Election 2012: What a Democratic or Republican Victory Could Mean for Higher Education

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Election 2012:
What a Democratic or Republican Victory Could Mean for Higher Education

• **Context**
  – Where We Are Today (Federal Policy)
  – How We Got Here

• **What They Say They Will Do**

• **What, in fact, They Will Do**

• **What I Hope They Will Do**
Election 2012: What Follows
The Context In Which Policy Will Occur

• Where Federal Policy Is Today -- Incremental Change Resulting In Big Effects

  – Essentially the same set of federal programs since the Initial Higher Education Act – 1965
    • Pell, Loans, Campus Based (SEOG, CWS), TRIO
    • CACG has replaced SSIG
    • Only GEAR-UP is new
Election 2012: What Follows
The Context In Which Policy Will Occur

• Where Federal Policy Is Today -- Incremental Change Resulting In Big Effects
  
  – Essentially the same set of federal programs since the Initial Higher Education Act – 1965

  – Recent Changes Having Huge/Unsustainable Impact
    • Pell Costs – From $10 Billion to $30+ Billion in Ten Years
    • Perceptions of Student Loan Indebtedness
Election 2012: What Follows
The Context In Which Policy Will Occur

• Where Federal Policy Is Today -- Incremental Change Resulting In Big Effects
  – Essentially the same set of federal programs since the Initial Higher Education Act – 1965
  – Recent Changes Having Huge/Unsustainable Impact
  – Significant Concerns About Changing Circumstances
    • Affordability
    • Loan defaults/federal and student costs
    • Efficacy of Programs – Access not leading to Success
    • Shift in shares of market by providers – for-profit/on-line issue
Election 2012: What Follows
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- How We Got Here – Isn’t “Education” a State, Not a Federal Responsibility?
  - Of course:

  In the beginning

  There Was A Constitution

  Tenth Amendment

  “The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people”
Election 2012: What Follows
The Context In Which Policy Will Occur

– Education, not being mentioned in the constitution was not a federal responsibility

– In fact, American higher education was not initially a state responsibility

– It was an elitist system, designed to educate an elite class, “as it should be.”
Election 2012: What Follows
The Context In Which Policy Will Occur

Mid-19th Century – A New Thrust

• Driven not by constitutional responsibility,
  • But by Federal interest and national need

• The Land-Grant Act of 1862
  • To address a national economic imperative

• Began the move toward a meritocratic system
  • Best and brightest of all classes

• Toward What End – Economic Development
Election 2012: What Follows
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A Century Later – A New Thrust
Broad Access

•Began as Economic Development
  •GI Bill
  •NDEA

•Became Egalitarian with Great Society (HEA of 1965)

•Beyond federal interest, now a federal responsibility
  equal opportunities to life, liberty,
  and the pursuit of happiness
  (the 14th Amendment)
Election 2012: What Follows
The Context In Which Policy Will Occur

Fifty Years of Incremental Creep

• Initially HEA was real clear
  – Goal – financial access
  – Strategy
    • Grants for the most needy
    • Loans for the less needy
    • Nothing for the non-needy
Election 2012: What Follows
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Fifty Years of Incremental Creep

Initially HEA was clear – broaden access

• And it worked
  • Enrollment increased dramatically
Election 2012: What Follows
The Context In Which Policy Will Occur

Fifty Years of Incremental Creep

The first wave of reform – MISAA – the Middle Income Student Assistance Act

- Espoused Goal – Expand opportunity to middle class
  - No evidence to support/ Strong evidence to oppose
- Actual Goal – Politically popular idea
  - Worked well on authorization side
  - Not so much on appropriations side
Election 2012: What Follows
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Fifty Years of Incremental Creep

Second wave of reform – Middle Income at the expense of the most needy

- Loan Expansion
- Stagnant Pell Grants
Election 2012: What Follows
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Fifty Years of Incremental Creep

**Third wave of reform (part one)** – Program Improvement
- Direct Lending
- Improved accountability (SPREs & Default)

**Third wave of reform (part two)** – More for the middle class
- Tuition Tax Credits (on top of a bunch of other tax benefits that the crept in)
- Merit madness @ the state level
Election 2012: What Follows
The Context In Which Policy Will Occur

Fifty Years of Incremental Creep

*Fourth* wave of reform – Pell, Pell, and more Pell

- More is Better and Never Enough
- Deregulation fosters innovation
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Election 2012: What Follows
What the Candidates Say They Will Do

– President Obama
  • Stay the Course
    – Protect Pell
    – Enhance Income contingency
  • Use education to create jobs
    – Resources for Community Colleges to create 2 million jobs.
  • Address affordability by “working with” colleges to keep tuition affordable.
  • Create Race to the Top for Higher Education to spur innovation and efficiency
Election 2012: What Follows
What the Candidates Say They Will Do

- Governor Romney
  - Encourage Innovation (expand for-profit sector)
  - Return to bank-based loans
  - Cap increase in Pell to inflation to restrain tuition growth/place income cap on eligibility (Ryan)
  - Reduce discretionary funding by 5 percent
  - Return responsibility for education to the States
Election 2012: What the Successful Candidate Will Have To Do

- Either will face a huge budget problem
  - The initial sequestration dilemma (Nov 2012- Jan 2013)
  - The 2013 Congress and 2014 budget process

- The New Normal
  - Fewer resources than in the past
  - A slower recovery than ever before
  - Greater demands than in the past (poverty and retired populations on the rise)
  - Higher worker productivity = Fewer jobs
  - Disconnect between worker and job availability

- Higher Education Program Cuts Will Have To Occur

- Tax Benefits Will Have To Occur (ie – Taxes must go up)
Election 2012: What I Hope the Successful Candidate Will Do

- **A new agenda: Frugal Essentialism**
  - Recognize and accept: Resources are and will remain quite constrained
  - Ergo,
    - Access becomes Access to Success
    - Need is redefined and reemphasized
    - Real partnership is the name of the game
      » Every partner has a financial stake
Election 2012:
What I Hope the Successful Candidate Will Do

• The look of this new agenda: Frugal Essentialism
  – More federal coordination
    • Between authorization, appropriations, and tax policy
    • Between Departments – ED, DOD, HHS, Labor, Agriculture
  – More federal partnerships (incentives & quid pro quos)
    • With willing states
    • With willing institutions
Election 2012:  
What Will Happen

No One Really Knows

Certainly not Me