The Evolving Higher Education State/Federal Relationship

WICHE Legislative Advisory Committee
Presenter: David A Longanecker, President
September 16, 2015 – Portland, Oregon
What to Expect from the Feds

- A major underlying current and reality
  - Perception that States are reducing support

From 2014 SHEEO SHEF Report

Note: Constant 2014 dollars adjusted by SHEEO Higher Education Cost Adjustment. Educational Appropriations include ARRA funds. (HECA)
What to Expect from the Feds

▪ A major underlying current and reality
  - Perception that States are reducing support
  - From the State Perspective
    - State Fiscal Support for Higher Education by State (Grapevine via SHEF FY 2013)
      - FY09 = 73.8 Billion
      - FY14 = 73.0 Billion
      - Delta = -1.1%
        - HECA over period = 9.5%
        - Enrolment increase over period = +3.9%
Total Educational Revenue Per FTE
State Differences From U.S. Average, Fiscal 2014

Source: SHEEO SHEF FY 2014
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- Reality depends on one’s perspective
What to Expect from the Feds

- The Gradual Shift from State to Federal Support
  - Pell Grants:
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- The Gradual Shift from State to Federal Support
  - Pell Grants:

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- The Gradual Shift from State to Federal Support

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- American Recovery and Reinvestment Act: $8 Billion for Higher Education over 2 years
- Student Loans
  - 2000 Volume: $40 Billion (students only)
  - 2014 Volume: $77 Billion (students only)
- Tax Credits
  - 2000 Volume: $5.5 Billion
  - 2012 Volume: $17.4 Billion

- Net Effect: Shift from States as the lead funder to Students via the feds
What to Expect from the Feds

- Three threads of discussion
  - The Dreamers ("Visionaries" and Candidates)
    - Free or Debt Free
      - Federal Costs seldom mentioned
  - Practical Thinking – Reauthorization Discussions & Appropriators
    - Themes: Affordability, Consumer Information, Quality Assurance, Risk Sharing
  - "Less is less and better" advocates

- Implications for States
  - Limited new dollars means smart partnership needed
  - Skin in the game could lead to new federalism

- When? Most likely next year
In Sum

- Exciting Times
- Much Positive Going On
- But Two Major Related Disconnects in Policy Arena
  - Difficulty Accepting the New Normal in Funding
  - Relying on 20th Century solutions designed to serve 20th Century students in a new millennium that requires 21st Century solutions to serve 21st Century students and conditions.
  - And, are States willing to cede public higher education policy to the feds? He who pays, says!