

# Themes for Higher Education Reform

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## KEY TAKEAWAYS

Directing efforts to eliminate the Department of Education and downsize the federal role in higher education would be a major step forward.

Lawmakers should decouple accreditation from federal financing, lower caps on student lending, phase out the Parent PLUS program, and wind down loan forgiveness.

Reforms proposed by the Trump Administration identify several core problems in higher education that states and universities themselves should address.

Higher education in America is in a state of crisis. Student debt has surpassed \$1.8 trillion, driven upward by relentless tuition inflation.<sup>1</sup> Surveys from the Foundation for Individual Rights and Expression show that a record number of students now say it is acceptable to shout down, block, or even use violence to stop a campus speaker.<sup>2</sup> According to the Foundation for Research on Equal Opportunity, almost half of all master's degree programs leave students financially worse off than before they enrolled, and roughly one-third of all Pell Grant and federal student loan funding goes to programs that fail to deliver a positive return on investment.<sup>3</sup> Meanwhile, non-instructional spending on student services and administration continues to outpace instructional spending, a clear symptom of administrative bloat.<sup>4</sup> Parents are also losing faith in

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the system. A recent Gallup poll found that nearly half would prefer to not send their children to four-year colleges—even if cost were no barrier.<sup>5</sup>

In response to these crises and opportunities, the Trump Administration proposed a “Compact for Academic Excellence in Higher Education,” first to nine major universities and then to all takers.<sup>6</sup> Most of the Administration’s goals for the compact would help make American colleges and universities worthy of their position as the world’s most renowned academic institutions. Indeed, the compact’s reforms would address many of the same concerns that other reformers have raised. Even so, federal officials should avoid expanding the federal government’s role in higher education in pursuit of these vital goals.

## The Case to Rebuild

For years, researchers at The Heritage Foundation and other scholars have urged policymakers not merely to reform but to rebuild the higher education system. Directing efforts to eliminate the Department of Education and downsize the federal role in higher education would be a major step forward. Another major step is decoupling federal aid eligibility from federally sanctioned accrediting bodies.<sup>7</sup> Under the current model, federally approved accrediting bodies must approve colleges to be eligible for Title IV funding (student loans and grants). This process has turned accreditors into ideological gatekeepers of federal dollars rather than guarantors of quality. Breaking the link between accreditation and federal financing would open the door to state and private quality-assurance entities that evaluate colleges based on outcomes, not ideology. Federal lawmakers should package this reform with other policy changes, such as lowering caps on student lending, phasing out the inflationary Parent PLUS loan program, and winding down costly loan forgiveness schemes that transfer private obligations to taxpayers. These policy proposals would help to restore accountability, curb tuition-inflating lending, and protect students, families, and taxpayers.

The compact addresses additional issues facing postsecondary institutions that are within the control of colleges themselves:

- **Nondiscrimination in admissions, faculty and administrative hiring, and student programs.** The compact appropriately calls on colleges and universities to follow federal civil rights laws and the U.S. Constitution by using hiring and student admissions practices that are neutral with regard to sex, ethnicity, race, political views, and religion.

- **Marketplaces of ideas and civil discourse.** College educators and administrations should already commit their institutions to robust, wide-open discourse, including rigorous critique of orthodoxies based on the merit of the arguments, not the identities of the speakers. While federal regulations in this regard should avoid overreach, the goals of protecting “debate and academic freedom” and addressing grade inflation should be shared across all ideological and political divides. After all, to comply with existing federal and state laws, public colleges should already have adopted principles and policies safeguarding free speech, enforcing nonviolence, and promoting academic merit.
- **Institutional neutrality.** Institutional neutrality—policies stating that a college will not take an institutional position on public policy issues of the day, and employees and students should not fear reprisal if they speak publicly on such matters—is most notably described in the University of Chicago’s Kalven Report from 1967.<sup>8</sup> Adopting recommendations to this effect would be consistent with sound academic practices and free speech protections. Universities and state policy-makers should consider codifying these provisions.
- **Foreign entanglements.** As the compact states, federal law already includes foreign gift disclosure provisions and other regulations governing higher education’s contractual relationships with countries of concern such as China. Much of the compact’s text reaffirms colleges’ existing legal responsibilities.

