THE POLICY CIRCLE
HIGHER EDUCATION REFORM
"In the United States, higher education is considered to be voluntary studies beyond the high school level."

Higher education "creates lifelong opportunities that promote economic success, political participation, and other benefits," such as bolstering economic competition within and across states. These benefits provide overall gains for society as a whole.
FACTS TO KNOW

SINCE 2000, PRIVATE COLLEGE TUITION AND FEES HAVE INCREASED BY OVER 50% BEYOND INFLATION AND PUBLIC COLLEGE TUITION AND FEES HAVE INCREASED BY A FULL 100%.

ROUGHLY 45 MILLION AMERICANS OWE $1.7 TRILLION IN STUDENT LOANS, AND $1.51 TRILLION OF THAT IS FEDERAL STUDENT LOANS. THIS PLACES THE AVERAGE DEBT PER STUDENT AT JUST OVER $30,000.

BETWEEN 1995 AND 2015, THE EARNINGS GAP BETWEEN HIGH SCHOOL GRADUATES AND GRADUATES WITH A BACHELOR'S DEGREE OR HIGHER ROSE FROM 72% TO 94% FOR MEN, AND FROM 88% TO 97% FOR WOMEN. ACROSS ALL DEMOGRAPHICS, THE CENSUS BUREAU FOUND THAT AVERAGE EARNINGS FOR THOSE OVER THE AGE OF 25 WITH A HIGH SCHOOL DIPLOMA WERE $35,615, COMPARED TO AVERAGE EARNINGS FOR THOSE WITH A BACHELOR'S DEGREE ($65,482) OR AN ADVANCED DEGREE ($92,525).

A SIGNIFICANT PORTION OF INCOMING COLLEGE STUDENTS ARE NOT RECENT HIGH SCHOOL GRADUATES; ALMOST HALF ARE OVER AGE 25 WHEN THEY FIRST ENROLL. ADDITIONALLY, ROUGHLY 25% ARE PARENTS, OVER 60% HOLD FULL- OR PART-TIME JOBS, AND 38% ARE ENROLLED PART-TIME. AS OF 2019, 14% OF STUDENTS ENROLLED IN COLLEGE WERE ATTENDING A COMPLETELY ONLINE COLLEGE.
GOVERNMENT EXPENDITURES

During the 2015-2016 school year, the federal government distributed $158 billion in financial aid to undergraduate and graduate students. These include grants such as Pell grants, loans, tax credits, work-study funds, and veterans benefits.

The U.S. government is the nation's largest student lender. In 2018, the federal government lent $94 billion to students. At the end of 2020, 45 million Americans owed $1.51 trillion in federal student loans. The Congressional Budget Office predicts the federal government will originate $1.05 trillion in new loans between 2020 and 2029.

In 1990, state funding per student was 140% higher than federal funding per student, but has considerably decreased while federal funding has risen. Today state funding is only about 12% higher than federal spending. Federal funding goes mostly to individual students or university-based research. States pay for general operating expenses of public institutions. In terms of financial aid, state institutions awarded over $11 billion during the 2016-2017 school year.

Each state funds its schools differently; in 2015, Colorado, New Hampshire, Pennsylvania, and Vermont all spent less than $4,000 per student, while Alaska and Wyoming spent over $14,000 per student.
GRADUATING FROM COLLEGE IS STILL THE BEST WAY TO SECURE A PLACE IN THE MIDDLE CLASS; ACROSS ALL RACES AND ETHNICITIES, POST-GRADUATE FAMILIES “ENJOY A CLEAR INCOME ADVANTAGE OVER FAMILIES WITHOUT AT LEAST A BACHELOR’S DEGREE.” AT THE SAME TIME, COSTS ARE HIGHER THAN EVER, INCREASING STUDENT DEBT AND IMPACTING RETURNS ON INVESTMENT IN EDUCATION. ADDITIONALLY, STUDENTS ARE NOT LANDING JOBS THAT UTILIZE THEIR COLLEGE DEGREE, EVEN WHILE EMPLOYERS ARE REPORTED A TALENT SHORTAGE AMONGST THE AVAILABLE WORKFORCE.

THERE ARE MANY THEORIES FOR RISING COSTS. SOME POINT TO ADMINISTRATIVE COSTS THAT HAVE TRICKLED DOWN TO STUDENTS, ALTHOUGH THERE HAS ALSO BEEN A DECLINE IN MONEY FOR PROFESSORS AND CLASSES. ANOTHER COMMON EXPLANATION, THE BENNETT HYPOTHESIS, SUGGESTS COLLEGES WILL INCREASE THEIR TUITION IF FEDERAL AID TO STUDENTS INCREASES. STUDIES INVESTIGATING WHETHER SCHOOLS DO TAKE ADVANTAGE OF INCREASES IN FEDERAL AID TO RAISE THEIR PRICES HAVE FOUND MIXED RESULTS. ADDITIONALLY, PRICES AT PUBLIC INSTITUTIONS ARE SET THROUGH LEGISLATIVE PROCESSES INVOLVING INCENTIVES THAT DO NOT NECESSARILY CORRELATE WITH FEDERAL HIGHER EDUCATION FUNDING.

