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RESEARCH REPORT | Higher Education Reform Initiative

A HIGHER EDUCATION COMPACT THAT PROTECTS AMERICAN STUDENTS, PARENTS AND TAXPAYERS

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TOPLINE POINTS

- ★ American higher education has lost the confidence of taxpayers, families and students. To regain it, universities and colleges must demonstrate they are serving the public interest.
- ★ An updated Compact should reflect the four key federal interests in higher education:
 1. Ensuring equal treatment and equal opportunity.
 2. Promoting civic virtue, civility, and open discourse.
 3. Providing education value to students, communities, and our nation.
 4. Conducting valuable research responsibly and in pursuit of the public good.
- ★ Compact signatories should embrace transparency to publicly demonstrate their alignment with these priorities.

Introduction

In October of 2025, the U.S. Department of Education (ED) shared a draft document titled *Compact for Academic Excellence in Higher Education* (Compact) with a select group of



university leaders. Consistent with the Trump Administration's demonstrated commitment to transparency, the first-of-its-kind prospectus documented the federal government's top priorities and expectations for colleges and universities in exchange for the tremendous investment made by taxpayers in postsecondary education. This document inspired vigorous debate across higher education, fueled by the sector's long history of little or no accountability to taxpayers for the billions of public federal dollars funneled into both public and private institutions. It comes at a time when public trust in higher education is at a historic low. This Research Report provides an in-depth exploration of the role that a Compact would serve in strengthening the public's trust in higher education, unpacks some of the issues raised by the draft Compact's statements of interest, and proposes a framework for developing a new Compact that can constructively advance the relationship between the federal government, American higher education, and the American taxpayer.

The Trump Administration offered the draft Compact as an act of transparency, and there are, to date, no penalties for non-participation, although some inducements for participation were floated in the cover letter that accompanied the draft Compact. Its novelty and voluntary nature explain at least some of the initial reluctance by institutions to embrace the original compact. At the same time, the Compact is an explicit act of full transparency, clearly stating the federal government's interests and intentions for the policies it executes across higher education. Stating these interests publicly creates a better understanding of the government's actions and the opportunity for accountability if government actions fall short of the aspirations publicly proposed in the Compact.

Furthermore, a Compact provides a clear statement of the government's intentions as it acts. Unlike previous presidential administrations which buried these intentions in covert bureaucratic maneuvers (such as the Biden Administration's infamous use of a social media post to set policy), the Trump Administration is providing full transparency and accountability for the actions it is taking and why. These principles currently guide the Education Department's actions and will continue to do so, whether institutions sign the Compact or not. Institutions are and will continue to be held to the standards stated in the draft Compact. For example, the Department of Education has already terminated some previously awarded grants that overtly discriminated against individuals because of the color of their skin.

Prospectively, participating in a Compact can serve both the government *and* institutions. The government would save significant effort and cost by vetting institutions for compliance with non-discrimination practices as part of grant or program application reviews if that institution, as part of its participation in a Compact, had public accountability mechanisms demonstrating that it was pursuing those interests. These savings could then be either retained by the taxpayers or shared with the institutions through expedited reviews or funding bonuses. Institutions would benefit from streamlined applications and from more clarity about expectations, among other prospective benefits.

If crafted properly, a successful compact would (1) create clarity for institutions and taxpayers alike public expectations of their institutions; and (2) provide a mechanism for universities to demonstrate their commitments and successes in living up to those expectations. This transparency would also inform students and their families about the benefits and costs of pursuing a degree and help align their hopes and aspirations with the realities of the modern American university.



Section 1: The Federal Interest in American Higher Education

The close relationship between the America’s colleges and universities and the federal government is largely a creature of the last century. Before the end of World War II, college and university funding primarily came from private faith communities, wealthy entrepreneurs, and state governments—a context that continues to shape higher education today. The end of World War II saw a major addition to this dynamic as millions of soldiers came home needing to be retrained for a civilian economy, and as the emerging Cold War with the Soviet Union demanded new weapons and technologies to hold a new form of evil in check.

The federal government poured billions into the Servicemen’s Readjustment Act (also known as the G.I. Bill) and billions more were poured into new technology development, building on the successes of the Office of Scientific Research and Development (OSRD) whose work during World War II culminated in the creation of the atomic bombs that brought an end to the war itself ([National Archives, 1944](#); [Rowberg, 1988](#)). Almost overnight, the federal government became a major funder and driver of higher education in America. This initial investment was so effective that when President Johnson launched the “War on Poverty” in the 1960s, the Higher Education Act was a featured component and expanded the federal investment into a range of social programs.

Today, federal investment in higher education is measured in *hundreds of billions* of dollars each year. Need-based student grants were about \$32 billion in FY 2025 ([Congressional Budget Office, 2025](#)); new student loans guaranteed by the federal government totaled \$93 billion ([U.S. Department of Education, 2024](#)); direct research grants from the federal government approached \$60 billion in FY 2023 (much of which is committed to “indirect cost” subsidies to the institution) ([Gibbons, 2024](#)); tax-free donations to universities and colleges in FY 2024 totaled \$61.5 billion ([National Association of College and University Business Officers, 2025a](#)); university endowments (whose creation are untaxed) are approaching \$1 trillion in value and their earnings are taxed at very favorable rates (even after the modest reforms included in last summer’s Working Families Tax Cut Act) ([National Association of College and University Business Officers, 2025b](#)); and untaxed and unshared university patent revenues (many of which are from federally-funded projects) total almost \$3 billion annually ([Sharma & Borges, 2025](#)). Public financial investment is real and substantial.

During the post-World War II era, our universities and colleges have been the cornerstone of American success, anchoring an economy that has seen real GDP growth of 1,100% (from Federal Reserve data), created more billionaires through commerce, and created paths to economic opportunity for millions ([U.S. Bureau of Economic Analysis, n.d.](#)). Their research and science landed man on the moon, won the technology race with the Soviet Union in the Cold War, and saved millions of lives through new understandings of the human organism and the creation of treatments, drugs, and medical procedures. They created computers, the internet, nanobots, and the large language models that are transforming the face of our civilization today. Colleges and universities have also served as key hubs for creating opportunities for historically disadvantaged groups, building a pathway to the middle class and beyond for communities that had previously been trapped in poverty. This “golden age of innovation,” fueled by



America's investment in higher education, launched an unrivaled surge in the American quality of life. Innovations, new understandings, and previously unimagined technologies from our university campuses have truly advanced and transformed America and the lives of Americans.

Public Trust in American Higher Education Has Collapsed

American taxpayers not only saw the economic returns (i.e., better jobs and a surging standard of living) and social returns (i.e., the doors to opportunity opened to America's poor) to their investment in higher education, but they also were confident that these institutions were preparing the next generation to be responsible, informed citizens who can partner responsibly to promulgate the values they themselves inherited from past generations of Americans. The sustained surge in federal investment in higher education reflected a confidence among most Americans that these institutions were truly serving the public good. A 2015 Gallup poll found that 57% of Americans had confidence in American higher education ([Jones, 2025](#)). That confidence has fallen dramatically over the past decade, however, with only 42% expressing that same confidence in 2025, up slightly from 36% in 2023 and 2024 ([Brenan, 2023](#)).

