

Obama lays out program to slash higher education funding

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Speaking Thursday at the University of Buffalo and Henninger High School in Syracuse, New York, US President Barack Obama laid out a program to slash higher-education funding and cut liberal arts programs from colleges in the name of “lowering tuition.”

Obama called his proposal part of “a better bargain for the middle class” and aimed at “bring[ing] down costs” for current and future students. In fact, his proposal consists of extending the market-based “reforms” of K-12 schools—which have forced the shutdown of hundreds of public schools throughout the country and the layoffs of hundreds of thousands of teachers—into the sphere of higher education.

Obama called for the creation of a national ranking system for universities by 2015, and tying federal and state funding to these rankings by 2018. Obama said that the rankings would be based on “metrics like how much debt does the average student leave with, how easy is it to pay off, how many students graduate on time, how well do those graduates do in the workforce.”

He added that “colleges that keep their tuition down are the ones that will see their taxpayer funding go up. We’ve got to stop subsidizing schools that are not getting good results, start rewarding schools that deliver for the students and deliver for America’s future. That’s our goal.”

Similarly to the use of standardized testing in K-12 schools, Obama’s proposal would systematically and intentionally de-fund colleges that serve poor and working-class students, which would rank lower because they have higher dropout rates resulting from the financial burdens put on low-income students.

Furthermore, tying funding to “bringing down costs” will force universities to slash their arts, humanities, and sports programs, leaving only the programs

demanding by major corporations—the so-called “STEM fields” of science, technology, engineering, and mathematics.

Referring to widespread opposition to the dismantling of the institutions of public education, particularly among educators, Obama said, “some of these reforms won’t be popular ... with everybody, because some folks are making out just fine under the status quo.”

In his remarks, Obama demagogically sought to blame universities for the financial effects of government funding cutbacks, saying that “Colleges have not been cutting back on their costs, and so what you end up with is taxpayers putting in more money, students and families picking up the tab, but young people are still ending up with more debt.”

In recent decades state and federal funding for higher education has been slashed, leading universities to hike tuition fees. The percentage of revenues raised by public universities through tuition has doubled, from 25 percent in the late 80s to 50 percent now.

This process has been accelerated under the Obama Administration. Since 2008, state governments have slashed spending for public higher education by 28 percent, or \$2,353 per student, according to a report published earlier this year by the Center for Budget and Policy Priorities.

Nationwide, tuition has increased by 27 percent or \$1,850 per student, adjusted for inflation, since the 2007-2008 school year. In some states the tuition rise has been especially steep, with California and Arizona schools implementing increases exceeding 70 percent.

Later in his remarks, Obama boasted that “Democrats and Republicans worked together to keep student loan rates from doubling. And that saves typical undergraduates more than \$1,500 for this year’s loans.”

In fact, the bill passed earlier this month completely eliminates lower interest rates for low-income subsidized, student loan borrowers, and ties interest rates for all student loans to government borrowing costs, allowing interest rates to go up to 8.25 percent for undergraduates, 9.25 percent for graduates and over ten percent for parents.

When interest rates begin to rise, as is expected in the coming years, student loan rates will increase dramatically; for example, if interest rates rose to the average level of the 1990s, student loan interest rates would rise to over eight percent.

The federal student loan program is already a financial racket, in which debt-laden students furnish the government with tens of billions in revenues. The Congressional Budget Office reported earlier this year that the US government will receive a record \$51 billion in revenue this fiscal year from student loan interest. This figure is equal to the combined profits of the four largest US banks and is significantly higher than the profits of either Apple, which recorded \$41.7 billion last year, or Exxon Mobil's \$44.9 billion.

The total amount of student loan debt, standing at \$1.1 trillion, has eclipsed credit card debt and is the largest form of household debt outside of mortgages.

Obama's proposals would do nothing to address the student debt crisis or the skyrocketing price of education for young people. Rather, it would only further slash government subsidies for higher education, forcing universities to further increase tuition or be forced to cut back programs.



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