HIGH COSTS HAVE LEFT MANY STUDENTS WITH LARGE LOANS TO REPAY; STUDENT DEBT IS THE SECOND LARGEST TYPE OF DEBT HELD BY AMERICANS (AFTER MORTGAGES). PROPONENTS OF CANCELLING STUDENT DEBT ARGUE THAT DEBT HOLDS WORKERS BACK AND CANCELLATION COULD HELP SPUR ECONOMIC GROWTH BY ALLEVIATING THAT FINANCIAL PRESSURE. CRITICS MAINTAIN CANCELLING STUDENT DEBT MOSTLY HELPS UPPER-INCOME HOUSEHOLDS, WHO DO OWE THE MAJORITY OF STUDENT LOANS.

THE CHALLENGES OF THE STUDENT AID, LOANS, RISING COSTS, AND SHRINKING STATE BUDGETS HAVE ONLY BEEN EXACERBATED BY THE CORONAVIRUS PANDEMIC. FINANCIAL INSTABILITY HAS RESULTED IN CONSOLIDATED OR SUSPENDED PROGRAMS, AND UNIVERSITIES HAVE INITIATED HIRING FREEZES. MANY STUDENTS WERE LEFT TO CONSIDER WHETHER ONLINE CLASSES WITHOUT CAMPUS ACTIVITIES WERE WORTH THE TUITION. UNIVERSITIES ALREADY STRAPPED FOR CASH WILL BE WORKING WITH FEWER STUDENTS, LESS TUITION, LOST HOUSING FEES, PUBLIC HEALTH MEASURES, AND TECHNOLOGY ADJUSTMENTS.
Solutions

Using tax records to target student debt-forgiveness could ensure the benefit reaches the borrowers who need it rather than an across-the-board cancellation. Another suggestion is to institute a cap on the amount forgiven. Others suggest diving deeper into the university pricing system, because cancelling debt would do nothing to change lending practices that have generated high student debt.

Complexity and inexperience leads many students to pursue higher education without closely examining their opportunities. Additional information and pricing transparency among institutions may help. For example, the College Scorecard requires every accredited college to publicly report information on its graduates' earnings and could help hold colleges accountable for the outcomes they produce and change the system that judges institutions based on prestige rather than on outcomes such as first year earnings.

Reported talent shortages amongst the available workforce has resulted in more focus on technical training schools in lieu of, or as a precursor to, traditional colleges, as the surge in demand has been for technical skills. Some foundations are highlighting the skills gap and stigma against vocational training.
WHAT YOU CAN DO

MEASURE -
ARE YOU FAMILIAR WITH THE HIGHER EDUCATION INSTITUTIONS IN YOUR STATE OR COUNTY? DO YOU KNOW YOUR LOCAL/REGIONAL COLLEGES’ GRADUATION RATES? HOW DOES YOUR STATE APPROPRIATE FUNDING FOR HIGHER EDUCATION INSTITUTIONS? DO VOCATIONAL SCHOOLS OR TECHNICAL COLLEGES EXIST IN YOUR STATE OR DISTRICT?

IDENTIFY -
WHO ARE THE MEMBERS OF YOUR STATE’S HIGHER EDUCATION BOARD OR AUTHORITY? DO YOU KNOW WHO PARTICIPATES ON THE BOARD OF TRUSTEES AT YOUR LOCAL COLLEGES, OR AT YOUR OWN ALMA MATER? WHAT STEPS HAVE YOUR STATE’S OR COMMUNITY’S ELECTED OR APPOINTED OFFICIALS TAKEN REGARDING HIGHER EDUCATION?

REACH OUT -
FIND ALLIES IN YOUR COMMUNITY OR IN NEARBY TOWNS AND ELSEWHERE IN THE STATE. FOSTER COLLABORATIVE RELATIONSHIPS WITH COMMUNITY ORGANIZATIONS, SCHOOL BOARDS AND RELATED ORGANIZATIONS SUCH AS PTAS, YOUR LOCAL CHAMBER OF COMMERCE OR LOCAL BUSINESSES.

PLAN -
SET MILESTONES BASED ON YOUR STATE’S LEGISLATIVE CALENDAR OR LOCAL COMMUNITY CALENDAR.

EXECUTE -
ENGAGE WITH COMMUNITY MEMBERS IN YOUR SCHOOL DISTRICT, WITH SCHOOL BOARDS, OR WITH PTAS TO DISCUSS POSSIBILITIES SURROUNDING VOCATIONAL EDUCATION OPTIONS OFFERED AT YOUR LOCAL SCHOOLS. REACH OUT TO LOCAL NONPROFIT ORGANIZATIONS TO SEE IF THEY HAVE PARTNERSHIPS FOR SERVICE-LEARNING OPPORTUNITIES WITH NEARBY COMMUNITY COLLEGES OR FOUR-YEAR COLLEGES. LOOK INTO EDUCATION GOVERNANCE AND THE COMMITTEES THAT SET GOALS AND VISIONS, SUCH YOUR STATE’S HIGHER EDUCATION BOARD OR LOCAL INSTITUTIONS’ BOARDS OF TRUSTEES.