Part of this trend has been driven by the changing needs of America's economy. College-for-all was the mantra of the 2000s; everyone needed to go to college to succeed. More recently, major public figures have advanced a counter-narrative. For example, Peter Thiel launched his own fellowship program for students *not* to attend college, promising them the "freedom to get stuff done" ([Thiel Fellowship, n.d.](#)). Technology leaders Jordan Peterson, David Draper, Joseph Lonsdale, and Elon Musk have all launched their own alternative pathways to traditional higher education pathways. The public narrative around college became almost as much about Millennials living in their parents' basement as the success of college graduates ([Choi et al., 2019](#)). COVID-19 further weakened the college-for-all paradigm by exposing parents to the realities of instruction given at these institutions as technology was brought into their own homes.

Instead of institutions promoting citizenship, advancing a common American dream to build human capital, preparing students for today's workforce, and teaching students to think critically, parents were confronted by critical race theory (in the form of Diversity, Equity, and Inclusion [DEI] initiatives) and anti-American ideologies that explicitly attacked traditional American values. The events that unfolded in the aftermath of October 7, 2023, added to that perception as many major university campuses became focal points for anti-Semitic fervor after the Hamas attacks in Israel. In December of that year, during a high-profile Congressional hearing, the presidents of Harvard, MIT, and Penn were unable to identify calls for genocide against the Jewish people as obviously evil and wrong. Mainstream America was shocked to see how badly its elite higher education institutions had lost their way.

At the same time, the value proposition of a college degree has declined in the face of rising costs. According to data from the National Center for Education Statistics, the average student debt at the time of graduation for baccalaureate degrees more than doubled from 2000 to 2020, rising from \$17,480 to \$40,360, growing 130% ([NCES, 2023](#)). This far outstripped average salary growth for students, which rose only 39% during this same period, according to an analysis using survey data from the National



Association of Colleges and Employers. Even accounting for inflation, average student debt for these college graduates rose by almost 52%, while real average wages declined by 10% ([Self Financial, n.d.](#)).

It is not surprising to see not only the precipitous drop in confidence recorded by Gallup, but also a 2025 finding by the Pew Research Center poll that 70% of Americans believe that higher education is “going in the wrong direction” (up from 56% in 2020). Only 28% think it is “going in the right direction,” down from 41% in 2020 ([Parker, 2025](#)).

This growing distrust of the academy has led to real public questions about our federal investment in higher education. The American people are increasingly demanding that colleges and universities demonstrate accountability and job market relevance in their degree offerings. Americans are also demanding that their scarce tax dollars be used to advance, rather than undermine, the inculcation of American values in the next generation. These concerns helped to set the stage for the sweeping reforms brought on by the 2024 election of President Trump.

President Trump’s Election Redefines the Game

With his re-election, President Trump moved quickly to keep the promises he had made on the campaign trail to respond to the public distrust and dissatisfaction with higher education. Universities were called to account for programs that led to anti-Semitism, racial discrimination, and unequal treatment of Americans on college campuses. These high-profile initiatives shook the foundations of a postsecondary sector that had no real accountability to the federal government for 80 years.

As part of the Working Families Tax Cut Act (WFTCA) ([H.R. 1, 2025](#)), the Trump Administration worked with Congress to secure reforms that helped address the affordability of a college degree, created the beginnings of accountability for higher education institutions, and opened the door to more alternatives to the four-year degree. The WFTCA, signed into law by President Trump on July 4, 2025, eliminated open-ended loan programs and capped overall student debt to pressure institutions to control costs. It also required postsecondary institutions to demonstrate that they produced value by showing that their graduates fared better in the labor market than those who did not attend college. Finally, the WFTCA opened the door to more opportunities by expanding the need-based Pell Grant program to cover other forms of workforce training.

These provisions, coupled with the Trump Administration’s actions to enforce existing laws against discrimination, led universities and colleges (unused to being held accountable to the public interest) to push back through litigation, public outcry, and bureaucratic maneuvers. In May 2025, the American Council on Education spearheaded “A Call to Reforge the Historic Compact Between Higher Education and the Federal Government,” wherein the government would create a common understanding of the role that colleges and universities should “play in advancing the social, cultural, and economic well-being of the United States” ([American Council on Education, 2025](#)). At that time, more than 50 higher education-related stakeholder organizations, including five of the six national accreditors and nearly every higher education advocacy organization, publicly signed on to the Council’s proposal demanding a compact.



In an unprecedented act of transparency, the Trump Administration did precisely that, sharing a draft of a first-ever *Compact for Academic Excellence in Higher Education* (Compact) with the presidents of nine leading research universities across the United States for comments and input ([Trump Administration, 2025](#)). The Compact provided an outline of the federal government’s priorities across ten dimensions and discussed, in its accompanying cover letter, some prospective incentives for institutions that agreed to be part of the Compact.

Prior administrations had also established visions and priorities for change in higher education, but they never published them for public review or discussion. Instead, they embedded them in grant instructions, “Dear Colleague Letters,” “Frequently asked questions,” program announcements, and in the materials promoting their programs. These were buried in pages of program instructions, guidelines, and bureaucratic minutiae, essentially shunning public review, discourse, and discussion.

After decades of little or no accountability, the higher education punditry unsurprisingly rejected the Trump Administration’s proposed Compact. The American Association of University Professors (AAUP) rejected it outright ([AAUP, 2025](#)), and the influential *Chronicle of Education* trotted out a series of columns decrying the proposal and launched its own website documenting efforts to undermine the Compact ([Diep & Kelderman, 2025](#)). Pushback centered on ambiguous and unfounded claims of lost academic freedom, an attempted federal takeover of higher education, and violations of the research grant award processes. Most of these claims rested on strained interpretations of specific clauses of the proposed Compact taken out of context.

Seven of the nine university presidents who initially received the draft Compact attempted to distance themselves from it, while two (Vanderbilt University and the University of Texas) constructively engaged the administration to address their concerns. Despite critics’ claims about lost academic freedom (quite the opposite, the draft Compact contained language that required universities to respect academic freedom), or fairness in grant processes (the letter accompanying the Compact discussed what kind of benefits institutions might realize if they participated), the real issue was *accountability*. Higher education was not ready for a written declaration of what had been unwritten for almost 100 years—it turns out the public does expect certain returns in exchange for its investment in the sector.

America’s universities and colleges cannot afford to shrink from the public’s demand for this new accountability. Even before the recent missteps by the sector, hundreds of institutions across the nation were on the verge of closing ([Rembert & Albright, 2025](#)). Absent definitive action, the spiraling distrust in higher education will continue and is quite likely to accelerate. Not only will the sector see a continued decline in college-going rates, but it will also see its funding streams continue to dwindle at the exact moment it needs to invest more to transform itself in response to new technologies, a changing student body, and a shifting global economy. A vibrant Compact for Academic Excellence will serve as a convenient and powerful platform for many institutions to publicly reconnect with taxpayers and slow the slide toward irrelevance and insolvency.

