

Montana Board  
of  
Regents

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March 4, 2015

David Longanecker  
President, WICHE

[www.wiche.edu](http://www.wiche.edu)



## 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"***

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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 19<sup>th</sup> 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 20<sup>th</sup> 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 14<sup>th</sup> 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

# 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**

# Federal Postsecondary Policy --Access the American Way

## 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
- ❑ Actual Goal – Politically popular idea
  - ❑ Did work on authorization side
  - ❑ Not so much on appropriations side

# Federal Postsecondary Policy --Access the American Way

## Fifty Years of Incremental Creep

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

- ❑ 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

- ❑ 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

# Federal Postsecondary Policy --Access the American Way

## 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 – 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

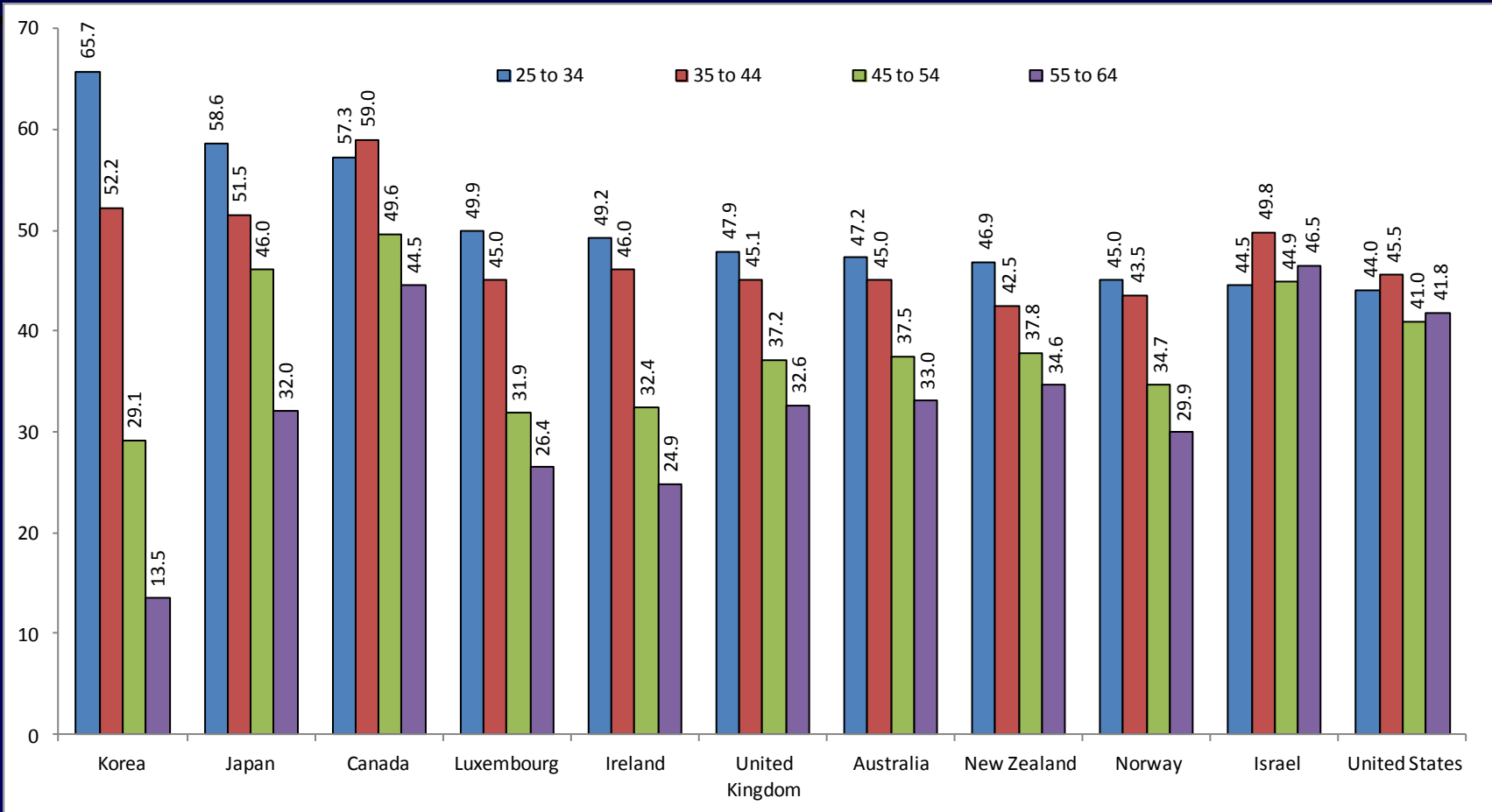
# The New Millennium

## *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



# Differences in College Attainment (Associate & Higher) Between Younger & Older Adults - U.S., 2009

