

WORK SMARTER: ACCESSIBLE EDUCATION UNDER BIDEN

Agenda



- Biden's plan
- Assumptions and methodology
- Three scenarios
- Conclusions

Biden's Proposal



- Broad swath of education policies, including tuition assistance and K-12 reforms
- Today's focus: **free community college**
 - 75% paid by federal government, 25% by states¹

Methodology and Assumptions



- National PI+ model with 8 BEA economic regions
- 2021-2030
- As of 2018, community colleges earned \$16.84 billion in tuition revenue²
 - Here, pegged to price index to keep purchasing power constant over time
- Share out funding by each region's share of college students based on internal estimates
- Funding paid for by cuts in government spending elsewhere

Regional Breakdown



Region	States	Share of National College Population
New England	CT, ME, MA, NH, RI, VT	5%
Mideast	DE, DC, MD, NJ, NY, PA	15%
Great Lakes	IL, IN, MI, OH, WI	14%
Plains	IA, KS, MN, MO, NE, ND, SD	6%
Southeast	AL, AR, FL, GA, KY, LA, MS, NC, SC, TN, VA, WV	24%
Southwest	AZ, NM, OK, TX	12%
Rocky Mountains	CO, ID, MT, UT, WY	4%
Far West	AK, CA, HI, NV, OR, WA	19%

Three Scenarios

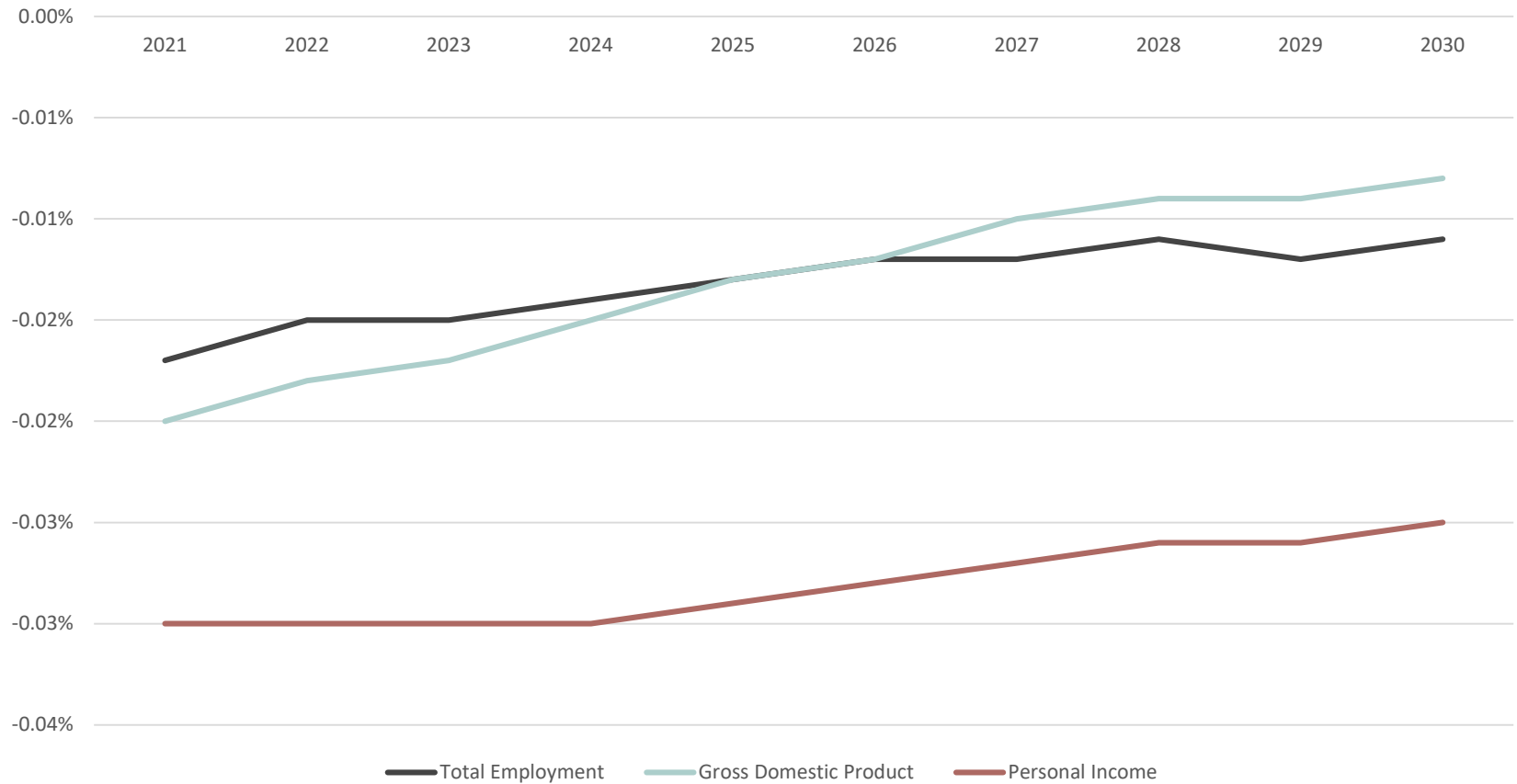


1. No change in community college enrollment:
Increased consumption + government spending cuts
2. 10% increase in community college enrollment:
(1) + additional government spending cuts +
increased educational output
3. (2) + associated increases in labor productivity:
+0.01% in 2023 up to +0.1% in 2030