For 80 years, there has been essentially no statement of what the federal government wants from higher education in exchange for the billions of dollars in benefits the taxpayers provide. The prospect of



bringing meaningful accountability to higher education is revolutionary. Accreditation and regulatory oversight were the two mechanisms traditionally used to create public accountability for the nation's higher education institutions. There have been a few efforts at creating transparency through reporting requirements, but these have been cursory at best, focusing narrowly on inputs into higher education and providing little or no insight into what is happening inside the institutions, and even less information about what is produced.

A Compact is Needed to Restore Public Trust

America needs a healthy and robust higher education sector; it is essential to the nation's future. To ensure this success, the trust between higher education and the American taxpayer must be restored. Institutions must return to putting the public interest over the interests of anti-American ideologies and actors on their campuses. The shocking perception of universities as ideology mills that produce students who are ill-prepared to flourish economically and socially must be reversed. This requires both real change within the institutions themselves and a new level of transparency around both expectations and results.

A Compact between the federal government and its higher education institutions can create this transparency and re-establish the public trust. Such an agreement should clearly state the federal government's expectations and aspirations about institutional behaviors and outcomes, and how institutions can demonstrate their mutual commitment to those goals and outcomes. It should also describe any benefits and opportunities that will accrue to institutions that choose to participate.

Despite the draft Compact's initial frosty reception, the federal government continues to solicit input from higher education stakeholders. Recent examples include public meetings and a series of roundtable events hosted by the Department of Education. The Trump Administration has been open to constructive suggestions for promoting the public interest in higher education and ensuring its success. While the Administration demonstrates its commitment to transparency and an ongoing conversation, there is a legitimate question of why institutions would volunteer to participate; after all, they have gone 80 years without such a Compact. The answer lies in what benefits might accrue to institutions that do participate. Some of these could be specific inducements offered by the government, but the main value rests in restoring public trust.

The downward spiral of the sector's reputation is linked directly to public perceptions about its openness to public values, its return on investment, and its prohibitive costs. Entering into a prospective Compact will explicitly signal to future students and their families that the participating institution is serious about its commitment to the public's values. It is not a coincidence that student demand in southern "red states" where these values are seen as more present, have surged at universities in red while enrollments in blue states, where woke ideologies dominate, have waned. It is possible that the nation's elite institutions will turn their noses up at a prospective compact (although several prominent major universities have already expressed an openness to continue the conversation), but there will be widespread benefit for the other 3,500 institutions that feel the impacts of public distrust more directly in their finances and enrollments.



Another small benefit for institutions could be any inducements the federal government may offer to those who join. Some of the most time-intensive aspects of Title IV oversight, Title IX compliance, Title VI compliance, Section 117 of the Higher Education Act of 1965, and grant application reviews center on vetting the institutional information included in the application. Especially in 2026, this includes the extent to which institutions are complying with federal requirements regarding discrimination. Institutions that agree to a prospective Compact would commit to public transparency that would assure the government they are compliant in these areas, thereby reducing government review and enforcement costs. The time and cost savings associated with not having to separately vet institutions in these areas could potentially be shared with these institutions—a development that was hinted at in the cover letters that accompanied the initial draft Compact ([Diep & Kelderman, 2025](#)).

Finally, it is critical that higher education and the federal government find a way to work together—the sector is too important to the future of the nation for the current disconnect between higher education institutions and the public interest to grow. This is a project too important to fail—institutions must return their attention to the public needs and interests, and the federal government must realign its funding and policy priorities to directly target those interests. A Compact is the ideal vehicle for anchoring both of these objectives, and it can accelerate this necessary realignment.

To that end, this report lays out a foundation for the interest that should drive the next iteration of the Compact, and providing recommendations for an accreditation model that would reassure the public that higher education is back on the right track and heading in “the right direction.”

Section 2: America First Priorities for a Higher Education Compact

A key priority for a Higher Education Compact should be clarifying the federal public interest in higher education in clear and easily accessible language. The draft Compact inferred the existence of these interests, referencing “the priorities of the U.S. government in its engagements with universities that benefit from the relationship” ([Diep & Kelderman, 2025](#)), but failed to formally lay out a set of compelling public interests as the foundation of the actions it proposed. To be most transparent, a final Compact should make these interests explicit, framing the full document around a clear statement of federal and public interests. Furthermore, the Compact should also create and define a framework and specific mechanisms to allow institutions to demonstrate they are pursuing these public interests and to demonstrate their commitment to that pursuit.

To this end, a clear statement of the public’s interest in higher education should be added to the Compact. These aspirations (what we would call the “America First Priorities for American Higher Education”) capture the public sentiments that have underwritten the American public’s willingness to fund the sector’s growth and success. They include:

- (1) Treating everyone equally, independent of their race, gender, identity, and beliefs, and providing equal opportunities to each;
- (2) Fostering the development of good and moral citizens capable of understanding, debating, and judging a wide range of ideas in a respectful and civil fashion;



- (3) Providing good value to the student, the community, and the nation; and
- (4) Conducting valuable research, responsibly, and in pursuit of the public good.

While some of these themes were implicitly included in the ideas and arguments behind many of the proposals in the draft Compact, they were not explicitly stated. Refocusing the sector on these interests is the core purpose of any Compact, and such themes should be clearly and directly stated. These interests are uncontroversial, at least at this level of detail. The Compact is needed, in part, because many American colleges and universities have clearly failed to pursue them and have, in some cases, rejected them outright. These provisions represent commonsense, mainstream American values and priorities—i.e., the things Americans *assumed* had been driving for the sector for the past 80 years.

Institutions that fail to pursue these objectives should be subject to special review and consideration, whether they enter the Compact or not. Continued access to the generous federal benefits and subsidies afforded to higher education institutions (including student aid, eligibility for grants, ability to apply for special immigration visas, participation in a host of federal assistance and development programs, tax-free endowment income, and even tax free contributions) should be at risk for those institutions that fail to meet the public interest. Because institutions that join the Compact commit to refocusing their efforts on the public priorities and to creating direct accountability for pursuing them, they could have expedited and sometimes preferential access to grants, visas, and other benefits currently allocated to the sector. Compact participation could serve as a fast-track vetting mechanism, saving both participants and the government the time and resources that would be required to vet them without it.

Beyond a statement of our common national goals and interest in higher education, the Compact should include provisions for helping institutions demonstrate their commitment to its themes. Government in this case is acting as an agent for the American people—the loss of public confidence is ultimately, with *them* rather than with the government per se. In providing institutions this opportunity, the Compact should therefore emphasize public transparency rather than erect a complex regulatory compliance regime.

Priority 1: Treating Everyone Equally and Creating Opportunity for All

Equal opportunity is one of the founding principles of the American republic—the idea that “all men are created equal.” The U.S. Supreme Court reaffirmed this principle in its June 2023 ruling in the *Students for Fair Admissions, Inc. v. Harvard College* (SFFA) case and its sister case against the University of North Carolina, when the Court established that race could not be used as a primary criterion for admissions. The Department of Education (currently in litigation) and the Department of Justice have issued further clarifications about what this means to the admissions process ([U.S. Department of Education, 2025b](#); [U.S. Department of Justice, 2025](#)).

