Although higher education has not been a media-grabbing campaign topic, the new congress and administration will inevitably need to deal with a number of critical issues, from funding to accountability to competitiveness. The post-election period could be a time for the higher education community to reframe the discussion and promote comprehensive reform.

The war, the economy, the housing crisis, healthcare costs—all are elbowing higher education out of the front rank of campaign issues, even though the outlook is dire enough to grab any candidate’s attention. Earlier this year, the State Higher Education Executive Officers (SHEEO) wrote in a letter to the candidates:

✔ the United States will have three million more jobs requiring a bachelor’s degree and not enough college graduates to fill them;
✔ 90 percent of the fastest-growing jobs, 60 percent of all new jobs, and 40 percent of manufacturing jobs will require some form of postsecondary education; and
✔ global competition will demand research and innovation on a scale that even the U.S. is not yet prepared to sustain.

Yet little has been said at the hustings. In July, William Kirwan, chancellor of the University System of Maryland, said, “I am disappointed that the candidates have not spent more time on higher education, and in particular on the issues of access to higher education and the urgency of having a much higher percentage of our young people go to and succeed in college.”

✔ American Opportunity Tax Credit: A Shaky Plank in the Platform?

Senator Barak Obama (D-IL) has discussed higher education in some speeches to young people, talking particularly about his proposed American Opportunity Tax Credit of $4,000.

But Darryl Greer, executive director of the New Jersey Association of State Colleges and Universities, called it a “middle class tax break that will not expand access.” Robert T. “Tad” Perry, executive director of the South Dakota Board of Regents, called it “a wonderful thing for people who pay taxes, but it is not the kind of broad policy that will expand the population we need to engage in higher education,” namely the people in the lowest third in income and underrepresented groups.

F. King Alexander, president of California State University at Long Beach, warned, “Be careful what you wish for: To get to a $4,000 tax credit means committing $10 billion in federal expenditures. So when new money shows up, you have to commit it to something that has little impact.”

✔ HEA and Maintenance of Effort

No matter who wins in November, the overarching federal concern for AASCU members is when and whether the Higher Education Act reauthorization passes. HEA’s Title IV aid for needy students is of great importance for AASCU institutions.

On July 31, Congress passed the conference version of the bill, the Higher Education Opportunities Act, which includes the controversial maintenance of effort (MOE) provision. This “requires states to maintain or increase their funding of non-capital and indirect research and development costs at public [institutions of higher education] . . . or become ineligible for
We are falling behind [other OECD] countries in the educational level of our citizens, and the failure of this issue to gain any kind of traction as a matter of public policy concern is very troubling.

—William Kirwan

Given that states are such major sources of higher education funding, Greer is concentrating not on the national but on the state elections. “The strategy,” his says, “is to go directly to the voters of New Jersey” asking them to use their votes to “tell the governor and legislature how important we are to the future of liberty, opportunity and prosperity of New Jersey for yourself and your kids.”

✔ New GI Bill

The new GI Bill enacted this summer provides veterans (with three years’ service after 9/11) an educational benefit equal to but not exceeding in-state tuition and fees at the most expensive public college or university in their state of residence, as well as monthly housing stipends for some. Veterans with shorter service terms would receive 40 to 90 percent of the benefit.

The Veterans Administration has one year to set up a system for rolling out the program, but Ohio Governor Ted Strickland has already issued an executive order changing Ohio’s residency requirements. Under this order, veterans, their spouses and dependents attending colleges and universities in Ohio can do so at in-state tuition rates.

Kirwan observed that the bill is “healthy for our country, and, while the higher education community will be supportive of the bill, it raises the issue of capacity within institutions. It is one thing,” he said, “to provide tuition support, but this covers only a fraction of the cost of delivering services. What will states do about growing capacity for the GIs under this bill? That is an issue that has not been thought through,” he said, and it is “a question that will be multiplied 50 times because every state university system will be impacted by the bill.”

✔ Direct Loan versus FFEL

Another issue bound to arise after the election involves student loans. Obama wants to eliminate the Federal Family Education Loan (FFEL) Program and have only a direct loan approach; Senator John McCain (R-NM) does not. The HEA reauthorization bill continues both.

Smith said that both loan programs are popular on AASCU campuses; the main concern for AASCU institutions is that, if there is any change, the transition must be smooth so that students are not left without the money they are supposed to receive.
New Thinking on Funding

While ongoing tuition-funding programs will continue to get attention, a number of higher education organizations are looking at more thoroughgoing reforms. Particularly anticipated is the October report of the College Board's Rethinking Student Aid initiative, funded by the Mellon, Spencer and Lumina Foundations. Early hints indicate that the panel feels that, because the most financially needy students—for whom federal financial aid was initially designed—pay few or no taxes, the best way to deal with college aid is unlikely to be through the federal tax code. But because tax credits are very popular with middle class voters, the panel understands that any plan cannot simply take all the money from these programs and funnel it into grant aid.

