Thirty years ago, two percent of the American public listed education among issues of national importance. The ensuing years have brought dramatic change: In a series of public opinion polls late last summer—just before September 11th—education was the number-one or -two voter concern, behind only the economy when it was behind at all. In 2002, education remains one of the top domestic policy issues cited after terrorism and the economy. Politicians across the spectrum have been quick to respond to this broad public concern with education. Clayton Spencer, associate vice president for higher education policy at Harvard University, assesses the national political context for higher education and discusses its implications for policy making in a time of heightened security concerns and recession.¹
THE POLITICAL CONTEXT

Although education has achieved obvious political salience on the national scene, higher education faces a challenging political context in the coming years. A number of factors contribute to this situation. First, America’s war on terrorism has subordinated all domestic policy issues with the possible exception of the economy. Second, federal discretionary spending is being squeezed by a number of forces. Finally, within the politics of education, higher education has become a stepchild, competing with K-12 education for attention and funding.

According to the Office of Management and Budget (OMB), a number of factors are converging to produce a bleak outlook for the nation’s near- and long-term fiscal prospects: the recession; the newly necessary spending to fight terrorism and defend our homeland; and new, lower estimates of long-term economic growth. Tax cuts—both the $1.35 trillion cuts passed in 2001 and those proposed in President Bush’s fiscal 2003 budget—further shrink the federal budget.

Moreover, the most proven mechanism for promoting access to higher education—financial aid in the form of grants—comes out of the discretionary side of the federal budget, which for many years has been under pressure from growing entitlements that will only worsen as the nation ages. Even in the booming economy of the last decade, discretionary spending on federal financial aid did not grow significantly. OMB now estimates that the federal budget will remain in deficit until fiscal year 2005, a situation that inevitably requires difficult trade-offs, particularly given increased defense spending.

Federal budget pressures mirror and amplify the economic forces already squeezing higher education—both public systems and private institutions. The faltering economy has brought a decline in state revenues, which in turn decreases state appropriations for higher education. These economic effects coincide with significantly greater numbers of 18- to 24-year-olds expected to enter the nation’s colleges and universities in the coming decade. A downturn in the economy affects even the best-endowed private institutions, as all revenue sources—endowment returns, gifts, and the ability and willingness of parents to pay a premium for private education—are determined by the same economic forces affecting state revenues.

These economic pressures are causing public and private institutions to raise tuition more steeply than in recent years. At the same time, the political system, reflecting public opinion, is deeply skeptical about the cost of higher education. The net result of rising tuition is to render higher education politically more suspect precisely when competition for scarce domestic federal resources will be significantly more intense.

Higher education faces competition not only from domestic priorities other than education, but also from the emphasis within education on the K-12 agenda. Prior to September 11th, education was one of President Bush’s highest priorities. But the president’s focus, reflecting public and political concern, is overwhelmingly on K-12 education and basic issues of quality in American public schools.

To be sure, higher education benefits in important ways from education as a generic priority. Driven by public preoccupation with the K-12 domain, education has achieved sacred cow status, making politicians loathe to cut education funding at any level. Traditional higher education programs have been protected and enjoyed moderate increases since 1995, and funding for Pell Grants has more than doubled in the last five years, even though the significant new money for higher education has been directed to tax benefits.

Despite its favorable coattail effect, the overwhelming emphasis on K-12 issues threatens higher education’s priorities in two basic ways. First, the attention problem: In
today’s crowded legislative agenda, it is difficult for higher education to claim the attention of lawmakers. Second, the leak problem: When higher education does get the attention of the public and policy makers, it risks getting the wrong kind. The policy concerns in elementary and secondary education—quality and accountability—are emphatically not those that have animated a successful federal higher education policy since World War II.

In higher education, the federal government has for the last half century defined its role in narrow, instrumental terms at the margin, leaving operating responsibility and issues of curriculum and quality to states, private boards of trustees, and the competitive market that this mixed system produces. Until the 1990s when large-scale tax measures aimed at education were adopted, federal financial aid funds entered the higher education system in a mechanistic fashion, with important value judgments—such as curriculum and cost structure—left to students, families, and higher education administrators.

The federal role in K-12 education is quite different. Federal policy makers are concerned not with access or cost, but with issues that go to the core of the educational experience: the quality of instruction and the academic progress of students. As the No Child Left Behind Act of 2001 makes plain, federal policy makers today are willing to reach into the heart of the K-12 enterprise—insisting on objective accountability measures to judge student achievement and progress and using federal funds to reward and punish based on these measures. The implications of this approach for higher education are potentially significant.

