



Insight

Little New, Nothing Bold for Higher Education

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Tucked into the sea of red ink outlining the administration's priorities for the coming federal fiscal year are a handful of initiatives for higher education. Despite lip service to some of the challenges facing our country's higher education sector, such as growing costs, rising student debt, declining enrollment and uneven achievement among minorities and low-income students, the administration's proposed budget would do little to address these issues.

Some of the key points include:

- Boosting funding for the First in the World program to \$100 million for Fiscal Year 2015. The program is intended to reward colleges and universities for improving educational outcomes and improving affordability.
- Proposing \$75 million for minority-serving institutions to reduce costs and improve outcomes.
- Maintaining the same maximum Pell grant level through Fiscal Year 2015.
- Extension of the administration's college ratings system, announced in August of last year.
- College Opportunity and Graduation bonuses to encourage colleges to improve educational outcomes for low- and moderate-income students, presumably by amending the campus-based aid programs.
- Changes to academic progress standards for Pell grant recipients to encourage more timely completion.
- Extension of Pay-As-You-Earn loan repayment programs and targeting of eligible students.

It's a fairly underwhelming list, particularly when compared to the hundreds of billions of dollars the president is proposing for infrastructure projects and amendments to the tax code to benefit low-income earners. Aside from a handful of tweaks to a few of the federal financial aid programs, the administration's proposed budget does little to address the ongoing cost and affordability challenges facing college students and their families.

It seems especially light duty to compare the \$175 million the president is proposing for programs to support cost management when the federal government churns out more than **\$130 billion** in federal financial aid programs. That amounts to slightly more than one tenth of one percent of what Washington provides to higher education. It's difficult to see how such miniscule changes such as those proposed by the administration will have any significant impact on how colleges and universities operate.

Given the massive canvas on which the administration could paint a myriad of potential improvements and reforms, the decision to aim low is disappointing. It may be a reflection of the impasse in Washington, or perhaps it is an indication that the president has given up on the idea of truly transforming the U.S. higher education system into one that can deliver on his goals of leading the world in the proportion of college

graduates by 2020. Regardless, it seems parents and students will have little to cheer about from the administration's budget proposal as college costs and overall debt levels continue to grow, enrollment slides downward, and low-income and minority students continue to lag behind their more affluent peers.