Both McCain and Obama support increasing Pell Grants, but Alexander would like to see a rethinking of Pell Grants that returns to the roots of the program. He explained that in 1972, only half of the initial Pell Grant program went forward—the half that gave money to students. The other half of the plan—the half that was taken off the table—provided funding to help lower-income students who require much higher support and expenditures. Alexander would like to see the winning candidate explore this two-pronged strategy.

“Currently there are no incentives for colleges and universities to educate low-income students,” he said. “They cost them more money and reduce their overall results.”

Perry, too, wants to see the federal government focus on more than just financial aid for tuition because that ignores other pieces of the total costs. “As we constrict our approach to aid we limit the number of people who can engage,” he said. “If we are going to expand the proportion of people, we have to expand assistance. Are we really going to support the educational costs of the people that need federal support—people who need serious financial assistance with the cost of living? What does it really take?”

For example, Perry said that the pressure to hold down jobs takes a toll on academic success and makes it harder for students to persist. “If our political goal is to increase the proportion of the population with credentials we need to establish a policy framework, and financial aid is only one piece of that,” he said.

Access for Undocumented Students

The Development, Relief, and Education for Alien Minors (DREAM) Act, voted down by the Senate in October 2007, could be resuscitated under a new administration and congress. Among other things, the act would give in-state resident tuition status to undocumented aliens who arrived in this country before the age of 16 and are otherwise qualified to attend college. Obama supported it, but McCain did not (however, he only rejected the idea after he had lost much conservative support when he backed President Bush’s immigration reform proposals).

Accountability

Kirwan believes that no matter which party wins the presidency, accountability will be a major issue: performance, cost containment and improved graduation rates and outcomes. The issues raised by the Spellings Commission “will have legs,” he said, adding that so much accountability has been built into K-12 and other sectors of society (e.g., Sarbanes-Oxley in the corporate sector), that higher education will not to be exempt.

Greer agrees that both accountability and accreditation will be issues in the next administration. Accountability, Greer believes, will involve a broad range of concerns from facilities to consumer issues—such as truthful advertising—to student life. “These are appropriate to be scrutinized,” he said. “Institutions have a lot of autonomy, so the public should expect accountability and responsiveness.”

Perry sees accountability as devolving to institutions. But he is concerned that, “when government threats go away, we in higher education get lazy about sustainability and measuring. We need to be very aggressive in the measuring that we are doing and go public with the results. South Dakota,” he said, “is in the vanguard, requiring rising junior proficiency tests and making the results public.”
Competition and Innovation

“We are falling behind [other OECD] countries in the educational level of our citizens,” Kirwan said, “and the failure of this issue to gain traction as a matter of public policy concern is very troubling to me. We are now sixteenth in participation rates of high school graduates,” he said, “and we are tenth in percentage of adult population earning degrees by age 35. In my lifetime, we were first in both categories.”

A number of higher education organizations have focused on the problem. For its part, AASCU recently formed a Commission on Presidential Leadership and Global Competitiveness to assess and project the impact of global economic, political and technological changes on America’s public universities.

Perry believes that state governments grasp the problem of creating an educated, competitive workforce better than either congress or the president because each governor presides over a state economy. He cited a suggestion that Roy Romer, chairman of the Strong American Schools/ED in ’08 Campaign, made at SHEEO’s annual meeting in July. The former governor of Colorado suggested that the new president use his office to convene the 50 governors, chief school officers, and state higher education officers—and get everyone working on a plan to ensure rigorous standards meeting national and international workforce needs.

Such a conversation “would not change the dynamic of who has main responsibility—the states do—but it [would provide] greater structure,” Perry said.

Greer, too, wants to see the next president provide leadership to articulate the purpose and roles of public higher education. “We should help make this happen,” he said. “We need to market an agenda that ties into the national agenda.”

Research Agenda and Funding

Perry also said the new administration must embrace the need for a research agenda for higher education—another version of the “To the moon by end of decade” challenge of the 1960s.

However, authorizing and appropriating funds is a congressional matter; partisan concerns can intervene, even with theoretically bipartisan issues. For example, last year Congress passed (by a wide margin) the America Competes Act, which authorized the doubling of basic science research over seven years and called for increases in science education. But those goals were never funded.

On a more practical level, funding for research programs at institutions often comes by way of earmarks. Individual institutions lobby for them; Members of Congress like to deliver them to their districts. McCain is known for his push to limit earmarks. Smith believes that, regardless of which party is in power after the elections, there will be greater transparency regarding how earmarks are requested and greater scrutiny regarding their type, number and funding.

Time to Promote Further Reforms.

No matter which party wins the presidency and/or the congress, Alexander does not expect much to happen very soon regarding higher education because the economy is in such bad shape. Nevertheless, he said, “Now is the time for higher education to rethink the status quo in the political arena,” he said. “If we do not use this opportunity to influence our leaders to make political changes and innovations, we will continue to fall behind other OECD nations.

Alexander explained that, after the election, the administration needs to determine which institutions are serving the greatest public good: who is doing the best job at the most affordable rates for the most needy populations. “Then it will be clear where the greatest amount of funding should be placed,” Alexander said, “and AASCU institutions will be one group that will shine.”

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