Reform Efforts in Federal and State Higher Education Policy

“May You Live In Interesting Times” Proverb or Curse
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,

- 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.”
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
Mid-century (that would be 19th century) brought a new thrust

- And the beginning of a *substantial* state role
  - Particularly in the West
- So federal action drove the increasing state investment
Federal Postsecondary Policy -- Access the American Way

Broad access became a “federal” 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 (SEOG) to BEOG to Pell

- Matched by National Movement toward Egalitarian Policy at the State Level
  - 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
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)
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
State Postsecondary Policy -- Access the American Way
Fifty Years of Incremental Creep

- Very similar to federal progression
- More is better and never enough
Figure 3

Public FTE Enrollment and Educational Appropriations per FTE, U.S., Fiscal 1987-2012

Note: Net tuition revenue used for capital debt service are included in the above figures. Constant 2012 dollars adjusted by SHEEO Higher Education Cost Adjustment (HECA).

Source: State Higher Education Executive Officers
Very similar to federal progression

More is better and never enough

Modest Commitment to Financial Aid
  - Despite gradual increase in reliance on tuition
  - Merit madness @ the state level to match federal infatuation with the “middle-income”
After the Bubble – Two Recession & Sobering Times

- 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; Sort of.

- The new agenda: *Frugal Essentialism* Shared at the Federal & State levels

- Four Major Themes:
  - Greater Efficiency
  - Higher Quality
  - Affordability
  - Proven through Greater Accountability
Frugal Essentialism

Major Themes

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Greater Efficiency
Higher Quality
Affordability
Greater Accountability

▪ Easier said than done:
  ▪ Different Interpretations of what this means
  ▪ Limited resources – *the New Normal*
    ▪ And claims for those for the “status quo”
Today’s New Renaissance of Sorts (Sort of)

Key Strategies to Match the Themes

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Innovation

Steering

Regulation/Mandates
Federal Activities in Today’s New Renaissance of Sorts

The Federal Completion Agenda

An Economic Imperative

- Actions Imbed all 4 themes – Efficiency, Quality, Affordability, & Accountability
- At least to some extent
- Being driven by all three strategies – innovation, steering, and regulation
- Both rhetorical and action oriented
Federal Activities in Today’s New Renaissance of Sorts

The Federal Biggies

Modifications to Current Law

1. Regulatory Reform
   - State Authorization, Gainful Employment, and the Credit Hour Rule
   - Touches on Accountability And Efficiency most significantly, but also Quality
   - Not really focused on affordability
Federal Activities in Today’s New Renaissance of Sorts

The Federal Biggies

Modifications to Current Law

2. Student Loan Reform

- Interest rate adjustments
- Repayment reforms – Income Based Repayment
- Debt management (default rates)
- Touches on Efficiency, Affordability, and Accountability, often through steering
Federal Activities in Today’s New Renaissance of Sorts

The Federal Biggies

Modifications to Current Law

3. Data Collection

- Student Unit Data Base
- IPEDS revisions
- Ratings
- Touches on affordability, efficiency, and accountability but not quality
- Primarily through steering & regulation
Federal Activities in Today’s New Renaissance of Sorts

The Federal Biggies

Modifications to Current Law

4. Experimental Sites – Competency over Credits
   - Two institutions approved (Southern New Hampshire & Coursera) + WGU
   - More under consideration
   - Touches on Efficiency, Quality, and Affordability through Innovation
Federal Activities in Today’s New Renaissance of Sorts

The Federal Biggies

New Law – Reauthorization + (Dave’s Guesses)

5. Pell & Campus Based Reform
   - Retargeting Pell, or not
   - Consolidation
   - Performance & Need, or not
   - More, less, or about the same in resources
   - Touches on Affordability Efficiency, and Quality primarily through Steering & Regulation/Mandates
Federal Activities in Today’s New Renaissance of Sorts

The Federal Biggies

New Law – Reauthorization +

6. Tax Reform:
   - Consolidation
   - Elimination with Redirection of Funds
   - Elimination to reduce expenditures
   - Touches on Efficiency primarily through mandate
Federal Activities in Today’s New Renaissance of Sorts

The Federal Biggies

New Law – Reauthorization +

8. Real Partnerships
   - Stake in the game for students
   - Stake in the game for states
   - Stake in the game for institutions
   - Greater alignment between federal programs
   - Touches on Affordability, Efficiency and Accountability via mandated change
Federal Activities in Today’s New Renaissance of Sorts

