

Addressing College Affordability

June 12, 2025

NASBO Analyst Professional Development Seminar

Tom Harnisch, Vice President for Government Relations

State Higher Education Executive Officers Association (SHEEO)



SHEEO

State Higher Education
Executive Officers Association



About SHEEO

- The State Higher Education Executive Officers Association (SHEEO) serves the chief executives of statewide governing, policy, and coordinating boards of postsecondary education and their staffs.
- Founded in 1954, SHEEO promotes an environment that values higher education and its role in ensuring the equitable education of all Americans, regardless of race/ethnicity, sex, or socioeconomic factors.
- Offices in Boulder and Washington DC, with a focus on policy research, leadership, and advocacy.
- We are the leading nonpartisan national association representing states in higher education.



Today's Presentation

- Overview of different levers to promote college affordability
- Explore how state levels to influence college affordability interact with federal policy
- Discussion of federal policy developments affecting the higher ed sector, including college affordability



College Affordability

- ***What levers do states have to promote college affordability?***
 - **Low tuition via state financial support and state regulations/law (tuition freezes, caps, etc.)**
 - **State financial aid and Promise-type programs**
 - Aid for student basic needs
 - Student loans and loan forgiveness
 - Prepaid Tuition Programs
 - Tax-Advantage Provisions
 - Dual Enrollment/Early College



Low Tuition Principle

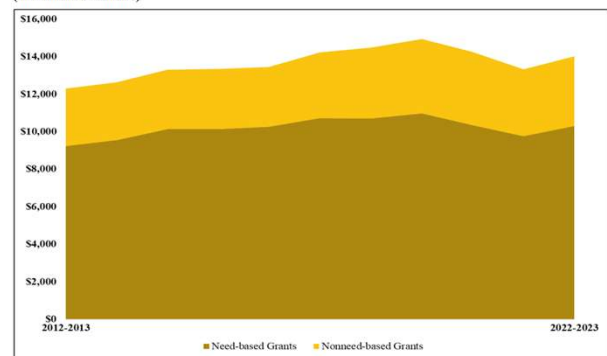
- **Low tuition at public colleges and universities needs to be the foundation of college affordability**
- Student aid is important, but only as a *supplement* to low tuition.
- “High-tuition/high-aid” tuition models suffer from numerous disadvantages
 - Signals that public higher ed is not a public good.
 - Complicated for students to understand the actual price of college. Sticker shock.
 - The aid doesn’t always arrive or doesn’t arrive in time.
 - Middle-class can be excluded and still squeezed.
 - Administrative burden
- Example: North Carolina has reduced tuition to \$500 a semester for students at four public universities



Financial Aid

- States have different types of financial aid programs
 - Need-based financial aid
 - Merit-based aid
 - Work-study programs
 - Aid for special populations and student groups
 - Promise Programs

Undergraduate Grant Aid in Current and Constant 2023 Dollars: 2012-13 through 2022-23
(in millions of dollars)





Tuition-Free/Promise Programs at the State Level

- Promise Programs are often last-dollar programs to make public colleges (usually community college) tuition-free
 - Examples: Oregon Promise, Tennessee Promise, Many local programs.
- The message is simple and powerful
- Programs sometimes includes mentoring, community service
- Policymakers often support these programs, particularly if tied to workforce needs
- These programs could be under stress due to proposed federal cuts



How does State Policy Interact with Federal Policy?

- The federal financial aid system was developed in the late 60s/early 70s on the assumption of state investment in higher education
 - State funding was strong, tuition was low.
 - This has been challenged by increased Medicaid cost and a focus on lowering state taxes
- State and federal higher ed policy has historically been on a two-track system, with a few notable exceptions
 - This can lead to perverse incentives!
- State/local promise programs are relying on Pell Grants to fulfill their affordability promises
- There have been federal bills to incentivize state funding for higher education, but these have received pushback
 - The policies are often complicated
 - Strong opposition from private college lobby, varied views within public higher education sectors
 - Ideological opposition on possible federal tuition mandates on institutions



Federal Policy Development Affecting Higher Ed and Affordability

- FY25 Budget Reconciliation Package
 - Proposed Medicaid and SNAP cuts
 - New federal loan limits, discontinuation of Grad PLUS and subsidized undergraduate loans
 - Streamlined federal repayment programs
 - Pell Grants Cuts, Workforce Pell, Pell Funding
 - Risk-Sharing Agreements
 - Regulatory Changes



