

Higher Education and the 2014 Elections

By AASCU Government Relations

The 2014 election cycle included renewed attention to state and federal higher education policy issues, as growing concerns over escalating tuition rates and student debt led candidates to spar over tuition policies, state investment in higher education operating support and student aid programs, and approaches to making student debt manageable. The ramifications of the elections for public colleges and universities will be most consequential at the state level, where voters decided 36 governor's races, thousands of legislative seats, and a handful of ballot initiatives. At the federal level, voters chose candidates to serve in the 114th Congress, which is expected to debate a number of policies affecting colleges and universities, including the reauthorization of the Higher Education Act.

This paper provides a summary of how the elections' outcomes may impact public higher education. Congressional election results are discussed, with an analysis of how the composition of the 114th Congress will change the policy priorities of higher education legislation expected to be considered on Capitol Hill over the next two years. It also includes some contextual implications for how the results may shape state higher education policy in the years ahead.

Federal Elections

Republicans Gain Majority in U.S. Senate

In the next session of Congress, Republicans will take the Senate majority, with at least 52 seats. At the time of this publication, Republican Dan Sullivan

was leading Democrat Mark Begich in the Alaska senate race, but the final results were still not known, and in Louisiana, Democratic Senator Mary Landrieu faces a December 6 runoff against Republican Bill Cassidy. In the House, the Republicans increased their majority by at least 11 seats, bringing it to a minimum of at least 244 seats, the largest House majority they've held since 1928. When all the votes are tallied, Republicans may end up with as many as 250 seats in the House. In total, there will be at least 69 new members of Congress: 11 in the Senate (1 Democrat and 10 Republicans) and 58 in the House (18 Democrats and 40 Republicans).

The Administration's Higher Education Agenda

The Higher Education Act (HEA) has been oddly immune to executive branch policy priorities throughout its history, and the Obama administration has largely maintained the same pattern of non-involvement in HEA reauthorization efforts. Neither the comprehensive discussion draft released by Senator Tom Harkin (D-IA), outgoing chair of the Senate Committee on Health, Education, Labor and Pensions (HELP), nor the several smaller bills emanating from the House's counterpart committee, were informed by or commented on by the administration. This pattern is likely to hold in the next Congress.

Not surprisingly, the administration has been far more active on the regulatory front throughout its tenure,

Congressional and State Balance of Power Pre- and Post-Election, 2014

	Pre-Election		Post-Election		Gain/Loss	
	Democrat	Republican	Democrat	Republican	Democrat	Republican
U.S. House	199	233	184	244	-16	+11
U.S. Senate	55	45	46	52	-9	+7
Governorships	21	29	18	32	-3	+3
Legislatures—Individual Chambers	41	57	28	68	-11	+11
Legislatures—Both Chambers	19	27	11	30	-8	+3
Total State Control (governor + legislature)	15	23	7	24	-8	+1

Notes: Numbers reflect known results as of 11/10/2014.

Data for state legislatures provided by the National Conference of State Legislatures.

Congress: Pre-election, the U.S. Senate included two seats held by Independents, but who caucused with Democrats. Three House seats were vacant heading into the elections. Results of the Alaska senate seat unknown as of publication date.

States: Pre-election, 5 state legislative chambers had split party control, whereas 7 did after the election.

Nebraska has a non-partisan, unicameral legislature.

with its ambitious and as-yet unveiled college ratings initiative, two attempts at a “Gainful Employment” rule, an open-ended negotiated rulemaking on program integrity, and pending teacher preparation regulations—virtually all of which are likely to elicit opposition not only from the new congressional majority, but from the higher education community as well. It is very likely that the new Congress will significantly limit or entirely defund many, if not all, of these regulatory activities—with support for doing so among many higher education associations.

Congressional Outlook for Higher Education

Little is expected to change on the House side in the new Congress in terms of leadership or higher education priorities of the Education and Workforce Committee and its Postsecondary Subcommittee. The real change in the new Congress will be on

the Senate side, where Chairman Tom Harkin’s retirement and the expected transfer of the gavel to Senator Lamar Alexander (R-TN) will significantly change the legislative agenda and the trajectory of HEA reauthorization. Senator Alexander is widely viewed as the best informed and most engaged member of the GOP conference on education issues, having served as both U.S. Secretary of Education and as president of the University of Tennessee. He has identified simplification, deregulation and innovation as his top higher education priorities, and has already introduced a fairly radical bill (the FAST Act) to vastly simplify (some would say oversimplify) the federal student aid application process and the means-test for federal aid eligibility. Senator Patty Murray (D-WA) is expected to serve as the new ranking member of the Senate HELP Committee. Like Senator Alexander, Senator Murray is viewed as one of the most substantive policymakers on higher education issues, and her likely appointment as ranking member bodes well for policy-focused bipartisanship throughout the reauthorization

process. In the House, Republican John Kline of Minnesota is likely to continue chairing the Education and Workforce Committee. The ranking Democratic member on the committee is likely to be Representative Bobby Scott of Virginia.