The Federal Biggies

New Law – Reauthorization +

9. Reduced Federal Burden on Partners
   - Alternatives to accreditation, SARA
   - Scrubbing current statutes and regulations (Alexander)
   - Embrace Innovation (New is very cool).
   - Touches on Efficiency and Accountability
   - Rhetoric not consistent with reality
Federal Activities in Today’s New Renaissance of Sorts

What’s Here And What Isn’t

- Heavily focused on program improvement—better government (Efficiency & Accountability)
- Reasonably aligned with Completion Agenda (affordability and access to success)
- Not much associated with the “quality” agenda
State Activities in Today’s New Renaissance of Sorts

The State Biggies

1. Performance Funding
   - Capturing Attention of Governors, Legislatures, and Governing Boards
   - Touches on Accountability, Efficiency, and Quality through steering
   - Not affordability, often ignoring financial aid and tuition
Activities in Today’s New Renaissance of Sorts

The State Biggies

2. Infatuation with Innovation as a Goal
   - Technology to reduce costs:
     - Cheap courses, Cheap degrees
   - Technology to increase quality:
     - Improve student learning (NCAT, MOOCs)
     - Improve remediation
   - Innovation for innovation’s sake
   - Touches on Affordability, Efficiency, and Quality, but not Accountability
Activities in Today’s New Renaissance of Sorts

The State Biggies

3. Quality,
Activities in Today’s New Renaissance of Sorts

The State Biggies

3. Quality, if we only know what it was.
   - Use of technology to enhance quality
   - Reinventing Remediation
   - The Completion Agenda
   - Employment as a metric
   - Requirements for measuring student learning
   - Also touches on accountability, primarily through innovation and steering
Activities in Today’s New Renaissance of Sorts

The State Biggies

4. Data and its uses -- SURDS

- Now a Federal Mandate (Public, not Private)
- Like Feds, for Consumer Information & Accountability
- But also for Improvement (predictive analytics)
  - Tied to the quality agenda
- Touches on Accountability and Quality, primarily through regulation and steering.
Activities in Today’s New Renaissance of Sorts

The State Biggies

5. Financial Aid Reform @ State Level
   - A renewed focus on need-based financial aid
   - Interest in blending need and performance (now not in the past)
   - Partnership with federal efforts
   - Partnership with non-public sectors, some times
   - Touches on Affordability, Efficiency, and Quality, primarily through innovation and steering.
Activities in Today’s New Renaissance of Sorts

The State Biggies

6. Something for Nothing Foolishness
   - The antithesis of the rational financial aid/financing reform
   - Examples:
     - The $10,000 degree
     - Free Community College
     - Pay It Forward
   - Thought of as Progressive; actually Regressive
   - Touch on Affordability, but counter to Efficiency
   - Considered innovative and steering
Activities in Today’s New Renaissance of Sorts

The State Biggies

7. Free the Beast –Let the Market Work
   - Autonomy in exchange for Accountability
   - Decentralization of Authority
   - Promise, but don’t deliver
     - Different perspectives on the compact
     - Couldn’t live with consequences
   - Touches on Efficiency and Accountability through innovation and deregulation
Activities in Today’s New Renaissance of Sorts

The State Biggies

8. The quest for new revenue
   - Endowment as the answer
   - Full pay students from elsewhere
     - Other states
     - Other countries
   - Full pay students from home state
   - Touches on efficiency and thought of as innovation
   - The Biggist Biggy for you folks
Activities in Today’s New Renaissance of Sorts

The State Biggies

9. Reliance on Non-public providers to help serve the public good

- **Independent Sector:** more and more seen as a partner
- **For profit Sector:** Substantial ambivalence (great fodder for ambitious Attn Generals)
- **Touches on Efficiency** primarily via steering and regulation (SARA)
Activities in Today’s New Renaissance of Sorts

The State Biggies

10. Interstate Collaboration

- The Four Regional Compacts
- State Authorization Reciprocity
- Multi-state Data Exchange
- Interstate Student Exchange – Transfer Passport
- Touches on Efficiency, Affordability, Quality, and Accountability through Innovation, Steering and Regulation
State Activities in Today’s New Renaissance of Sorts

What’s Here And What’s Not

- It’s All Here
- Just not consistently so – 50 approaches
- Need to focus on
  - A Change Agenda
  - Based on Evidence, Not Hunches
  - Focused on the Public Agenda
Charting New Direction for the New Millennium

- The Era of Frugal Essentialism
  - Creating more access and success
  - With very little more in resources

- Cheap isn’t the answer
- But less expensive/more productive is

- And the policy agenda is, indeed focused in the right direction

THANKS!