New Deal for Higher Education: How the Infrastructure Package Can Build an Equitable Higher Education System

The higher education system in the United States has been in crisis since the Great Recession, when decreases in state funding led to an explosive growth in outstanding student debt, now at $1.7 trillion nationally. Due to existing structural inequalities within the education system and increased austerity measures, Black and brown students have borne the disproportionate impact of this crisis. COVID-19 has only exacerbated these issues, while also leading to drastic staff and faculty cuts at colleges and universities. The American Rescue Plan (ARP) provided the largest infusion of cash assistance into colleges and universities since 2008, with $40 billion in emergency relief funding. However, even this funding is less than what our higher education institutions need to recover from decades of inadequate funding.

In the American Families Plan, President Biden has proposed significant investments in higher education. Specifically, the plan calls for a $109 billion investment to provide two years of free community college to all Americans, a $46 billion investment in Minority Serving Institutions (MSIs), a $62 billion investment in college retention and completion programs, and an $80 billion expansion to the Pell grant program. These plans are some of the most progressive policy proposals brought forth by any administration. Yet they nonetheless fall short of the bold and innovative policy choices needed to truly reform higher education and create a system that serves all students, faculty, and staff.

To achieve a more equitable system of higher education, we propose the following policy recommendations.

Congress should establish free public higher education for all students through a permanent federal/state partnership that:

- Delivers funds to public higher education institutions directly;
- Fully covers tuition at all nonprofit community colleges and public four-year institutions; and
- Includes automatic stabilizers that are triggered when unemployment reaches a specific level.

This system would give state and federal governments leverage to prevent institutions from raising tuition costs significantly and would draw on a model used in the College for All Act and the America's College Promise Act, with at least a 75 percent federal share. Automatic stabilizers would prevent higher education funding from being part of political fights in the event of future economic instability and stave off the offloading of costs onto cash-strapped states and, indirectly, onto students, which would ultimately increase debt burdens.

Congress should create separate dedicated funding streams for:

- Institutions that serve a higher proportion of low-income or BIPOC students, to mitigate unequal funding across public institutions; and
- Nonprofit Historically Black Colleges and Universities (HBCUs), Tribal Colleges and Universities (TCUs), and other Minority Serving Institutions (MSIs).

Modeled after existing entitlement programs like Medicaid's "disproportionate share payments," or Title I of the Elementary and Secondary Education Act, these funds would provide additional support based on the number of low-income students enrolled. A devoted funding stream would correct for the existing inequities in funding formulas, evident in both the ARP and the CARES Act formulas, which direct funding toward flagship schools with higher numbers of graduate and full-time students rather than the branch campuses and two-year institutions that primarily serve BIPOC, low-income, and part-time students. It would also ensure that additional funds are going to nonprofit HBCUs, TCUs, and MSIs, which are often severely under-resourced, despite serving a disproportionate number of BIPOC students.

Congress should attach guardrails to federal funding that reflect progressive priorities through:

- Banning for-profit institutions—which are often predatory, often target students of color, and often produce high levels of debt and extremely poor results—from receiving federal funding;
- Requiring maintenance-of-effort provisions to prevent states from immediately cutting their higher education budgets in response to receiving federal funding; and
- Stipulating that federal funding be spent on costs associated with academic quality instead of costs that unnecessarily drive up tuition prices like nonacademic facilities and highly paid administrators.

Congress should encourage improved labor practices within higher education institutions by pairing higher education funding with pathways for:

- Full-time employment for part-time staff and adjunct faculty, to build long-term economic stability for higher education employees;
- State-level sectoral bargaining for faculty, administrators, and service employees to better protect all institutional staff who are often employed across multiple firms at a given university or college;
- Fair contracting practices for contracted service workers; and
- Family-sustaining wages for all workers.

The higher education system not only provides opportunity and ability to increase lifetime earnings for young people, but it is also a critical component of the United States economy, contributing $1 trillion annually. Indeed, supporting the higher education system itself accounts for 6.7 million jobs in the US. Without a robust and strategic federal investment in the higher education system, a long and lasting recovery will be difficult to achieve.

The American Families Plan plan is a substantial step in the right direction toward correcting the wrongs of a grossly underfunded and inequitable higher education system, but there are still areas in which this plan can improve. By structuring funding with specific strings attached, we can create a more universally affordable higher education system that combats the structural inequalities that have long plagued the American education system and economy, increase opportunities and lifetime earnings for young people, and help stimulate the economy as a whole by assisting the thousands of educators, faculty, and service workers who keep higher education institutions afloat.