you are doing a good job of making sure that all of you aren't loaded up with debt when you graduate from college. (Applause.)

And, finally, today I'm also calling for a new report card for colleges. Parents like getting report cards. I know you guys may not always look forward to it. (Laughter.) But we parents, we like to know what you're doing. From now on, parents and students deserve to know how a college is doing -- how affordable is it, how well are its students doing? We want you to know how well a car stacks up before you buy it. You should know how well a college stacks up.

We call this -- one of the things that we're doing at the Consumer Finance Protection Board that I just set up with Richard Cordray -- (applause) -- is to make sure that young people understand the financing of colleges. He calls it, "Know Before You Owe." (Laughter.) Know before you owe. So we want to push more information out so consumers can make good choices, so you as consumers of higher education understand what it is that you're getting.

The bottom line is that an economy built to last demands we keep doing everything we can to bring down the cost of college. That goes along with strengthening American manufacturing. It means we keep on investing in American energy. It means we double down on the clean energy that's creating jobs across this state and guaranteeing your generation a better future. (Applause.)

And you know what else it means? It means that we renew the American values of fair play and shared responsibility. (Applause.) Shared responsibility.

I talked about this at the State of the Union. We've got to make sure that as we're paying for the investments of the future that everybody is doing their part, that we're looking out for middle-class families

and not just those at the top. The first thing that means is making sure taxes don't go up on 160 million working Americans at the end of next month. (Applause.) People can't afford to lose \$40 out of every paycheck. Not right now. Students who are working certainly can't afford it.

Your voices encouraged and ultimately convinced Congress to extend the payroll tax cut for two months. Now we've got to extend it for the whole year. I need your help to get it done again. Tell them to pass this tax cut, without drama, without delay. (Applause.) Get it done. It's good for the economy. (Applause.)

AUDIENCE MEMBER: Four more years!

THE PRESIDENT: Okay. (Laughter and applause.)

Now, in the longer run, we're also going to have to reduce our deficit. We've got to invest in our future and we've got to reduce our deficit. And to do both, we've got to make some choices. Let me give you some examples.

Right now, we're scheduled to spend nearly \$1 trillion more on what was intended to be a temporary tax cut for the wealthiest 2 percent of Americans.

AUDIENCE MEMBER: That's not fair.

THE PRESIDENT: That's not fair. A quarter of all millionaires pay lower tax rates than millions of middle-class households.

AUDIENCE: Boo --

THE PRESIDENT: Not fair. Warren Buffett pays a lower tax rate than his secretary. I know because she was at the State of the Union. She told me. (Laughter.) Is that fair?

AUDIENCE: No!

THE PRESIDENT: Does it make sense to you?

AUDIENCE: No!

THE PRESIDENT: Do we want to keep these tax cuts for folks like me who don't need them? Or do we want to invest in the things that will help us in the long term -- like student loans and grants -- (applause) -- and a strong military -- (applause) -- and care for our veterans -- (applause) -- and basic research? (Applause.)

Those are the choices we've got to make. We can't do everything. We can't reduce our deficit and make the investments we need at the same time, and keep tax breaks for folks who don't need them and

weren't even asking for them -- well, some of them were asking for them. I wasn't asking for them. (Laughter.) We've got to choose.

When it comes to paying our fair share, I believe we should follow the Buffett Rule: If you make more than \$1 million a year -- and I hope a lot of you do after you graduate -- (laughter) -- then you should pay a tax rate of at least 30 percent. (Applause.) On the other hand, if you decide to go into a less lucrative profession, if you decide to become a teacher -- and we need teachers -- (applause) -- if you decide to go into public service, if you decide to go into a helping profession -- (applause) -- if you make less than \$250,000 a year -- which 98 percent of Americans do -- then your taxes shouldn't go up. (Applause.)

This is part of the idea of shared responsibility. I know a lot of folks have been running around calling this class warfare. I think asking a billionaire to pay at least as much as his secretary in taxes is just common sense. (Applause.) Yesterday, Bill Gates said he doesn't think people like him are paying enough in taxes. I promise you, Warren Buffett is doing fine, Bill Gates is doing fine, I'm doing fine.

AUDIENCE MEMBER: Koch Brothers.

THE PRESIDENT: They're definitely doing fine. (Laughter.)

We don't need more tax breaks. There are a lot of families out there who are struggling, who've seen their wages stall, and the cost of everything from a college education to groceries and food have gone up. You're the ones who need that. You're the ones who need help. And we can't do both.

There have been some who have been saying, well, the only reason you're saying that is because you're trying to stir people up, make them envious of the rich. People don't envy the rich. When people talk about me paying my fair share of taxes, or Bill Gates or Warren Buffett paying their fair share, the reason that they're talking about it is because they understand that when I get a tax break that I don't need, that the country can't afford, then one of two things are going to happen: Either the deficit will go up and ultimately you guys are going to have to pay for it, or alternatively, somebody else is going to foot the bill -- some senior who suddenly has to pay more for their Medicare, or some veteran who's not getting the help that they need readjusting after they have defended this country, or some student who's suddenly having to pay higher interest rates on their student loans.

We do not begrudge wealth in this country. I want everybody here to do well. We aspire to financial success. But we also understand that we're not successful just by ourselves. We're successful because somebody started the University of Michigan. (Applause.) We're successful because somebody made an investment in all the federal research labs that created the Internet. We're successful because we have an outstanding military -- that costs money. We're successful because somebody built roads and bridges and laid broadband lines. And these things didn't just happen on their own.

And if we all understand that we've got to pay for this stuff, it makes sense for those of us who've done best to do our fair share. And to try to pass off that bill onto somebody else, that's not right. That's not who we are. (Applause.) That's not what my grandparents' generation worked hard to pass down. That's not what your grandparents and your great-grandparents worked hard to pass down. We've got a different idea of America, a more generous America. (Applause.)

Everybody here is only here because somebody somewhere down the road decided we're going to think not just about ourselves, but about the future. We've got responsibilities, yes, to ourselves but also to each other. And now it's our turn to be

responsible. Now it's our turn to leave an America that's built to last. And I know we can do it. We've done it before and I know we can do it again because of you.

When I meet young people all across this country, with energy and drive and vision, despite the fact that you've come of age during a difficult, tumultuous time in this world, it gives me hope. You inspire me. You're here at Michigan because you believe in your future. You're working hard. You're putting in long hours -- hopefully some at the library. (Laughter.) Some of you are balancing a job at the same time. You know that doing big things isn't always easy, but you're not giving up.

You've got the whole world before you. And you embody that sense of possibility that is quintessentially American. We do not shrink from challenges. We stand up to them. And we don't leave people behind; we make sure everybody comes along with us on this journey that we're on. (Applause.)

That's the spirit right now that we need, Michigan. (Applause.) Here in America, we don't give up. We look out for each other. We make sure everybody has a chance to get ahead. And if we work in common purpose, with common resolve, we can build an economy that gives everybody a fair shot. And we will remind the world just why it is that the United States of America is

the greatest nation on Earth. (Applause.)

Thank you, everybody. God bless you.
God bless the United States of America.
Thank you. (Applause.)

END

10:33 A.M. EST