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## **Higher Education in the Age of Obama**

**By Arthur Levine**

During a seemingly endless presidential campaign, President-elect Obama offered a compelling higher education platform. Now, however, on the eve of the new Obama administration, it is clear that politics and finances will require the new president to scale back his plans for higher education and just about everything else.

What the moment demands, is that colleges and universities join together across their traditional divisions — public and private, two-year and four-year, high-endowment and low-endowment, sectarian and non-sectarian and all sorts of demographic variations — to suggest and advance the priorities with the potential to help shape the president-elect's agenda.

The Obama higher education platform focused on five critical issues: access, affordability, research, economic development, and international competitiveness. His agenda included — among other initiatives — grants for technology-based economic development through community colleges; doubled funds for basic research, especially energy-related research; support for expanding historically black colleges and for enhancing distance learning; the establishment of tax credits to make college more affordable; and expansion of access through TRIO and Gear-Up, as well as community colleges. He asked for funding to produce teachers, promote service, and retrain the unemployed.

A number of pressures will now require the new president to rethink this array of important proposals because he won't have the resources to carry out this agenda. First, discretionary dollars will be eaten up by the \$800 billion bailout, additional federal funding for economic relief, the continuing cost of the Iraq war, and declines in tax revenues.

Second, support for education has diminished as a priority for the American people. During the 2000 presidential election, Americans ranked education either first or second among the nation's priorities. In 2004, it fell to fifth. In 2008, it dropped off the priority list.

Third, the primary citizen advocates for increased education funding have shifted their focus to health care. Baby Boomers, who constituted more than half of the electorate until this election, single-handedly made education a priority because they wanted good schools for their children. Today, with most of their kids graduated or largely through

school, Boomers are now focused on aging and frail parents, who are absorbing an increasing share of their time and resources.

The sheer size of the Baby Boom generation ensures that every politician running for any office, from dogcatcher to president of the United States, quickly develops a platform that emphasizes Boomers' interests. As a result, elder care, health insurance and Social Security have become the new priority — and will likely continue to overshadow education in the years ahead., since the first Boomers reached retirement age this year.

So, given these constraints, what Obama initiatives could make the greatest difference for higher education and for a nation that depends on its colleges and universities? To maintain the vitality of the nation's colleges and universities, what one or two greatest priorities can our institutions agree upon and work most effectively for?

- **College affordability.** Among all the Obama higher education goals, affordability is likely to have the highest priority and the greatest likelihood of Congressional support. This is primarily a middle-class issue, and middle-class and more affluent populations have the highest voting rates. Moreover, the cost of college is rising more quickly than their resources: Today, fewer than 4 percent of Americans can afford to pay the sticker price for four years of college. Affordability, therefore, already has a Washington constituency. Because this issue will persist, colleges and universities should make it a centerpiece of their program for Washington action.
- **College access.** While access remains critically important in public discourse, funding is unlikely to match the expressed concern. The populations most underrepresented in higher education historically have the lowest voting rates, though there appears to have been an increase in the 2008 election. As an issue, however, access increasingly has not only a moral and rhetorical basis, but also an economic power. In a knowledge-based economy, a college education is the prerequisite to gainful employment. Traditionally underrepresented populations constitute the nation's fastest-growing pool of intellectual resource and human capital, and that should make it possible to seek support for access initiatives — particularly with colleges and universities leading the way. Low-cost initiatives, such as simplifying federal financial aid, are likeliest to be adopted.
- **Research.** The greatest funding increases for higher education may occur for applied research and development areas rather than basic research. For instance, research budgets are likely to expand owing to federal energy initiatives. This means that while the future depends upon adequate funding for basic research, universities might be more successful in working to obtain resources in high priority areas like energy and green initiatives.

In this environment, colleges and universities will face new constraints — rising demands by the federal government for accountability, cost controls and pressure on state governments to assume greater responsibility for higher education support.

- **Financial accountability.** Concerns about college affordability will lead Washington to pressure colleges and universities not only to control tuition and expand financial aid, but also to demonstrate accountability. It is wiser for institutions to take the lead in this area or they are likely to face growing efforts in Washington to regulate higher education. For instance, given the bad odor that

deregulation has acquired in the for-profit sector, some watchdogs may press to extend controls to not-for-profits. Arguments have already been made that colleges, as well as other not-for-profits, should adopt governance approaches that reflect a Sarbanes-Oxley regimen of audit controls. In the years ahead, there could also be efforts to impose health care-like price controls on higher education through federal financial aid programs. As a first step, institutions of higher education need to become more transparent on policy, practices and compelling rationales on issues such as tuition pricing, need-based and merit based financial aid, endowment use, and graduation rates and standards for which they are being criticized and are vulnerable. Without foot dragging, reports should be issued annually on these subjects. Topics such as tenure, teaching loads and the place of undergraduate education in the university need to be better explained and understood by higher education's publics.

- **Cost controls.** Colleges and universities will have to reject the practice of cost-plus pricing, determining expenditures first and then charging the tuition necessary to cover them, analogous to a family setting their desired annual expenses and then determining how much they need to earn, in order to control costs at the very moment when demand for financial aid is rising and fundraising is becoming more difficult. Historically, America's colleges and universities have grown by adding new programs to existing programs rather than substituting. Presidents have often talked about their desire to reverse this approach. The years ahead will not only provide an opportunity to prune and substitute, but will make it essential.
- **A shift toward state funding.** Higher education can expect reduced federal funding, both in real dollars and in programs deemed nonessential to the public. States, already facing significant deficits, will be asked by the federal government to take greater responsibility for higher education funding.

These are some tall orders and tough conditions, and pressures to accommodate them are inevitable. Colleges and universities will need to document and make explicit what is and is not possible. With fewer resources, higher education cannot be expected to take on major new initiatives imposed by Washington. The degree to which institutions of higher education can be expected to respond to diminished federal support will vary dramatically across different types of institutions. All institutions cannot be expected to share the burden equally.

Finally, even if money is not available in Washington, the higher education community more than ever must remind the media and the public of the importance of higher education to our children's futures, economic development, global competition, maintenance of a democratic society, and national defense. Colleges and universities have a crucial social, intellectual, and economic role to play.

In this new administration, colleges and universities will be unable to sit back and hope for the best, when the bailout dust settles. Instead, our institutions must together seize the moment to determine which priorities and what kinds of support are most essential. The name of the game in the years ahead may simply be preserving what higher education has. That, in itself, will be no small challenge.

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