



POLICY MATTERS

Looking Back, Looking Ahead: State Colleges and Universities and the 2004 Elections

In a departure from recent campaign cycles, the 2004 elections did not feature education as a primary issue, focusing instead on Iraq/terrorism, economic issues, and moral/social concerns. The outcomes of November 2, nevertheless, will have significant implications for public four-year campuses and their students. In Washington, a re-elected president and strengthened Republican majorities in Congress are expected to complete the reauthorization of the Higher Education Act (HEA) and push ahead with other priorities likely to affect colleges and universities. In the states, governors and closely divided legislatures will tackle a host of college affordability, governance, and related issues. At both levels, fiscal realities form a crucial backdrop, as a gradually improving fiscal picture is being met by intensifying spending pressures in areas such as health care and security. As a result, the 2005 legislative sessions and the first session of the 109th Congress will—and should—be closely watched by state colleges and universities and their stakeholders.

Observations

Republican gains in Washington will influence the Higher Education Act reauthorization, appropriations priorities, and other issues impacting academe.

On the HEA front, congressional Republicans are emphasizing institutional accountability, loosening regulation of for-profit institutions, changing

federal student loan programs, and increasing focus on workforce development issues. For his part, the President has largely reinforced this agenda, particularly workforce development and increased regulatory flexibility in the for-profit sector. In the year ahead, look for debates regarding accountability provisions (e.g. disclosure of accreditation processes, transfer of credit, affordability), regulatory treatment of for-profit institutions, and student loan borrowing terms.

In the area of appropriations, a stronger Republican presence indicates that the overall priority level of education funding is not likely to change in the 109th Congress (FY06 and FY07). The good news is that major program reductions do not appear to be in the works, but that spells potentially bad news for programs like the Pell Grant, where the gap between demand and appropriated funding now approaches \$4 billion (approximately one-third of the program's total value).

Other aspects of the Republican agenda also stand to affect public higher education. In tax policy, the continuation and expansion of the administration's tax policy would impact college savings and student loan borrowing (via student loan interest deductions and increased contribution limits for savings accounts), as well as states' finances (through the linkage between

Figure 1. Balance of Power Pre- and Post-Election, 2004

	Pre-Election		Post-Election	
	Democrats	Republicans	Democrats	Republicans
U.S. House*	205	229	200	231
U.S. Senate	48**	51	44**	55
State Legislatures (seats)	3,618	3,684	3,660	3,650
State Legislatures (party control)	17	21	19	20
Governors***	22	28	21	28
States (governors + legislatures)****	8	12	7	12

*3 races undecided as of November 15, 2004.

**Does not include Senator Jim Jeffords (I-Vt.), who votes with the Democrats for organizational purposes.

***One race (Washington) is still undecided as of November 15, 2004.

****29 states have split control between governors and legislatures. One race (Washington) is still undecided as of November 15, 2004.

state and federal tax codes). Additionally, renewal of the PATRIOT Act, which affects information that can be collected from colleges and universities, is guaranteed to generate considerable debate. Moreover, other areas historically championed by conservatives, such as student aid eligibility for homeschooled students and an academic bill of rights, are likely to find their way onto the federal policy agenda.

Democrats made some gains in statehouse races, while state-level ballot questions showed a healthy dose of conservative populism. Prior to the election, Republicans held a slim majority of state legislative seats, and controlled more legislatures (21 to the Democrats' 17) and governors' mansions (28 to the Democrats' 22). After the election, Democrats hold slightly more legislative seats (3,660 to 3,650), closely trail Republicans in the number of legislatures controlled (19 to the Republicans' 20), and have essentially held their own in terms of gubernatorial seats (21 to the Republicans' 28, with one race still

undecided). Several legislative chambers are tied or held by one-vote margins, promising contentious debates in areas such as budget and taxation.

Initiatives and referenda on the 2004 ballot focused less on education-related issues than in previous cycles (approximately 10 percent of total ballot questions in 2004), and displayed a conservative bent. Measures to ban same-sex marriage and mandate lawsuit reform led the agenda and proved popular. On questions related to education, voters in Arizona approved a measure (Proposition 200) that will require citizenship verification for access to public services, and rejected one (Proposition 102) that would have allowed the states' universities to have ownership shares in companies that license technologies developed at the universities. Washington voters overwhelmingly rejected an initiative (I-884) that would have raised the state sales tax one percent and earmarked the proceeds for education, due in part to grassroots organizing by national anti-tax groups.

College affordability and governance/finance/organization promise to be “hot button” higher education issues in 2005 state legislative sessions.

Double-digit tuition increases spawned by the recent state appropriations slump have provoked a backlash in a number of states. Lawmakers are expected to consider a range of measures dealing with tuition- and fee-setting authority, rates, and consumer information/accountability. Compacts and agreements between governors and public university systems also are likely to continue.

Questions of how to organize, finance, and govern public higher education are also rising on the state policy agenda. In some states, blue-ribbon panels are currently considering organizational reforms to promote efficiency, cost-effectiveness, or access, while others are weighing the question of the state-campus relationship with respect to accountability/regulation and finance. Still others are examining new funding approaches for colleges and universities, spurred on by Colorado’s bold experiment in student-based vouchers.

Demographic trends, and structural imbalances could limit policymakers’ options and threaten higher education investments. On Capitol Hill and in the states, the service demands of an aging population and a return to escalating health care costs may easily offset the fiscal gains from the strengthening economy. For states, the widening disconnect between the prevailing structure of the economy and their tax systems increasingly spells trouble for discretionary budget items such as higher education. Other areas promising challenges for state lawmakers include K-12 reform (No Child Left Behind Act implementation), interstate/international trade concerns, privacy issues, air quality, and corrections costs.

Resources

U.S. House Committee on Education and the Workforce [<http://edworkforce.house.gov/>]

U.S. Senate Committee on Health, Education, Labor, and Pensions [<http://health.senate.gov/>]

These sites provide current information on the work of the committees that authorize major federal higher education legislation (e.g. Higher Education Act), including testimony from committee hearings, special reports, and bill summaries and analyses.

THOMAS (Library of Congress bill search) [<http://loc.thomas.gov/>]

Legislation from current and previous Congresses can be accessed here via a searchable database. The site also contains floor schedules for the House and Senate, as well as other historical documents.

Committee for Education Funding [www.cef.org]

The committee is comprised of over 100 education-related organizations and advocates for education funding at the federal level. Its site contains current information about federal appropriations issues and proposals affecting K-12 schools and colleges and universities.

National Conference of State Legislatures [www.ncsl.org]

Provides up-to-date data and analysis of state legislative races, ballot measures, as well as a look ahead to 2005 state legislative sessions.

National Governors Association [www.nga.org]

Through its Center for Best Practices, NGA provides issue summaries and analyses on education issues of interest to the nation’s governors. Of particular note is the current chairman’s initiative, “Redesigning the American High School.”

National Association of State Budget Officers [www.nasbo.org]

NASBO publishes two analyses of interest to state budget-watchers: *Fiscal Survey of the States*, released in April and December; and *State Expenditure Report*, released in June.

Nelson A. Rockefeller Institute of Government (SUNY-Albany) [www.rockinst.org]

The institute’s Fiscal Studies Program serves as an authoritative data source on state revenue collections, publishing State Fiscal News, State Revenue Reports, and State Fiscal Briefs.