Obama’s Education Policies Don’t Help the Poor

By ANNIE HSIAO  |  October 24, 2011 7:32 PM

At an event on Thursday, White House advisers Valerie Jarrett and Melody Barnes asserted that President Obama’s economic policies have “helped to keep millions of Americans from sliding into poverty.” Barnes specifically referenced parts of the economic stimulus — such as increasing Pell Grant funding for low-income college students — as evidence of the administration’s benevolence.

It’s true that the president has increased spending for education — the economic stimulus alone added $100 billion to education spending — but the massive jump in spending on education has not helped anyone, rich or poor. Despite its heavy costs (over $30 billion), the Pell Grant program has made no difference in helping students graduate and is not even serving the lowest-income students it was created to help.

In fact, the growth of the regulatory state has actually harmed prospective students. The Department of Education’s controversial new “gainful employment” rules, which more strictly define eligibility requirements for federal financial aid, affect not only colleges but more than 3 million students, the majority of whom are minority students and predominantly come from lower-income households.
Complying with these rules will require schools to spend more than 261,000 hours per year doing the requisite paperwork as well as $338 million in annual revenue, ultimately resulting in the loss of 100,000 jobs, according to the U.S. Chamber of Commerce. The Department of Education estimates that 18 percent of for-profit programs will fail to meet the requirements at some point, with 5 percent failing to improve and ultimately losing eligibility. This will mean fewer educational options for students, many of whom are the very ones the administration is claiming to help.

The president and his advisers are correct when they say his policies are not class warfare — that would imply that one class is prioritized over another. Looking at the results of his policies, everyone loses, regardless of whether they are rich or poor.

— Annie Hsiao is director of education policy at the American Action Forum.