The Consequences of the Election on Federal Higher Education Policy

The “New Normal” Facing the Old Guard
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

1. Affordability: Pell Increase from $10 to $30 Billion in A Decade
2. Loan defaults/federal and student costs
3. Efficacy of Programs – Access not leading to Success
4. Shift in shares of market by providers – for-profit/on-line issue
President Obama’s Campaign Agenda

- 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
The House Majority (looking back)

- Encourage Innovation (expand for-profit sector and reduce regulation)
- 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
What The President & Congress Will Have to Do

- Face up to the 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 workers and job availability
What The President & Congress Will Have to Do

- Higher Education Cuts Will Have To Occur
- Revenues Will Have To Occur (Taxes must go up and Tax Benefits must go down)

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
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
But, then:

No One Really Knows

Do They!