These rulings, new policies, and statements occur in an environment complicated by decades of processes where affirmative action—which focused on intentionally using discriminatory methods to realign historical norms—became the standard for administration. Implementing the SFFA ruling and addressing its broader implications alone would be disruptive. The fact that higher education manipulated the



affirmative action context to implement DEI policies—for example, cultivating racially hostile climates by erecting ideological filters and re-education programs—exacerbates the magnitude of the disruption. On his first day in office after his re-election, President Trump issued an Executive Order 14151 on January 20, 2021, calling for the end to all discriminatory DEI policies across government, the private sector, and higher education ([White House, 2025a](#)). The next day, he issued Executive Order 14173 ([White House, 2025b](#)), which called for the end of discriminatory policies and the restoration of merit-based opportunities. The draft Compact includes the implementation of these two federal priorities in its handling of discrimination.

The three processes identified in the draft Compacts that speak to non-discrimination should remain as part of any final Compact because they reflect key dimensions of the public’s interest in ensuring that everyone is treated equally.

Admissions and Financial Aid

The Compact should require that people be judged on their merits for admission and aid, not based on immutable characteristics or beliefs, with legal exceptions for single-sex and religious institutions. While this largely restates existing law, current processes often need modification to fully comply with the Supreme Court’s intent. This ruling is one of the most fundamental values at the heart of the American republic. It is critical that institutions comply with both the letter and the spirit of the SFFA ruling and that they be held accountable for achieving it, including that they do not just find new proxies for the discriminatory approaches they had previously used.

Faculty and Administrative Hiring and Promotions

The draft Compact covers fairness in administrative processes well, stating clearly “no factor such as sex, ethnicity, race, national origin, disability, or religion shall be considered in any decision related to the appointment, advancement, or reappointment of academic, administrative, or support staff at any level” ([Diep & Kelderman, 2025](#)). The draft Compact rightfully included appropriate exceptions to comply with existing law for religious and other reasons, and these should be retained.

Because woke activism on university campuses has focused on both hiring and promotions, institutions will need to give special attention to this issue. Most institutions, for example, have stepped away from “diversity statements” as a requirement for hiring. But there are deeper, systemic issues that are harder to unwind. For example, when hiring faculty, there is a growing academic literature around “homophily,” which is the idea that interviewers tend to hire people who look and think like them (see, for example, [Crawford et al., 2018](#); [Ahn et al., 2025](#)). When academic searches (or tenure and promotion committees) are led by partisan or woke faculty, they will tend to recruit new faculty who are the same—something that can be problematic in institutions where decades of such selections have resulted in a faculty with a single ideology. Beyond this, one of the key metrics of academic quality is publication in “peer-reviewed journals.” Because of these same selection effects, the articles published in the leading journals



(especially in the social sciences) are heavily skewed toward anti-American ideologies ([Kahlenberg & Lin, 2026](#)).

This is a long-term structural challenge for institutions as they create recruiting, hiring, and promotion processes that reflect both the latest developments in federal law and public interest. It is time, however, for institutions to address these challenges directly and to ensure that applicants for hiring and tenure are evaluated on metrics other than ideological, faith, or physical characteristics.

Review and Disciplinary Processes

The draft Compact provided a clear statement that, “Students shall be treated as individuals and not on the basis of their immutable characteristics, with exceptions for sex-based privacy, safety, and fairness” ([Diep & Kelderman, 2025](#)). It also clarified the Trump Administration’s position that the definitions of gender for the purposes of sex-based privacy, safety, and fairness should be defined according to “reproductive function and biological processes.”

This statement, while controversial on college campuses where transgender ideology finds a sympathetic audience, is entirely consistent with the public sentiment ([Brenan, 2025](#)). Sixty-nine percent of U.S. adults believe that transgender athletes should only compete on sports teams that align with their birth sex (up from 62% in 2021). Only 24% believe that athletes should be able to play on teams that match their current gender identity (down from 34% in 2021).

Even so, the draft Compact’s commitment that disciplinary standards shall never favor or disfavor any person because of his or her membership in a racial, ethnic, national, or religious group, or a group based on sex, sexual orientation, or gender identity, should be retained as a clear statement of the public interest. In other words, *everyone should be treated the same, independent of who they are*.

Accountability Mechanisms

Transparency is the key to public accountability. Institutions should publish the details of their admissions, student aid, hiring, promotion, and disciplinary processes. This includes how they will address the structural challenges described around the woke ideological capture of journals and disciplinary communities. The reported details should include the specific criteria used and how they are applied when used. They should also publish, at the highest level of detail possible, the demographics and outcomes of those processes, showing how the processes and the resulting outcomes affected individuals within a range of demographic attributes.

Priority 2: Creating a Campus Environment that Fosters Good Citizenship and Constructive Dialogue

Since the founding of the American republic, American leaders have seen the university as an essential part of the social fabric necessary to sustain the democratic institutions at the heart of the American experiment. George Washington proposed the creation of a national university in 1796 to educate our youth in the “science of Government” ([Miller Center, n.d.](#)). John Adams and Thomas Jefferson wrote at



length about the centrality of higher learning to the future of the republic, and both men played key roles in the creation of universities in their respective states.

Equipping citizens to contribute to our democracy remains a top priority for the federal government's investment in higher education. The draft Compact laid this out as a priority for the nation's universities stating that (1) universities should be marketplaces for ideas and model civil discourse; and (2) the institutions themselves should be politically neutral, allowing their community members to exercise their own personal values individually.

Marketplaces of Ideas and Models of Civil Discourse

The draft Compact called for signatories to “commit themselves to fostering a vibrant marketplace of ideas on campus” that reflects an “intellectually open campus environment,” with a “broad spectrum of ideological viewpoints present and no single ideology dominant, both along political and other relevant lines.” This provision of a Compact should be among the most uncontroversial—the open exchange of ideas in pursuit of knowledge and truth is one of the fundamental reasons why universities exist. Even MIT, which chose to dismiss the prospect of signing the draft Compact outright, has a mission statement that states its dedication to providing students with “the support and intellectual stimulation of a diverse campus community” ([Massachusetts Institute of Technology, n.d.](#)).

This includes an element of allowing for the safe exchange of ideas. The draft Compact presented this issue in a somewhat confusing manner. The key point that should be retained is that bullying, advocating violence against individuals, or allowing actual violence in retaliation to speech or beliefs should never be tolerated as part of a *civil discourse* within the learning community. It rightly called for universities to aggressively prevent and censure these behaviors on their campuses among faculty, students, staff, or visitors. Doing so is imminently justified insofar as learning requires a certain level of personal risk-taking and should not result in threats to their person. Note that this is not “creating safe spaces” where individuals are protected from ideas they may not like but rather establishes the safety of the individual to express ideas that may be uncomfortable to some, but to do so in an environment where respect for the individual is protected.

This is an area where the draft Compact's language was often taken out of context to imply that only conservative ideas should be protected—which is not true, as a plain reading of the Compact easily shows. In fact, all ideas should be open to debate, dissection, disagreement, and rigorous discourse. Individuals, however, should not face physical or emotional attacks for advocating ideas in a civil fashion. The horrific murder of Charlie Kirk stands as a powerful reminder of what can happen when institutions fail to create appropriately open cultures for dialogue on campus.