Despite these promising early indications, a full-blown reauthorization of the HEA remains elusive and will be quite unlikely in the next two years. First, a full-scale reauthorization is a technically complex challenge, and the committee may well have other priorities, including what may be very contentious attempts at repealing or amending the Affordable Care Act and dealing with the overdue reauthorization of the Elementary Secondary Education Act/NCLB. Second, inevitable funding battles will afflict proposals for policy changes: any new initiatives will either need new money (unlikely to sit well with the GOP) or they will have to be funded through cuts to existing benefits (likely to elicit opposition from Democrats). Third, despite conciliatory post-election expressions by key political leaders indicating a desire to work together, the 2016 elections are already casting a long shadow in which the broader political dynamics vitiate against compromise and collaboration. Finally, GOP control of both chambers should not be over-interpreted as opening an easy glide path to reauthorization, as the party previously controlled both chambers, but skipped the scheduled 2003 reauthorization.

Policy Challenges for the Next Congress

The next Congress will face pressure to deal with the same macro-level higher education policy challenges that Congress and the administration have faced in recent years, including constituent anxiety about college costs and accountability. Here, the GOP is on weaker political ground than Democrats, whose greater faith in the capabilities of the government typically lead them to offer legislative proposals to address the issues. Republican policy responses

to these concerns have historically centered on blaming student aid for escalating costs, and on a laissez-faire approach to oversight and accountability. Bigger-picture budget priorities of the GOP—tax cuts and more defense spending—are likely to put all domestic spending, particularly the more “discretionary” higher education programs that many Republicans dislike anyway, in a tight squeeze. In such a budgetary environment, holding status quo may be the very best outcome, followed by cannibalization of existing benefits (robbing-Peter-to-pay-Paul syndrome) as a quick second. Such important policy issues—like year-round-Pell, restoration of Ability-to-Benefit, revisiting terms and conditions (including interest rates, loan limits, and repayment options) for educational loans—are likely to remain unresolved over the course of the next two years. The most likely shift in federal higher education policy may ironically occur not in the education committees of direct jurisdiction, but in a massive overhaul of the tax code before the tax-writing committees. The proliferation of tax benefits (many of them poorly targeted and generally reviled by economists and higher education experts alike) and the \$30+ billion size of these tax expenditures make them easy “paygo” targets of GOP attempts at simplification of the tax code.

State Elections

Republicans Strengthen Their Hold of State Government
Elections for statewide office were held in 46 states, the sole exceptions being in Louisiana, Mississippi, New Jersey and Virginia. Overall, 36 governorships were up for election, as were 82 percent of all state legislative seats. Historically, the political party that occupies the White House loses seats at the state legislative level during midterm elections, especially during the incumbent president’s second term in office. Such was again the case this elections cycle, in which Republicans considerably expanded their presence in state government. The party’s full control

of 30 legislatures in 2015 will be at the highest level since the 1930s.

At the gubernatorial level, despite incumbents who presided over significant reductions in state higher education funding during and after the recession, several Republicans were re-elected, including those in **Florida, Wisconsin, Kansas, Maine, Georgia** and **Michigan**. The sole exception was in **Pennsylvania**, where Governor Tom Corbett lost re-election. Rising tuition prices, state student aid, and college affordability overall were hotly debated campaign issues in Florida, Wisconsin and Georgia in particular. In surprise upsets, Republican candidates were victorious in the Democrat-leaning states of **Illinois, Maryland** and **Massachusetts**. Republicans picked up four governorships and lost one, and will now occupy more governor mansions than at any point in the past 20 years.

Republicans also gained control of 11 legislative chambers in states geographically dispersed throughout the country, including **Maine, Minnesota, Nevada, New Hampshire, New Mexico, New York, Washington** and **West Virginia**. In West Virginia, a Democratic senator changed his party affiliation to Republican the day after the election, giving that party control over both legislative chambers for the first time since the Great Depression. Democrats, meanwhile, failed to pick up any legislative chamber in the country. Overall, Republicans picked up approximately 310 legislative seats, most of which took place in the East and South.

