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**Duncan Criticizes States as 'Penny-Wise and Pound-Foolish' for Higher-Ed Cuts**

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The U.S. secretary of education, Arne Duncan, took states to task on Thursday for cutting spending on higher education, saying state lawmakers were being "penny-wise and pound-foolish," and were undermining their own economic growth.

In a speech at the annual policy meeting of the State Higher Education Executive Officers, Mr. Duncan noted that during the recent economic downturn, only four states have increased what they spend, per-student, on higher education. "Disinvestment is not the strategy that other countries are choosing," he said, comparing the United States' approach to that of China and Singapore.

The result is that tuition has gone up to replace the state dollars, and middle-class families, especially, are being squeezed by college costs, Mr. Duncan said, citing the association's recent [annual report,](http://chronicle.com/article/StateLocal-Spending-on/131221/) which noted that in 2011 state and local spending on higher education hit a 25-year low. "Higher education should not be a luxury for those who can afford it," he said.

Mr. Duncan was largely preaching to the choir on the need for more state money. Nearly all the attendees at the annual meeting work for state governments that have been hard hit by the recession and continue to struggle financially during the slow recovery.

And while higher education remains a target of state-budget cutters, pressure to raise college-completion rates is driving significant policy changes at the state level, said another of the day's speakers, Jamie P. Merisotis, president of the Lumina Foundation for Education, which focuses on developing policies to improve graduation rates.

"States really are where the action is," Mr. Merisotis said, noting that more than two-thirds of states have set specific goals for improving completion and graduation rates. Those objectives, he said, are similar to Lumina's goal of having 60 percent of the nation's population earn a college credential by 2025.

**'Stackable Credentials'**

However, while Mr. Duncan touted the Obama administration's efforts to improve completion rates, particularly with a 50-percent increase in the number of low-income students receiving Pell Grants, Mr. Merisotis called for more substantial changes at both the state and federal levels.

What is needed is a national system for student financial aid, Mr. Merisotis said, a system that would coordinate the efforts of federal and state governments as well as the colleges the students attend.

In addition, he called for overhauling how students are awarded credit, so that it would include more prior learning and other forms of nontraditional learning. "We need stackable credentials that give students credit for learning, no matter where it comes from," he said.

Mr. Merisotis's recommendations present a substantial challenge for state higher-education agencies, which are already struggling to maintain authority, and even relevance, in a fast-changing landscape of higher education.

With the growth in technology, higher education is being democratized, Mr. Merisotis said, and the importance of traditional higher-education institutions is diminishing.

"The capacity for state policy development needs to grow," Mr. Merisotis said. "The onus of responsibility will be on the states."