The final version of the Compact should also promote academic freedom—i.e., the ability to research, teach, and publish freely—something the draft Compact explicitly endorsed. Academic freedom, however, should come with the commonsense proviso that it is *not* a license to directly or implicitly threaten or harass others.



Exposure to a Range of Viewpoints

The draft Compact also rightly called for signatories to provide a “broad spectrum of ideological viewpoints” and a place where “no single ideology [is] dominant, both along political and other relevant lines” ([Diep & Kelderman, 2025](#)). Students and research both benefit from exposure to and consideration of a broad spectrum of ideas and perspectives. This is the hallmark of a healthy learning community and a healthy society.

Yet there is ample evidence that the political, ideological, and philosophical environments on university campuses are heavily skewed in one direction. *The Harvard Crimson*’s annual survey of the political leanings of faculty found that 63% identified as “liberal” or “very liberal” while only 10% identified as “conservative” or “very conservative” ([Mao & Paulus, 2025](#)). In other words, ideological (or so-called viewpoint) diversity is rare on college campuses. A recent analysis of Harvard faculty found that registered Democrats outnumber registered Republicans 88-to-1. Looking just at the two parties (i.e., excluding independents), 99% of Harvard faculty belonged to a single party ([Langbert & Stevens, 2020](#)).

Intrinsic to the Founders’ endorsement of broader access to universities was a belief in the development of communities of reason who could understand the complexities of governments and act wisely through the ballot box to prevent tyranny. Washington called this the “science of Government” ([Miller Center, n.d.](#)). Thomas Jefferson, in 1818, argued for chartering the University of Virginia to equip citizens to “understand his duties to his neighbors and country, and to discharge with competence the functions confided to him” and “to form them to habits of reflection and correct action, rendering them examples of virtue to others, and of happiness within themselves” ([Cabell, 1856](#)). They envisioned and drew reasoned and wise conclusions—something that for 500 years has been the heart of the university enterprise.

The Compact should draw on this tradition to remind universities of their commitment to preparing individual students with the ability to understand and analyze competing ideas, engage in civil dialogue with others who think differently, sharpen their insights and opinions, and persuade others of the inherent merit. In an environment where perspectives are monolithic, the ability to see tradeoffs and offer nuanced analyses ceases to exist.

Moreover, the university’s role in the creation of civic capital necessitates that those conversations span the full spectrum of public deliberations around collective choices. They should reflect the broader society and its values. In our modern society, where most of the population gets a say at the ballot box, the ability to see multiple perspectives and to negotiate the chaos that discordant and competing ideologies and agendas can create is even more crucial. When the balkanizing effect of social media is added to the mix, it is even more critical that universities actively engage and expose students to a wide range of perspectives and all ideologies.

In the modern context, perhaps the clearest expression of this intent is the Chicago Principles, a statement by the University of Chicago that explains this commitment, stating:

In a word, the University’s fundamental commitment is to the principle that debate or deliberation may not be suppressed because the ideas put forth are



thought by some or even by most members of the University community to be offensive, unwise, immoral, or wrong-headed. It is for the individual members of the University community, not for the University as an institution, to make those judgments for themselves, and to act on those judgments not by seeking to suppress speech, but by openly and vigorously contesting the ideas that they oppose. Indeed, fostering the ability of members of the University community to engage in such debate and deliberation in an effective and responsible manner is an essential part of the University's educational mission. ([Freedom of Expression Committee, 2014](#))

More than 100 institutions have formally adopted these principles outright, and hundreds more embed them in their policies ([FIRE, n.d.](#)). The Compact should reinforce the centrality of this principle to the public interest. One major challenge for many institutions is the current absence of mainstream and right of the far-left perspectives among their faculty and staff—largely the result of DEI-driven processes of the past few decades. It will require significant creativity and intentionality to reintroduce mainstream American thinking to their campus communities.

Institutional Neutrality

The draft Compact also calls on signatories to commit to being institutionally neutral—that is to say, they should see themselves as convenors of these dialogues, not proponents of perspectives within them. This provision addresses one of the most enduring debates within the academy: should universities take positions on elections and public policies unrelated to their missions or the operations of a university? This is further complicated by the reality that all private universities and many public universities have missions shaped by their histories that can influence the extent to which public dialogues affect their operations and vision. For example, religiously affiliated universities may have strong positions on capital punishment, abortion, transgenderism, and other social issues that implicate foundational religious commitments.

Yet most universities have explicit policies that limit the extent to which their institutions can take public positions on issues and the extent to which individual faculty can make statements in which they claim to represent the university. In nearly every instance, taking public positions on policy is reserved for the governing board of the institution, while members of the university community, including faculty, are precluded from representing any position they take as that of the institution. Pepperdine University, for example, embeds this policy in its “University Policy Manual,” stating that “employees should not present their political views in a way that a reasonable and prudent observer would be likely to think that they are speaking on behalf of the institution” ([Pepperdine University, n.d.](#)).

Many institutions go further by adopting the provisions of the University of Chicago's Kalven Report, an initiative that was drafted by a distinguished faculty committee in 1967 in response to pressures for the University of Chicago to take a formal position on the Vietnam War ([Kalven Committee, 1967](#)). It commits universities to academic freedom by allowing such conversations to occur among the university's faculty and students. According to the Foundation for Individual Rights and Expression,



more than 49 major universities (including elite institutions such as Vanderbilt University, Stanford University, the University of Southern California, Yale University, Dartmouth University, Brown University, Washington University, and the public university systems of Texas, Georgia, Wisconsin, Alabama, and North Carolina) have all adopted commitments to institutional neutrality ([FIRE, n.d.](#)).

As these leading institutions have stated in adopting these policies, institutional neutrality advances academic freedom on campus. This provision of a prospective Compact would ensure that such institutional neutrality is essential for universities to create a robust learning environment that prepares students to meet their responsibilities in civil society.

Accountability Mechanisms

Transparency around this provision of the Compact would require institutions to publish details on the mechanisms, processes, and results of those processes on their public websites. Nearly every university president touts the ways their campus creates intellectual and ideological diversity. Over lunch with the author, one Ivy League president recently bragged about the 20% of undergraduate students on their campus that had interacted with a conservatively-focused program on their campus. But they miss the bigger picture, failing to address the extent to which the other 80% of their students did not engage outside their campus monoculture. Universities should provide a public accounting of the types of speakers, programs, and activities they convene on campus to broaden the intellectual and ideological experiences, exposures, and perspectives of their students, faculty, staff, friends, and alumni. They should also provide an overall sense of the coursework and program designs that are intended to expose students to a wide range of perspectives.

Universities should be intentional and transparent about developing educated citizens who can constructively engage with ideas and their neighbors to advance their communities. The Compact's provisions around these two issues are the cornerstone of the public interest in subsidizing and supporting higher education and, rather than curtailing academic freedom, advancing it.

Priority 3: Using Public Resources to Efficiently Create Value for Students, Communities, and the Nation

As stewards of the taxpayers' investment in higher education, the Department of Education should call for institutions to maximize the quality and efficiency of their product in order to get the best outcomes at the lowest cost. This has multiple dimensions: ensuring that the education provided is of the highest quality and creates the greatest value; guaranteeing that American students have adequate access to programs the U.S. government subsidizes; and keeping program costs low so that the taxpayer's dollar goes as far as possible. The Compact should establish clear expectations to advance all three of these priorities.

