PostEverything

My students pay too much for college. Blame Reagan.

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By Devin Fergus September 2 at 6:00 AM
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Student debt has risen nationally, and the sharpest uptick occurred at public universities with the highest-paid presidents. (Joel van Houdt for The Washington Post)

This fall, I'll be teaching some of the most financially distressed students in America.

At my employer, Ohio State University, student loan debt reportedly rose 23 percent faster than the national average between 2010 and 2012. This is true at state schools across the country. Student debt has risen nationally, and the sharpest uptick occurred at public universities with the highest-paid presidents. From 2006 to 2012, for example, the "average student debt of

graduates in the top 25 public universities with the highest executive pay increased 5 percentage points more or 13 percent faster than the national average," according to one recent report.

Racial minorities face an even more precarious situation. Previous findings show the students I typically teach — African-Americans — are more likely to borrow, and borrow more than the average college student.

At first glance, the student loan debt crisis appears a problem hatched in state houses and government. In the 1970s, states paid 65 percent of the costs of college. By 2013, states covered a mere 30 percent of college costs. Like students who had to pay more, the federal government seemingly upped its commitment, covering just 10 percent in the 1970s and 16 percent today.

But unmooring these statistics from their political context obscures how national forces shaped the seismic shifts in state higher education and, ultimately, why states give less and students pay more. To fix inequality at places like Ohio State, we should look to federal policy first, and problems with state funding second.

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Today's student aid crisis has its roots in the 1980s. In 1981, the Reagan administration, with a coalition of congressional Republicans and conservative Democrats, pushed through Congress a combination of tax- and budget-cutting measures.

No federal program suffered deeper cuts than student aid. Spending on higher education was slashed by some 25 percent between 1980 and 1985. In raw dollar figures, cuts totaled $594 million in student assistance and $338 million in Pell grants. Students eligible for grant assistance freshmen year had to take out student loans to cover their second year. For middle-class families, eligibility was changed as well. Low-cost, low-interest, subsidized federal loans were limited to families with household incomes of less than $32,000, regardless of family size.

Effectively, these changes shifted the federal government's focus from providing students higher education grants to providing loans.

How did college students and their families find themselves in the budgetary crosshairs of the Reagan administration?

Some in the White House and the Office of Management and Budget argued cutting aid would reduce the deficit, while others averred that less money meant less federal intrusion in individuals' lives. Still others insisted government support of students upset the natural order of the nuclear family, supplanting parents and their obligation to provide.

These various perspectives coalesced around a shared view: students were "tax eaters … [and] a drain and drag on the American economy." Student aid "isn't a proper obligation of the taxpayer," Reagan's OMB Director David Stockman told Congress.

Reagan administration Education Secretary Terrel Bell would later write in his memoir that students needing aid were part of the problem, not very different from other "undeserving" Americans, no different than the "welfare queen," the out-of-work father drawing unemployment insurance, the poor families on Medicaid, the elderly in need of Medicare or even farmers relying on subsidies.

Elected officials up-and-down the ballot took notice, evinced in Reagan's landslide 1984 re-election and George H.W. Bush's (eventually broken) pledge of "no new taxes" in 1988 — that there would be no electoral consequence for cutting higher education spending. In fact, voters were far more likely to punish lawmakers for raising taxes. Elected officials made the political calculus that it was safer politically to divert existing funds from discretionary costs to mandatory costs like health care, prisons and primary education, than raise taxes.

My adopted home state of Ohio is fairly typical. Time and again Ohioans opposed tax increases in higher education in the 1990s and early 2000s, while voting to spend tax money to build four sports stadiums.

It should be little surprise that state support for higher education has steadily declined since Reagan. State higher education funding on a per-student basis is lower today than it was in 1980, and all states but one (North Dakota) are spending less per student today than before the Great Recession. Many of these cuts were steep; in 28 states, per-student spending was cut by more than 25 percent.

"You know, 'A fish rots from the head first.' You know, it starts at the top" was how 1988 Democratic presidential nominee Michael Dukakis famously summed the Reagan years. Though a so-so state executive and an awful campaigner, Dukakis was spot-on. The story of surging student loan debt does indeed start at the top, and that's where we must look to reverse these trends.