Scenario 1 Results



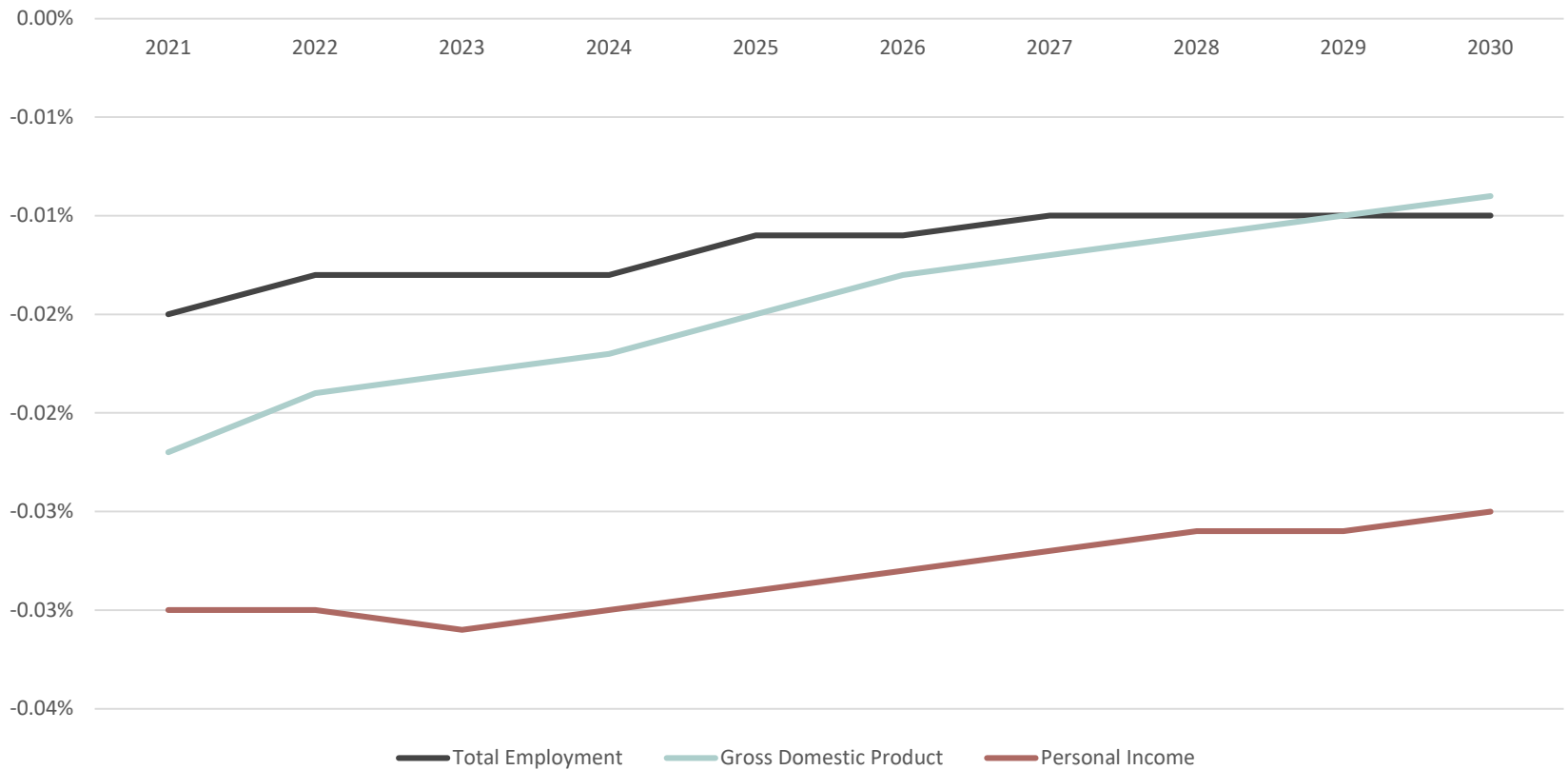
Changes in National Economic Outcomes from Baseline