Maximizing Program Quality

Taxpayers deserve a high-quality product in exchange for their tax dollars. In practice, the definition of "high-quality" has been largely left to accreditors to determine. This peer-driven process is fraught with pressures to ratchet *down* the meaning of quality. Peers have an incentive to "go easy" on the institutions that will be doing their own review in the next cycle. The process is also heavily driven by inputs—



including counting the number of books and chairs in the room—rather than by outputs and other meaningful, external measures of quality. To accreditors' credit, they have been advocating strongly for outcome-driven measures of quality, but, aside from retention and completion rates, have struggled mightily to persuade most university faculty to assume responsibility for the value of the degrees their institutions produce. Accreditation must ultimately be reformed in order to mitigate this problem by focusing even more on outcomes; however, this task is beyond the scope of the Compact.

What should be included in the Compact is a focus on two new approaches that will create pressure on institutions to emphasize quality: (1) reforming grading and student evaluation to make each a more valuable measure of the relative quality of a student's academic work, and (2) creating more transparency about the market value of the academic preparation and degrees an institution provides. Institutions that provide realistic assessments of student performance and labor market outcomes will enable future employers, families, and students to better evaluate the opportunities their programs create and to incentivize both quality and after-college value.

Grading and Academic Quality

Grade inflation has rendered GPAs largely meaningless, as it reflects institutional biases in favor of keeping students ("consumers") happy. A faculty study at Harvard University found that 79% of Harvard students received A-range grades in 2020-21, resulting in an average GPA of 3.80 ([Hamid & Schisgall, 2023](#)). In the most recent update to this study, the median GPA at Harvard in 2025 rose to 3.83, up from 3.64 in 2015 and 3.48 in 2000 ([Claybaugh, 2025](#)). Not only do inflated grades subvert their value as indicators of true student performance, but they also undermine incentives for faculty to push students to perform, leading to less demanding assignments and eventually the erosion of the rigor and quality of the entire academic experience. The draft Compact called for institutions to commit to revitalizing the rigor in their academic programs and to restore the true worth of a grade.¹

Market Value and Academic Quality

Another important measure of the quality of an academic experience relates to the marketability of the students who complete it. In some instances (e.g., nursing, teaching, and engineering), program coursework tends to be closely aligned with industry needs. In all instances, however, labor market outcomes can provide prospective students and their families with insight into the economic benefits that they are likely to accrue upon graduation.

The Working Families Tax Cut Act placed some rudimentary measures in this regard into statute by requiring universities and colleges to demonstrate that completion of a degree in a program provides more benefit than not going to college at all. However, more transparency is needed. The federal government has built the infrastructure to enable reporting of average wages for alumni of programs possible, and universities should work with the government to make this standard practice for each degree program they offer. New rules that are currently under consideration by the Education Department may formalize this reporting as well. This will not only help students and families to make good decisions based on

¹ See this post by Dr. Christopher Schorr for valuable suggestions to help institutions respond to this problem ([Schorr, 2025](#)).



actual data but will also allow institutions to identify programs that may need strengthening or elimination because of the low value they produce.

Ensuring Access to Programs for American Students

The U.S. government's investment in higher education is, before all else, to provide benefits to Americans. Some benefits are indirect through research and foreign student training, but putting American students first directly serves the American public interest. The draft Compact raised the issue along two dimensions: (1) asking institutions to reduce or eliminate the barriers to opportunity that current and past members of the military encounter when they pursue degrees from higher education institutions, and (2) addressing the prospective crowding out of American students by international enrollments. These should serve as a starting point for a Compact.

Easing the Path for Veterans and Active-Duty Military

The first of these proposals is relatively straightforward. Institutions should commit to recognizing academic credits, credentials, and training earned by members of the U.S. armed forces during their time of service.

Addressing International Student Enrollments

In many programs, the number of international students can be significant. For example, international students represented 23% of Boston University's entering undergraduate class in Fall 2024 ([Boston University, n.d.](#)). However, most universities fall easily under the 15% threshold proposed in the draft Compact, since a large proportion of international students in the United States are enrolled in graduate programs. According to the College Board, international students only comprised 6% of undergraduate enrollments in 2023, and most institutions will not be affected by this cap ([College Board, n.d.](#)). While institutions should be free to pursue student populations consistent with their missions and since international students at the undergraduate level generally pay up to the full cost of their education, it is not clear that the U.S. taxpayer should be underwriting the training of students from other countries.²

At the graduate level, the issue is more extreme. A 2021 *Forbes* article revealed that international students represent a significant pool of talent for U.S. graduate schools and technology companies ([Anderson, 2021](#)). It also reported that the majority of enrollments in many STEM fields at the graduate level are international, exceeding 70% in many fields, including: petroleum engineering (82%), electrical engineering (74%), computer science and information sciences (72%), and industrial and manufacturing engineering (71%). That same article points out that international student shares can be dramatically higher within specific programs. According to the same *Forbes* article, 88% of the students enrolled in Texas A&M University's electrical engineering programs are from outside the United States. The same article also argues that there are no American students displaced by these international enrollments, citing an analysis by UC Riverside economist Kevin Shih ([Shih, 2017](#)). A careful reading of Dr. Shih's work, however, acknowledges the (at best) mixed literature and evidence on the topic. When nearly 90% of the

² There is likely some cross-subsidization of international students through overall tuition discounts, increased competition for institutional aid and support, and demand price impacts for housing and other resources, even if international students are generally asked to pay full tuition.



students in a program are not American, it is not credible to assert that no American students were denied admission.

The American public has a right to expect and demand that the institutions they massively subsidize should place American students at the top of the queue. While the draft Compact did not make this explicit, a final Compact should. Americans also rightly expect that their students should have preferential access to elite institutions if those institutions accept billions of dollars of taxpayer money. While the presence of international students in the classroom can enhance the quality and value of the experience, especially at the undergraduate level, it is not unreasonable to expect that American tax dollars will fund access for American students who will form the core of the American workforce of the future. In the case of the engineering program, it is also a matter of protecting American national security—America needs a domestic supply of engineers in the event of a national emergency. Consequently, there should be more transparency about international student enrollments, admissions, and academic success.

Reducing the Cost of Higher Education

College affordability has always been a major concern for higher education, and college is one of the biggest lifetime investments for most American families' finances. Some 74% of the families of undergraduate students contributed, often significantly, to the cost of their child's college degree. That contribution averaged \$30,837 per family, up 9% from the prior year ([Carrasco, 2025](#)). The draft Compact asked institutions to partner in helping families address this cost by (1) maximizing access to higher education opportunity, thereby expanding the options for pathways to success; (2) reducing administrative costs, examining the cost efficiency of programs, and streamlining academic production; and (3) taking direct actions to reduce the price that students and their families pay. These are good starting points for a Compact, and while some of the specific provisions listed in the draft were infeasible for some institutions, the principles are robust.