Republicans and the State Higher Education Agenda

It's safe to say that throughout Republican-controlled state governments, lawmakers' policy priorities will include cutting taxes, reducing spending, and reforming business regulations and public assistance programs, not to mention a host of non-fiscal related issues such as abortion, gun rights and immigration. If significant tax cuts are enacted at the state level—

prompting a reduction in available revenues and, in turn, more limited spending—state operating support for public colleges and universities and state student aid programs could once again be in jeopardy. Further, competition for state spending on discretionary programs could be heightened if the Republican-controlled Congress enacts spending reductions of its own—including maintaining or increasing national defense spending to the possible detriment of domestic discretionary spending.

The traditional tax-cutting and spending reduction agenda held by Republicans, however, may not necessarily place a target on state funding of higher education. Given the central role postsecondary institutions play in economic and workforce development, combined with the public's frustration with rising tuition prices brought on by years of state disinvestment, public colleges and universities may be initially buffered from the state budget ax. Higher education funding took the brunt of state spending reductions in the recession, but in the past two years has fared comparatively better as a legislative investment priority. And while states have gradually reduced funding on a per-student basis since the 1980s, near-term funding trends are dictated more by national economic conditions and the receipt of state revenues; the latter which, for most states, continue to improve steadily, if modestly. As mentioned, a key indicator will be the extent to which Republican-controlled state governments pass tax cuts that compel reductions in state spending.

The political composition of state governments in the year ahead will result in lawmakers placing an enhanced focus on state-provided inputs (funding) and the institutionally-generated outcomes of public colleges and universities (degree production, graduation rates, etc.). Fiscally conservative lawmakers will ask what the state is receiving back from its investment in higher education, and how students, graduates and employers are benefitting in the process. Performance-based funding and other

metric-driven accountability systems will receive continued attention.

State Ballot Initiatives Affecting Higher Education

In the November 4 elections, there were 147 ballot initiatives across 42 states, according to the [National Conference of State Legislatures](#). State ballot measures included a diverse array of issue areas, including tax reform, K-12 education, abortion, healthcare, marijuana legalization and the minimum wage. There was a dichotomy in voting patterns in this year's elections, whereas voters overwhelmingly elected Republican candidates, they simultaneously voted more liberally on state ballot measures. Voters in the four red states of **Alaska**, **Arkansas**, **Nebraska** and **South Dakota**, for example, passed measures to increase the minimum wage. Measures legalizing the possession and use of marijuana were passed in **Alaska**, **Oregon** and **Washington, D.C.** Environmental conservation measures were successful in **Florida** and **New Jersey**. **Washington** state voters passed a measure that will require background checks on all private sales and transfers of firearms.

Although ballot measures involving higher education were a bit muted in this year's elections, in states where they appeared—and were passed—the impact of the measures will have a positive impact. Shown below is a summary.

College Access/Affordability

Oregon—Measure 86—Fund for Post-Secondary Education

Result: **Yes 41% No 59%**

Measure 86 would have amended the Oregon Constitution to require lawmakers to create a fund for state residents pursuing higher education and

authorize the state to finance the fund through debt. The proposal had garnered wide support from the state's business, labor and student communities.

Governance

North Dakota—Measure 3—North Dakota Commission of Higher Education Amendment

Result: **Yes 25% No 75%**

This measure would have dissolved the state's part-time, eight-member board of higher education and replaced it with a full-time, three-member panel appointed by the governor for up to three four-year terms. It would have required at least one of the three members to be from the private sector, and one to have a professional position in higher education. There was robust opposition to the measure by the state's higher education community and by experts in higher education governance, fearing political intrusion under what would have been a much more state government-controlled model.

New Mexico—Amendment 2—Student on Board of Regents

Result: **Yes 65% No 35%**

Passage of this measure will change the state's constitution to now require Northern New Mexico College to add a student representative to its governing board.

Financial

Georgia—Referendum 1—Private College Buildings Tax Exemption

Result: **Yes 74% No 26%**

This measure will extend the state's property tax exemption to privately operated assets on the state's public college and university campuses, such as student dormitories and parking ramps. Under agreements with the state's university system, these university assets will be leased to private companies. The measure was supported by the state's university system.

Rhode Island—Question 4—Higher Education Facilities Bonds

Result: **Yes 63%** No 37%

This measure will permit the state to issue up to \$125 million in bonds to build a new College of Engineering building and related renovations at the University of Rhode Island. It received broad support from state business, political and higher education leaders.

Maine—Question 4—Cancer and Aging Research Center Bond Issue

Result: **Yes 63%** No 37%

This ballot measure will allow the state to issue \$10 million in bonds to build a research facility devoted to research on genetic solutions to cancer and age-related diseases.

Other

Oregon—Question 87—Hiring of State Judges by National Guard and State Universities

Result: **Yes 57%** No 43%

Question 87 will amend the state's constitution to permit state judges to be employed by the Oregon National Guard for military service purposes and the state's public universities for teaching purposes.

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