Montana Board of Regents

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The Federal Role in Postsecondary Education

“A Brief History of Everything You Ever Needed to Know About That – And Some Thoughts About the Future and Reauthorization of the Higher Education Act”
Federal Postsecondary Policy -- the American Way

In the beginning

There Was A Constitution

Tenth Amendment

“The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people”
Federal Postsecondary Policy -- the American Way

- And thus, our *mantra*
  
  *Education is a state, not a federal, responsibility*
  
  - Truth be told, American higher education was not initially a state responsibility
  
  - It was an elitist non-governmental system to educate the elite, “as was appropriate.”
Federal Postsecondary Policy -- the American Way

- Mid-century (that would be 19th century) brought a new thrust
  - Driven not by constitutional responsibility, but by Federal interest and national need
  - The Land-Grant Act of 1862
    - To address a national economic imperative
  - Began the move toward a meritocratic system of higher education
    - Best and brightest of all classes
    - Scholarships for the most able
- To What End – economic development
Federal Postsecondary Policy -- Access the American Way

Broad access became a “public” goal in the mid 20th century.

- Began as Economic Development
  - GI Bill
  - NDEA
- Became Egalitarian with Great Society (HEA of 1965)
  - Beyond federal interest to federal responsibility – equal opportunities to life, liberty, and the pursuit of happiness (Imbedded in the 14th Amendment)
Access the American Way

- Federal Movement toward Egalitarian Policy
  - Need based aid – EOG to BEOG to Pell

- Matched by National Movement toward Egalitarian Policy
  - Geographic access
  - “as free as possible” – low tuition
  - Need based financial aid – with federal incentive
  - Community College Movement
Fifty Years of Incremental Creep

- Initially HEA was real clear
  - Goal was clear – financial access
  - Strategy was clear
    - Grants for the most needy
    - Loans for the less needy
    - Nothing for the non needy
Initially HEA was real clear

And it worked
  ▪ Enrollment increased dramatically

Or did it
  ▪ Radical increase at state level at same time
  ▪ Dreaded DRAFT provided another enrollment driver

Let’s say it worked
The first wave of reform – MISAA – the Middle Income Student Assistance Act

- Espoused Goal – Expand opportunity to middle class
  - No evidence to support/ Strong evidence to oppose
  - Did it work depends on perspective
- Actual Goal – Politically popular idea
  - Did work on authorization side
  - Not so much on appropriations side
The *second* wave of reform – Middle Income at the expense of the most needy

- Loan Expansion
- Over Pell Grants
The **third** wave of reform *(part one)* – Program Improvement
- Direct Lending
- Improved accountability (SPREs & Default)
- Mixed Bag on Results

The **third** wave of reform *(part two)* – Even more for the middle class
- Tuition Tax Credits (on top of a bunch of other tax benefits that crept in)
- Merit madness @ the state level
The *fourth* wave of reform – Pell, Pell, and more Pell

- More is Better and Never Enough
- Deregulation fosters innovation
- Effectiveness
  - Depends upon perspective
  - From my perspective – huge failure
Federal Postsecondary Policy --
Access the American Way

Access to Success

And Affordable, to Boot

But Affordability for All Stakeholders
(Not just students)

the Movement of the New Millennium
The New Millennium – A Renaissance of Sorts.

- **The new agenda**: Frugal Essentialism
  - Access becomes Access to Success
  - Need is redefined and reemphasized
  - Resources are constrained
    - Everyone has a stack in the game
    - Won’t be new tax revenue
The New World: What Makes Good Student Aid Policies – State/Federal

- Transparency -- Do folks know about it
- Can consumers understand it – is it simple
- Can partners buy it (and complement it)
- Can it be implemented effectively & efficiently
- Is it sufficient to achieve objective
- Can we afford it
The New Millennium – A Possible Renaissance of Sorts *Federally*

- *With regard to the States*, move from protecting students from bad states to helping good states protect students
  - State/Federal partnership worked & could again, done smartly (smart MOE)
  - Loans & Grants as potential partnership
  - Institutions, not so much
The New Millennium – A Possible Renaissance of Sorts *Federally*

- **With regard to Institutions**, Move from incentives for nothing to “skin in the game.”
  - Institutions share default risk on loans
  - Institutions share benefits of completions

- Beware of Greed
  - Begins as “doing well, by doing good”
  - Evolves to “buyer beware” justification
  - Becomes simple greed
    - I’m doing well, but could do even better
The New Millennium – A Possible Renaissance of Sorts *Federally*

- *With regard to students*, Move from “something for nothing” to “skin in the game.”
  - More economically rational risk sharing with students
    - More rational cost sharing (ICR)
    - Redefine FTE
    - Provide completion bonus
    - Rebuild the Expected Family Contribution (shared responsibility – reinventing financial aid)
The New Millennium – A Possible Renaissance of Sorts *Federally*

- *With regard to the Federal Government,*
  More federal coordination
  - Between authorization, appropriations, and tax policy
  - Between Departments – ED, DOD, HHS, Labor, Agriculture
The New Millennium

All of Which Is To Suggest

- We may be entering a new Federal engagement with Higher Education
  - Could Be Smarter, or not
  - Could Be More Regulatory, or not

- Or we could follow in step with 50 years of incrementalism.
  - We know where that leads – more of the same
Percent of Adults with an Associate Degree or Higher by Age Group
U.S. & Leading OECD Countries, 2012

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NCHEMS/Source: OECD, Education at a Glance 2014 (for 2012); U.S. Census Bureau
Differences in College Attainment (Associate & Higher) Between Younger & Older Adults - U.S., 2009

Source: U.S. Census Bureau, 2009 American Community Survey (ACS)