Create Alternative Pathways to Success

The Compact is a covenant between the federal government and its postsecondary institutions. For the past 80 years, much of the focus in postsecondary education has been on traditional two- and four-year degree models. The future of higher education will require thinking beyond traditional modes to alternative institutions, programs, and approaches for training the workforce. The economy of tomorrow will require abilities and skills not yet imagined in today's classrooms. The federal government should commit to enabling institutions and the sector to experiment and create new pathways to equip students to participate in this rapidly evolving economy. This not only means regulatory reform, but it also reflects an opportunity for institutions to partner as innovators in this space. The Workforce Pell Grant program, approved as part of the Working Families Tax Cut Act of 2025, represents an important first step by the federal government toward more rapid innovation in higher education. Institutions must begin exploring how alternative pathways to a new range of academic credentials can meet the needs of students, families, and future employers.

Reduce Administrative Costs



The draft Compact asked institutions to streamline administrative activities and academic programs that impose “unnecessary” costs on the institution that are passed on to students. This provision should remain, albeit with more details and development. Nearly every institution in America already undertakes periodic reviews of its programs for viability and costs, but it is time to pare programs whose enrollments and outcomes do not support the institution’s mission or the public interest. Programs that enroll only a handful of students, for example, should be consolidated with similar programs or eliminated. Some states, such as Indiana, have gone much further and instituted systemwide reviews of programs and have eliminated hundreds of courses and programs that do not provide a good return on public investment. In Indiana, administrators eliminated or merged more than 400 undergraduate and graduate programs, saving taxpayers millions of dollars ([Quinn, 2025](#)).

One development sure to be helpful here is the dramatic growth and availability of AI-based administrative tools. Some universities are moving significant portions of their administrative infrastructure onto AI-driven platforms, resulting in significant cost savings. Another opportunity for savings can come from the government side as changes in the structure and processes of the Department of Education allow for less regulation and reporting.

Improve the Affordability of College Degrees

The cost of higher education has outstripped inflation for decades ([Brock, 2025](#)). The draft Compact proposed three bold initiatives to stem this growth: (1) freeze the effective tuition rates charged to American students for the next five years; (2) refund any tuition paid by students who do not complete their first academic term of an undergraduate program; and (3) create special endowment-funded scholarships for students pursuing hard science degrees at institutions with particularly large endowments. These proposals would represent a one-time partnership between participating institutions and the federal government to restrain costs in a sector that has seen decades of cost escalations. While the proposed tuition freezes represent a major commitment by institutions, they could be partially offset by the cost reductions proposed elsewhere in the draft Compact. This is an area where some flexibility might be helpful in a new compact. In some instances, for example, tuition policies are set by state budget officials, so freezing the rates may be complicated by other state budget pressures.

At the same time, the draft Compact’s focus on “effective” tuition rates presents an opportunity for universities to have flexibility in managing how these freezes are implemented. Transparency around what students and families actually pay will directly strengthen the value of information available to families as they make decisions about their postsecondary education options.

Any Compact must include commitments and incentives for institutions to drive institutional costs down. A final Compact could include some flexibility with respect to the specific provisions listed (for example, making a commitment to a 5% or 10% cost reduction) to allow for institutional innovation, but the key measure of compliance with this income should include a provision that shows a direct reduction in the actual cost paid by taxpayers, families, and students.



Each of these proposals is a dramatic step from the *status quo* in American higher education—annual tuition increases that rise faster than inflation and are obscured in complicated tuition and aid models that hide the real cost of a degree. It is time for institutions to be transparent by providing data on both the actual benefits (as discussed above) and the costs of their college degrees.

Accountability Mechanisms

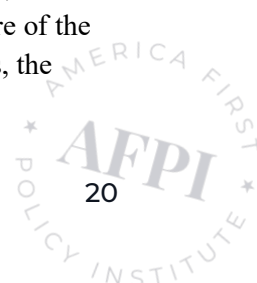
Accountability for this set of public interests again focuses on transparency. Institutions that are parties to the Compact should publicly provide data to show how they are meeting their commitments under the Compact. Because the value of the higher education product is so complex, transparency for this goal would include multiple dimensions for each area identified, including:

1. **Maximizing Program Quality:** Improving program quality focused on providing some level of “truth in advertising” to both sides of the workforce equation. With respect to student quality, institutions should show that their primary measure of student success—i.e., grades in a student’s coursework—is relevant to actual student performance and not to internal departmental politics and policies. Institutions should publish the details of their grading policies, actual grade distributions by degree programs and departments, average and median GPAs across programs for each graduating cohort in each program, and possibly average and median GPAs for each course offered.

To be transparent about the value proposition each program represents, institutions should supplement completion and graduation rates by publishing the employment rates for graduates for each degree or program offered at six and twelve months after graduation, with average and median salaries. These results would also be disaggregated by whether employment is related to the degree or the credential earned.

2. **Ensuring Access to Programs for American Students:** Institutions should describe their programs and pathways that facilitate a transition from military service to their institutions. They should publish any data that shows uptake, participation, and completion of these programs. Institutions should also publish the admissions, enrollment, and completion data, disaggregated by citizenship and immigration status for each program offered.
3. **Reducing the Cost of Higher Education:** To improve accountability in this area, institutions should publish detailed data on the affordability of their programs, including the net amount students and their families actually pay in tuition and fees. For students and families to make responsible decisions about selecting institutions, programs of study, and educational opportunities, they need to know the actual cost. These costs should be reported annually and cumulatively for each graduating cohort, disaggregated by household income level.

Institutions should also discuss what actions they have taken to reduce administrative costs, including descriptions of costs and enrollments for each program on campus, and the nature of the specific actions taken. While some will argue these are private, internal data and processes, the



public has a legitimate interest in knowing explicitly what institutions are doing to hold prices down as they are personally asked to hand significant parts of their family savings and income to the institutions. Many institutions will have a lot to say here. For example, Harvard University could mention its program that makes tuition free for families with incomes under \$200,000 ([Harvard College, n.d.](#)). This is where institutions could tout tuition freezes, endowment-funded scholarships, and funding guarantees. The key here is to document the actions taken to improve affordability.

Priority 4: Conduct Research Responsibly for the Public Good

Since its beginnings, research—especially scientific research—has been central to the relationship between the federal government and higher education. In its earliest days, the higher education enterprise was founded to train leaders and specialists in law, religion, medicine, science, and philosophy. Agriculture and technological innovations became central during the Industrial Revolution, while hard science, social sciences, information technology, and public health have been central in the post-World War II expansion. In each case, the federal government has partnered with the academy to promote innovation and to advance knowledge for the public good.

These initiatives are largely funded at the departmental level with government oversight and awards provided under the functional responsibilities of the agencies responsible for each research area. For example, agricultural research is overseen by the Department of Agriculture, public health initiatives are often funded under the National Institutes for Health, and nuclear research is overseen and funded under the Department of Energy. These grants are made to foster new knowledge and technologies around identified national priorities.

It is incumbent on the federal government to work with universities to ensure that these investments are made in a fiscally prudent manner while protecting American national security interests. To this end, two sets of issues have emerged that reflect tensions in how institutions are carrying out this research in the public interest: (1) the level of overhead funds afforded institutions in pursuit of the public interest, and (2) the ways in which the current research is executed leave federally funded initiatives susceptible to espionage by potentially hostile actors and nations.