**IMPLICATIONS FOR HIGHER EDUCATION POLICY MAKING**

The Higher Education Act is scheduled for reauthorization in 2003. When President Johnson signed the act into law in 1965, its bedrock goal was to remove financial barriers to higher education for low-income students. Today, policy goals at the federal level are more diffuse and the political environment is more charged.

The 1980s and 1990s witnessed a shift away from the goal of access for low-income students toward the middle-class concern for affordability, embodied in the Hope and Lifetime Learning Credits of 1997 and further tax cuts enacted in 2001. Pressures to respond to middle-class concerns are likely to intensify, not diminish, as economic times worsen, tuitions rise, and anxiety about the cost of college increases. Furthermore, tax breaks, once enacted, are virtually impossible to repeal. Although one can lament these developments, realism would suggest that we recognize that the federal government provides, and will continue to provide, financial support for college in various forms across a spectrum of incomes and generations. The Higher Education Act is one—but by no means the only—vehicle for federal higher education policy making.

Because the education tax credits are relatively new, their effects are not yet fully understood. Yet given that middle-class concerns have an inherent advantage in the political process and that funding can be expected to remain tight, sound research will be critical in directing scarce resources. We need to frame a research agenda to analyze subsidy levels, their distribution to different populations, and the internal incentive effects of the student aid and tax systems as well as the interactions among various financing mechanisms.

At the same time, it is important to recognize that high-quality research—including long-term projects—that will provide comprehensive and accurate data across the complex structure of higher education financing cannot be achieved overnight to meet the demands of the legislative cycle. As higher education economist Thomas
Kane suggested in a recent policy forum sponsored by The College Board, it is important to distinguish those areas that will admit of analysis in the short term from those that will require a longer time horizon—and commit to both. Otherwise, policy makers will never be in a position to make well-grounded policy changes.

Given the dominance of K-12 issues, the soundest strategic approach for higher education may be to make the best of the situation and develop meaningful policy proposals that link the two domains in areas of central, common concern. For higher education, measures that will produce students prepared to work and succeed at the college level clearly are in order. In the past, higher education policy tended to focus on augmenting the financial aid system by offering mentoring, academic support, and other tailored assistance to disadvantaged students through programs such as TRIO or GEAR UP. In a highly constrained budgetary environment, however, it is unlikely that such programs can be meaningfully expanded.

Instead, higher education should look to those points of intersection with K-12 education that can affect the system as a whole by, for example, enriching the talent pool and training for teachers and bringing to bear on practice in the classroom the results of education research developed at our colleges and universities. If higher education does not develop meaningful substantive connections, politically expedient and counterproductive measures invoking the values of quality and accountability are likely to be imposed, largely due to the problem of “leakage” identified above.

Whenever higher education is considered seriously at the federal level, the cry goes up for simplification of our overly complex, multiplayer and multisource financial aid system. It is hard to argue with a desire for better coordination among the many types and sources of student financial assistance. But achieving greater coordination and targeting of aid from different sources—federal and state governments, institutional and voluntary scholarships, grants and loans, financial aid and tax benefits—would require significant policy and programmatic shifts that are dangerous in the absence of a secure funding environment. It is important, therefore, to distinguish the coordination and targeting agenda from the research agenda. Achieving analytical clarity should not be conflated with achieving programmatic clarity on the ground. The latter should be premised on sound and comprehensive research and should be carried out only when the commitment to maintaining an overall level of support can be presumed.

**CONCLUSION**

In the current political environment, sound higher education policy making requires broad peripheral vision. As we frame the debate going forward, it is important to recognize that the Higher Education Act and its reauthorization are one piece of a larger political context involving other forms of financial aid, interactions with K-12 education, and larger political forces subordinating domestic priorities across the board.

At the same time, sound policy making requires the determined pursuit of finite and focused goals. No goal is more important or attainable than ensuring access to higher education by removing financial barriers. The post-September 11th outpouring of support for public service and community values may give renewed vitality to President Johnson’s original aspiration for the Higher Education Act of 1965—to ensure that “a high school student anywhere in this great land of ours can apply to any college or any university in any of the 50 states and not be turned away because his family is poor.”

1 The views expressed are the author’s and do not represent positions by or on behalf of Harvard University.

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