Reconciliation Package-The “Big, Beautiful Bill”

Deficit Impact of the House-Passed One Big Beautiful Bill Act

Committee	FY 2025-2034 Deficit Increase (-)/Decrease
Agriculture	\$238 billion
Armed Services	-\$144 billion
Education & Workforce	\$349 billion
Energy & Commerce	\$1,086 billion
Financial Services	\$5 billion
Homeland Security	-\$79 billion
Judiciary	-\$9 billion
Natural Resources	\$18 billion
Oversight & Government Reform	\$12 billion
Transportation & Infrastructure	\$37 billion
Ways & Means	-\$3,754 billion
Interactions	-\$175 billion
Subtotal, Primary Impact	-\$2,416 billion

Source: Committee for a Responsible Federal Budget



Reconciliation Package-The Big, Beautiful Bill (Education and Workforce)

Education and Workforce Committee	
Replace SAVE and Other Income Contingent Repayment Plans with New Simplified Repayment Plan and Other Reforms	\$295 billion
Reform Loan Limits by Repealing Grad PLUS Loans, Boosting Undergraduate Lending, and Limiting Graduate and Parent PLUS Borrowing, Among Other Reforms	\$51 billion
Prevent Presidents from Unilaterally Enacting Debt Cancellation	\$32 billion
Repeal Loan Discharge Authority and Certain Accountability Rules for For-Profit and Underperforming Schools	\$9 billion
Establish "Risk Sharing" and Performance Grants to Encourage Schools to Lower Costs and Improve Quality	\$6 billion
Tighten Pell Grant Eligibility and Create Workforce Pell	\$8 billion^
Use Mandatory Pell Savings to Reduce Discretionary Pell Shortfall	-\$11 billion
Modify Eligibility for Non-Citizens and Exempt Certain Assets from Financial Aid Calculation	\$1 billion
Interactions	-\$41 billion
Subtotal, Education and Workforce Committee	\$349 billion

Source: Committee for a Responsible Federal Budget



Federal Policy Development Affecting Higher Ed and Affordability

- The Trump Administration's budget blueprint calls for a 15.3% overall reduction in the U.S. Department of Education
- This includes proposing to eliminate
 - Strengthening Institutions
 - TRIO
 - GEAR UP
 - SEOG
 - Teacher Quality Partnerships
 - CCAMPIS (childcare)
 - FIPSE
- Pell Grant max would be reduced by \$1,685 to \$5,710
- Federal Work-Study would be reduced by ~80%
- Institute for Education Sciences (IES) would be reduced by 67% as they look to reimagine its work
- Congress is currently holding hearings and reviewing the proposal





Federal Policy Development Affecting Higher Ed and Affordability

- Other Issues
 - Department of Education
 - Reduction in Force
 - Waiting on FY25 Funding
 - Restarting student loan repayment
 - New supplemental grant priorities with a focus on states
 - Caps on indirect costs for research grants at NIH, NSF, DOD, and DOE
 - Restrictions on in-state tuition for undocumented students



SHEEO Resources



- SHEEO publishes its annual SHEF report on state higher education appropriations in May
- Also includes tuition revenue and enrollment
- This is available on the SHEEO website, SHEF.SHEEO.ORG



SHEEO Daily Policy Update

- SHEEO provides daily policy updates with links to research, news stories, etc.
- Free and open to the public.
- <https://sheeo.org/sheeo-newsletter-signups/>



Monday, June 9, 2025

[Register Today! 2025 SHEEO Policy Conference—August 11-14—Minneapolis](#)

[Coalition Letter RE: Pell Grants](#)

National Policy

[Press Release: U.S. Department of Education to Implement New Identity Validation Processes to Combat Student Aid Fraud](#)

U.S. Department of Education (Date posted: June 6, 2025)

[Report: Amendments to the Higher Education Act in FY2025 Budget Reconciliation Legislation](#)

Congressional Research Service (Date posted: June 5, 2025)

[Students applying for financial aid will face stricter ID verification](#)

The Washington Post (Date posted: June 6, 2025)

[Trump Ends Vital Higher Ed Data System Training](#)

Inside Higher Ed (Date posted: June 9, 2025)

[Trump asks Supreme Court to green light Education Department firings](#)

Politico (Date posted: June 6, 2025)



Questions and Contact Information

Tom Harnisch
 Vice President for Government Relations
 State Higher Education Executive Officers Association
tharnisch@sheeo.org