Setting Reasonable Overhead Rates

For each government contract, an overhead rate is set for each grant, usually negotiated at the institutional level. This overhead is intended to cover the administrative costs the institution incurs in hosting and administering research. This overhead goes directly to the institution and does not reflect any of the salaries, equipment, or operating costs directly attributable to the research itself. According to one study of 354 institutions receiving NIH funding, these rates average 58% across universities ([Azoulay et al., 2025](#)). This means that for every dollar spent on research in the grant, \$0.58 handed to the university for overhead costs. In another review of institutional indirect cost rates, The Heritage Foundation conducted a study of 82 of the largest recipients who accounted for 63% of federal research grants, and they found a weighted average indirect cost rate of 58.3% across the sample which accounted for 63% of federal grants



given. The indirect cost rates ranged from 41% at the University of North Dakota) to 69% at Harvard University ([Greene & Schoof, 2022](#)).

This issue has become central to the current conversation between higher education and the federal government, with President Trump's Executive Order on August 7, 2025, directing the Office of Management and Budget to "appropriately limit" these rates ([The White House, 2025d](#)). As of this writing, the Trump Administration is awaiting court decisions on its ability to cap these indirect cost rates at 15%. While the draft Compact does not directly address this issue, it is a matter of public interest at the federal level.

Protecting the National Security Value of Federally Funded Research

Some of the research funded by the American taxpayer through research grants has direct national security implications. To this end, Congress has passed laws addressing relationships between American institutions of higher education and foreign entities—particularly where such relationships implicate vital U.S. national security interests. The federal government has taken a very generous position regarding the intellectual properties created under programs funded by and derived from U.S. government investments in research at academic institutions. Not only does the federal government not claim the patents created and derived from its investments (these totaled an estimated \$3.6 billion in 2023), but it also does not make a claim on any royalties or payments received by institutions as a result of these investments ([Ezell, 2025](#)).

Part of the reasoning behind this generosity is a desire to help foster innovation within the U.S. economy. Another dimension of the investment relates to creating opportunities to train U.S. graduate students who can then join the American workforce. There is a definite tension involved when some universities have 80% of their graduate enrollments composed of international students—especially when many of these students are directly or indirectly beholden to nations whose interests are demonstrably hostile to U.S. interests.

To this end, the U.S. government has imposed reporting requirements on academic institutions to disclose the origin of monies received by universities and colleges from international sources. Compliance with the requirements has been poor. An October 2020 review by the Department of Education of reporting under Section 117 of the Higher Education Act showed that as much as half of foreign funds may have been unreported ([U.S. Department of Education, 2020](#)). In other instances, the filings are incomplete and do not provide sufficient detail about the donors to determine whether there are potential conflicts with national security interests. Congressional reviews during the Biden Administration showed that the Department of Education exercised weak oversight of reporting compliance, and in February 2025, the House Committee on Oversight and Government Reform announced a new investigation into compliance efforts ([Committee on Education and Workforce, 2023](#); [Committee on Oversight and Government Reform, 2025](#)). On April 23, 2025, President Trump issued an Executive Order calling for the significant strengthening of the reporting requirements ([The White House, 2025c](#)). Institutions, as voluntary recipients of federal support, should comply with these requirements. The draft Compact outlined the requirements and the need for all institutions to partner with the federal government to protect U.S.



national security interests. On January 2, 2026, the Department of Education launched its new reporting portal, making compliance with current law and access to the data easier than ever ([U.S. Department of Education, 2025a](#)).

A new bill, the Defending Education Transparency and Ending Rogue Regime Engaging in Nefarious Transactions (DETERRENT) Act ([H.R. 1048, 2025](#)). It has passed the House and, at the time of this writing, is under consideration in the Senate. The bill would strengthen these reporting requirements and to create real consequences for failure to comply with these new reporting requirements. Congress should support this new law, which creates real transparency, and higher education institutions should embrace these efforts to protect the American national interest ([Schorr, 2025](#)).

Accountability Mechanisms

Institutional accountability with respect to research should include clear publication of all federal contracts, including the overall dollar amounts, indirect cost rates, and a description of the number of FTEs by type (i.e., staff, undergraduate students, graduate students, postdocs, and faculty), and any promised research products. The details should explain whether they are supplemented by any additional funding, and, if so, whether the additional sources are foreign or domestic. Institutions should also summarize and provide links to the detailed information they have submitted in compliance with Section 117 of the Higher Education Act.

Protecting public interest in university research and technological development is a key priority for the federal government. Reducing bloated overhead rates is a key area where the value of national investment in higher education can be maximized. A Compact between the federal government and higher education should clarify norms and standards for this investment while also protecting U.S. national security.

Conclusion: Forging a Compact for Excellence that Fully Captures the Public Interest

A Compact between the federal government and its postsecondary institutions should lay a foundation upon which the public trust and goodwill can be rebuilt. That trust should build on the four themes presented in this report:

- (1) Treat everyone equally, independent of their race, gender, identity, and beliefs, and provide equal opportunities to each.
- (2) Foster the development of good and moral citizens who are capable of understanding, debating, and judging a wide range of ideas in a respectful and civil fashion.
- (3) Provide good value to the student, the community, and the nation.
- (4) Conduct valuable research responsibly for the public good.

Under each theme, the specific points of priority should be *concisely* listed as a series of principles and desired outcomes. Each institution should, in addressing these interests, explain and provide evidence of how they are meeting these interests.



The primary accountability for pursuing the public interest should be through intentional transparency, not by federal bureaucrats focused on a “big government agenda.” The purpose of this accountability is for both consumer and institutional awareness. In the longer term, accreditation processes should be reformed to focus on the outcomes that reflect these federal interests documented in this report. In an environment where innovation will be the key to future success across all levels of education, the focus should be on outcomes, not inputs, and should rely on supporting data, not simple narratives.

It is critical to note here that this Report is focused on the federal interest in higher education. There is a parallel but separate set of interests for state governments that should unfold under the umbrella of this federal interest. States also provide billions of dollars to fund both public and private institutions within their respective geographies. In the state interest, much more emphasis is often placed on local economic and social interests. Workforce preparation, especially, plays a much larger role.

States have an opportunity to leverage the federal leadership in this area by building on these federal interests to address state priorities. One step that state governments can take to advance the public interest is to mandate that their public and private institutions who accept state funding must join in signing any Compacts that arise out of the federal conversation. AFPI has prepared some [model language](#) for possible legislation to support this end. States are also essential partners in enabling their postsecondary institutions to reflect the public interest by instituting governance changes and directives and attention to eliminating some of the institutional barriers that prevent their universities and colleges from better responding to the public interest.

The opportunity is here for the federal government and American higher education forge a new Compact that restores the public’s trust in higher education. The task ahead is daunting—the culture of indifference to the public interest and the dominance of toxic woke ideologies on most campuses will require leadership to achieve. For the Compact to help overcome the public’s distrust, it must also result in new transparency that holds both accountable to the public interests that underwrite our joint investment in higher education. Higher education has been the foundation of American success for more than 80 years. With a Compact that clearly captures and creates accountability for the public interest, the sector can be the basis of America’s success story for the next 80 years or longer.



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