The Federal Role in Postsecondary Education

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“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”
And thus, the 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.”
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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
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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)
  - Moving 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 – Community Colleges
  • “as free as possible” – low tuition
  • Need based financial aid – with federal incentive

• Public Agenda broader than public institutions – The Public Good
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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
  - Student focused
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Fifty Years of Incremental Creep

- 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
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Fifty Years of Incremental Creep

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
    • Began shift from students to institutions
    • Politically popular
      • Reflected in authorizations
      • Not so much in appropriations
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Fifty Years of Incremental Creep

The *second* wave of reform – Middle Income at the expense of the most needy

- Loan Expansion – non-discretionary expense
- Over Pell Grants – discretionary expense
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Fifty Years of Incremental Creep

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)
- Mixed Bag on Results
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Fifty Years of Incremental Creep

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 – not so good
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The New Millennium
A Philosophy

Access to Success

And Affordable, to Boot

But Affordability for All Stakeholders
(Not just students)
The New Millennium – A Renaissance of Sorts

The New Millennium’s Agenda
Frugal Essentialism

• Access becomes Access to Success
• Need is reemphasized, but also redefined
• Resources are constrained
  • Everyone has skin 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)
- 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
The New Millennium – A Possible Renaissance of Sorts **Federally**

*With regard to Institutions,*

- Move from incentives for nothing to “skin in the game.”
  - Share default risk on loans
  - Share benefits or consequences of completions
- Analytics – the era of data
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 (reinvent 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 Less Regulatory, *or not*

- Or we could follow in step with 50 years of incrementalism.
  - We know where that leads – more of the same