Scenario 2 Results



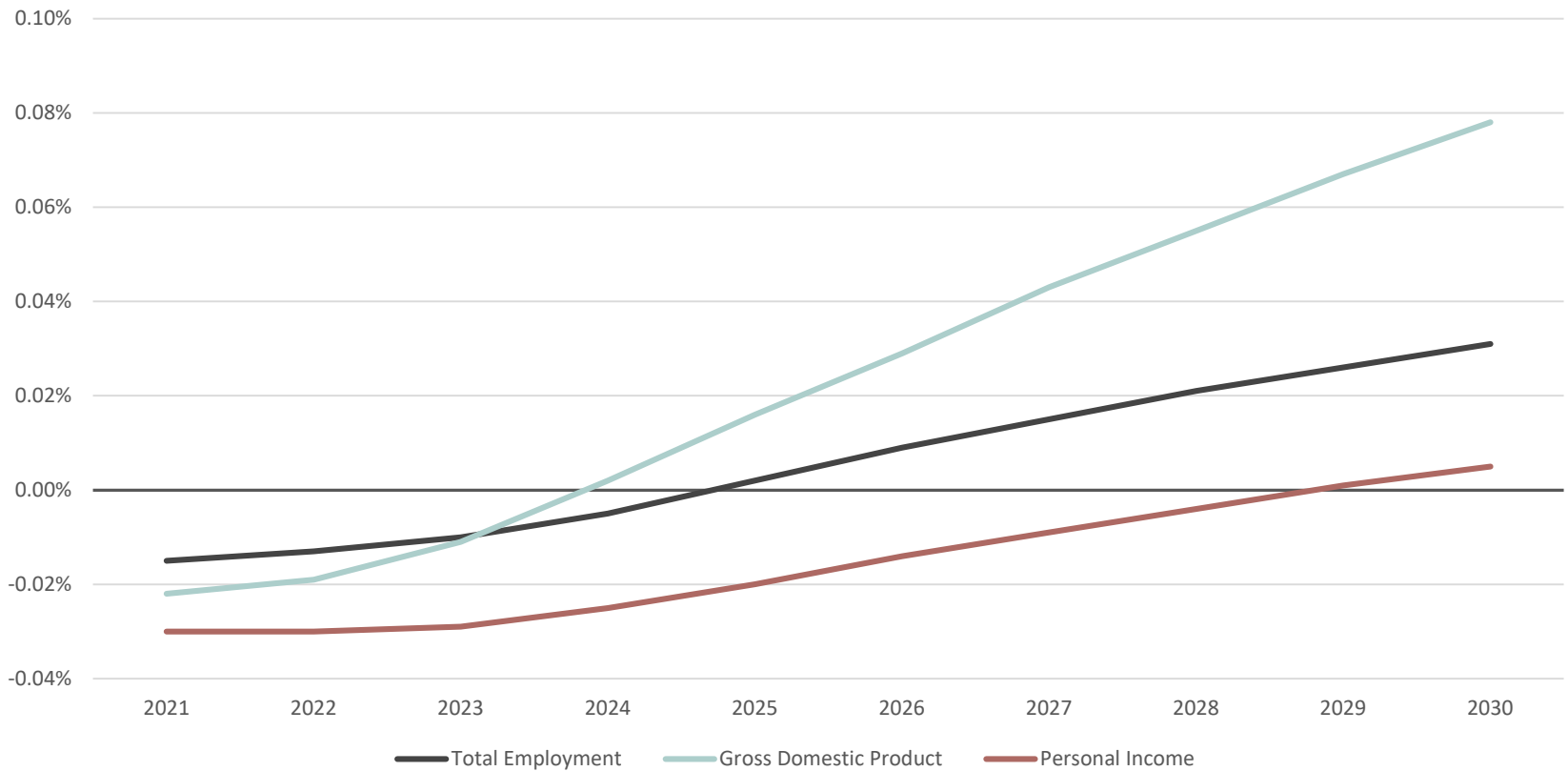
Changes in National Economic Outcomes from National Baseline, assuming 10% Increase in Community College Output



Scenario 3 Results



Changes in National Economic Outcomes from Baseline, Assuming Increased CC Output and Increased Labor Productivity



Conclusion



- Effectiveness of program depends on two factors:
 - ▣ How it's financed
 - ▣ Changes in labor productivity
- Favorable signs:
 - ▣ High school is the highest level of education for 28% of adults age 25 and older³
 - ▣ Those who hold an associate's degree earn about 33% more than those who hold a high school degree⁴
- Long-term investment

Citations



1. "Plan for Education Beyond High School: Joe Biden." *Joe Biden for President: Official Campaign Website*, Biden for President, 3 Aug. 2020, joebiden.com/beyondhs/.
2. Duffin, Erin. "U.S. Community Colleges: Revenue by Source 2018." *Statista*, Statista, 16 Mar. 2020, www.statista.com/statistics/421306/revenue-for-community-colleges-in-the-us-by-source/.
3. United States Census Bureau. "Table 2. Educational Attainment of the Population 25 Years and Over, by Selected Characteristics: 2019." 3 Mar. 2020, <https://www.census.gov/content/census/en/data/tables/2019/demo/educational-attainment/cps-detailed-tables.html>.
4. "Plan for Education Beyond High School: Joe Biden." *Joe Biden for President: Official Campaign Website*, Biden for President, 3 Aug. 2020, joebiden.com/beyondhs/.