The Federal Role in Postsecondary Education

“A Brief History of Everything You Ever Needed to Know About That – And Some Thoughts About the Future”
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,
  - Education, not being mentioned in the constitution was not a federal responsibility

- In fact, American higher education was not initially a state responsibility

- It was an elitist system, designed to educate an elite class, “as it should be.”
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 – SEOG 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
Federal Postsecondary Policy -- Access the American Way

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
Federal Postsecondary Policy -- Access the American Way

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
The first wave of reform – MISAA – the Middle Income Student Assistance Act (1978)

- 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 (1980s)

- Loan Expansion
- Over Pell Grants
Federal Postsecondary Policy -- Access the American Way
Fifty Years of Incremental Creep

The third wave of reform (part one) – Program Improvement (early 90s)
- Direct Lending
- Improved accountability (SPREs & Default)
- Mixed Bag on Results

The third wave of reform (part two) – Even more for the middle class (late 90s)
- Tuition Tax Credits (on top of a bunch of other tax benefits that the crept in)
- Merit madness @ the state level
The **fourth** wave of reform – Pell, Pell, and more Pell (the new Century)

- More is Better and Never Enough
- Deregulation fosters innovation

- Effectiveness
  - Depends upon perspective
  - From my perspective – huge failure
The shock of the economic downturn
  - Financial access eroded
    - Tuition increased – increasing need
    - But enrolments also increased – the economist’s dilemma
  - Completion became **THE ISSUE**
    - Slipping international competitiveness
    - Data showed the disconnect between access and success
Bringing Us to Today – A Renaissance of Sorts; Maybe.

- **The new federal agenda**: Frugal Essentialism

- Reflected by:
  - Dreaming big, but resource constrained
    - A real dilemma
    - Not a rhetorical dilemma
  - Access becomes Access to Success
  - Need and performance are joined
Bringing Us to Today – A Renaissance of Sorts; Maybe.

Key Actors

- Congress
- The Administration
- One Dupont Circle and 1307 New York
- The States
- The New Thinkers
- The Rest of Us
Bringing Us to Today – A Renaissance of Sorts; Maybe.

Key Actors

- **Congress**
  - The House and the Senate
  - The Various Committees – Funding, Policy, Taxes, Government Operations
- **The Agendas**
  - Reauthorization of the Higher Education Act (Some Day)
  - Tax Reform (or not)
  - Budget & Appropriations
  - One off interests (ex., NSURDS)
Bringing Us to Today – A Renaissance of Sorts; Maybe.

Key Actors

The Administration
- The President
- The Different Agencies
  - Education
  - Labor
  - Health and Human Services
  - Commerce
  - Defense and Veterans Affairs
  - Treasury & IRS
- The handles
  - Legislative Requests
  - Regulation
  - Program Administration
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Key Actors
A little more on the Department of Education

Knowledgeable New Actors:

- Ted Mitchell: Undersecretary designate
- Jamie Studley: Acting Undersecretary and Deputy Undersecretary designate
- Ericka Miller: Assistant Secretary designate

Non-legislative Agenda:
- Ratings
- Negotiated Rulemaking -- SARA
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Key Actors
A little more on the Other Departments

Labor: Significant Actor for Community Colleges – Trade Adjustment Assistance, Round 4

Commerce: Significant in Broadband and e-rate activities

IRS and Treasury: Tax Credits & Aid simplification

Defense & VA: GI Benefits
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Key Actors

- One Dupont Circle and 1307 New York
  - The Strategy
    - Just say NO

- The States
  - The Strategy
    - Just say YES
      - To Funding
      - Not to regulation or mandates
    - But to other than higher education first
Bringing Us to Today – A Renaissance of Sorts; Maybe.

Key Actors

- The New Thinkers
  - New America Foundation
  - Center for American Progress
  - Aspen Institute
  - Economic Policy Institute
  - American Enterprise Institute

- The Rest of Us
  - MHEC, NEBHE, SREB, WICHE
  - IHEP
  - NCHEMS
  - SHEEO
  - ETC
The New World: What Makes Good Federal Policy Sense

- Transparency -- Do folks know about it and its impact – whatever it is
- 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
  - SSIG/LEAP 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.”
  - Institutions share default risk on loans
  - Institutions share benefits of completions
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 – The Real Story

State Policy Is Where the Real Action Is Taking Place