



Will U.S. College Aid Continue Its Proud Track Record of Enlarging Opportunity and Reducing Inequality?

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Americans have long recognized the value of higher education for socioeconomic well-being and upward mobility. Not only do people who earn college degrees tend to earn more money than those who do not, but they are more likely to be employed in jobs that provide valuable benefits like pension plans, paid sick leave, parental leave, and flexible work arrangements. Since the 1960s, the U.S. federal government has played a central role in helping young men and women go to college and earn postsecondary degrees. Nearly 21 million students are currently enrolled in U.S. colleges and universities, and as of 2012 more than 71 percent of undergraduates enrolled in full-time study received federal student aid in the form of loans, grants, or work-study support.

In the face of rising economic inequalities, in short, U.S. higher education and government help to college students have served as valuable mechanisms for equal opportunity. But as the cost of postsecondary education continues to rise, it is an open question whether federal aid programs will continue to work as intended to combat barriers created by poverty and enlarge opportunity.

College Access as a National Government Responsibility

The programs that constitute the core of U.S. financial aid policy were mostly chartered by the Higher Education Act of 1965, passed as part of President Lyndon B. Johnson's War on Poverty initiative. Popularly known as "Title IV Programs," federally subsidized loans, grants, and work-study opportunities provide valuable assistance to millions of students pursuing college degrees.

A number of political factors combined to spur the original passage of the Higher Education Act – the most important of which was President Johnson's leadership inspired by his unrelenting commitment to expanding access to higher education for low-income students. Johnson took an active role in drafting the new law and remained involved through the process of Congressional consideration. Sweeping victories for the Democratic Party in the 1964 elections led to a brief period of unified Democratic Party control in Washington, DC that allowed Johnson to push through a broad-reaching federal student aid program. It also helped that, by the time lawmakers considered the Higher Education Act, racial segregation had been abolished by the Civil Rights Act of 1964 and concerns about the separation of church and state had been settled under the National Defense Education Act of 1958.

Passed at a critical juncture, the Higher Education Act for the first time fully committed the federal government to the principle that all Americans who have the desire and capacity to pursue college degrees should be able to afford to do so, with government assistance if necessary. There were some precedents, including the Depression-Era work study program enacted as an emergency anti-poverty measure in 1935; the G.I. Bill enacted in 1944; and the Cold War-era student loan program established to counteract Soviet prowess in science and engineering in 1958. But the 1965 Johnson initiative enlarged access to higher education as a powerful weapon in the long-term war against poverty. Thereafter, the federal government took on unprecedented and sustained responsibility for ensuring college affordability for all groups of Americans.

Promoting Equal Opportunity through Student Aid

Since the middle of the twentieth century, federal student aid programs have been powerful tools for reducing socioeconomic barriers to higher education. Opportunities were enlarged for major groups of Americans step by step:

- During the postwar era, the G.I. Bill provided valuable support that expanded access to higher education for an entire generation of American men, including many low- and middle-income veterans whose families could not have afforded the cost in the absence of federal benefits.

- Economic barriers were lowered for most non-veterans only after 1965. Prior to the implementation of the student aid programs authorized by the Higher Education Act, among the most academically talented high school students, a full 10.2 percent of young men and 33.1 percent of young women from families earning less than \$3,000 a year did not immediately enter college. Higher education institutions were bastions of privilege; among high income students whose families made at least \$12,000 per year, fully 97.1 percent of men and 95.6 percent of women went on to college right after high school. The Higher Education Act immediately allowed some 140,000 young men and women to enroll who, absent federal support, could not have gone to college – and access expanded greatly over ensuing decades.
- Federal student aid programs have also reduced gender- and race-based inequalities in college access. Because so few women were eligible for veterans' benefits after World War II, the G.I. Bill did little to expand their access to higher education. But women became eligible for the need-based student loans and grants provided by the National Defense Education Act of 1958 and the Higher Education Act of 1965. This opened college doors for women whose families, faced with severe constraints, had previously used limited funds to finance college attendance for sons on the grounds that they would become future family breadwinners. No matter how smart, daughters often had to just get married and have children.
- Prior to the 1960s, college opportunities for African American men were severely limited, because in contrast to white families, black families with limited private means frequently opted to support the education of daughters over sons, with the understanding that racial discrimination hindered professional chances for black men, while black women had better chances of finding employment as teachers in segregated schools.

Will the U.S. Commitment to Equal College Opportunity Continue?

Despite the many egalitarian gains in the mid-twentieth century, recent decades have witnessed a diminution in college access and graduation rates for students from families of modest means. Since the 1980s, Federal aid policies have faltered in the face of rapidly rising inequality, the growth of for-profit institutions, and reduced taxpayer support for state universities. Periodically, the Higher Education Act at the heart of U.S. student aid comes up for reauthorization by Congress. The latest round should be taken as seriously as any open-heart surgery, because much remains to be done to ensure that future federal programs can reduce income barriers and enlarge access to college degrees for all Americans able to earn them.