Foreign student enrollment and tuition policies and practices also need reform, considering skyrocketing college tuition and the repeated examples of international espionage on university campuses. Across public and private four-year institutions, college tuition has increased nearly 42 percent faster than inflation.<sup>9</sup> Tuition reform may be best handled, however, directly at the state level and indirectly through reform of federal student loan programs that incentivize tuition increases. Meanwhile, troubling reports from Stanford, the National Association of Scholars, and the Department of Justice have documented direct attempts by foreign entities to commit espionage, sometimes soliciting the help of students at U.S. universities.<sup>10</sup>

An effective way to advance the compact’s goals is for the Department of Education to reward projects in academic environments consistent with disinterested, high-quality research and teaching. In particular, the Secretary of Education may establish new supplemental priorities for discretionary

grants. For instance, the Secretary could direct grants to institutions that publicly report graduates' average earnings by academic program and grade distribution trends over multiple years. A key mechanism in Department of Education policymaking toward that end is the use of extra points for applications that do so. Competitive pressure to report such data would promote clearer insights into student outcomes and institutional performance, aligning with the compact's emphasis on accountability and financial responsibility without overstepping the agency's legislated powers.

The Departments of Education and other agencies also enforce compliance with civil rights statutes such as Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, Section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, and Title II of the Americans with Disabilities Act of 1990. Vigorous enforcement of what already applies to federal grantees is another way to ensure compliance and change college culture for the better.

## The Role of the States

Beyond these measures, federal policymakers and legislators should consider reducing federal involvement in higher education and empowering states to oversee the colleges authorized to do business in their jurisdictions. State policymakers are better positioned to tailor accountability systems to local economic needs, workforce priorities, and student populations. In recent years, state legislatures have already taken such initiative, addressing college costs, admissions standards, campus speech, and a variety of additional issues. Performance-based funding in Florida and other states has measurably improved public colleges.<sup>11</sup>

To strengthen transparency and accountability, state policymakers could require strict foreign funding/influence disclosure requirements or increase the penalties for violations of existing provisions such as reporting requirements; mandate that colleges suspend or expel anyone on a student visa who commits a deportable offense; and require civil rights and free speech audits of all colleges operating in the state, with state authorization of higher education institutions contingent on a certification that the institution has no violations in America's post-affirmative-action era. Indeed, the other reform themes in the compact also could be advanced through state policymakers' authority to authorize a college to operate or through the state's authority to regulate public colleges in the state's borders. State policymakers, for instance, could ban "bias response" protocols and teams that chill expression and instead mandate a free speech training at student

orientation to reinforce academic integrity and free inquiry on campuses. To improve academic rigor, college officials should also address grade inflation and should require that administrators accept student scores on the Classic Learning Test in addition to SAT/ACT results for admission.

State lawmakers could also consider consolidating low-financial-value and low-job-placement programs across public institutions into one or two public universities as well as limiting enrollment by merit. Policymakers should consider low enrollment in programs as grounds for closure, as Indiana has recently done.<sup>12</sup>

Reforms such as these would empower states to ensure that their institutions remain (or become) both academically rigorous and financially responsible.

## Conclusion

Conservative intellectual Russell Kirk once warned that American higher education was becoming “decadent” but hoped “that decay may be arrested, and that reform and renewal still are conceivable.”<sup>13</sup> His insight remains relevant today. Recent federal actions working for academic renewal are welcome within the scope of federal power. At the same time, policymakers should recall that the Biden Administration’s tenure was marked by ineptness, unlawfulness, and executive overreach. In the area of federal student loans alone, consider the botched rollout of the simplified Free Application for Federal Student Aid,<sup>14</sup> the Supreme Court’s rejection of the unlawful student loan amnesty scheme,<sup>15</sup> the unprecedented six extensions of the temporary loan-payment pause<sup>16</sup>—which cost taxpayers \$258 billion<sup>17</sup>—and on top of all that, the attempt to institute a new income-driven repayment plan by which only 22 percent of undergraduate borrowers were expected to repay their loans, a lawless effort that failed in court.<sup>18</sup> Not even one year ago, the Biden Administration thus attempted to shift nearly \$1 trillion in costs onto American taxpayers, two-thirds of whom chose not to pursue higher education.<sup>19</sup>

By returning authority to the states—or, in the meantime, using legitimate federal tools to achieve the purposes of federal programs—policymakers can help America’s colleges and universities once again be engines of excellence, merit, opportunity, and ordered liberty.

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