



A Principled Federal Role in Higher Education

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The goal of this brief is to provide a framework for a bipartisan, principled approach to the federal role in higher education. The accompanying memos to Congress and the administration put forward specific proposals for federal higher education policy.

The authors of this brief come from different professional and political backgrounds. We are liberals and conservatives, economists, political scientists, and historians. We have been academics, policy analysts, higher education administrators, and government officials. We disagree about the optimal extent of the role of government in the economy and about many policy specifics. But we agree on general principles of public policy and on some basic responsibilities for the federal government. Our commitment to these principles and to the importance of evidence-based policies leads to a surprising amount of agreement about how the federal government should develop its strategies for higher education and about many specific policy directions.

Our goal in this brief is to articulate broad principles for the federal role in higher education. In addition to suggesting what the federal government should do, these principles establish boundaries for where its efforts should end. Collectively, we advocate for long-term policy solutions, rather than short-term fixes based on electoral timelines and partisan political agendas. The memos that follow build on these principles to put forward a wide range of evidence-based policy recommendations.

Ten memos from nationally respected scholars and experts accompany this brief. Each focuses on the federal government's role in a specific aspect of higher education policy. After outlining a brief history of the federal role in education, the increasing importance of higher education in our society, and the principles for the federal role, we introduce the memos and their relationships with our principles.

The memos do not cover every important area of federal higher education policy, nor do we claim that their ideas are novel. Rather, we have sought to highlight promising proposals, based on the best available research, that could garner wide agreement.

We urge readers to refer to the similar project on K–12 education released by the Brookings Institution.¹

Although the higher education system in the United States is fundamentally state and institution based, from its earliest days, the federal government has facilitated the establishment of public colleges and universities and funded university-based research. Since the passage of the Higher Education Act of 1965, the federal government has provided broad-based funding to students to increase access to higher education and promote educational attainment across the nation. The share of overall funding coming from the federal government has grown, the variation in postsecondary institutions and credentials has increased, and an increasing share of Americans have enrolled in college with the help of federal grants and loans. In 2015–16, the federal government distributed almost \$160 billion in financial aid to students, more than twice as much (after adjusting for inflation) as in 2001–02 (Baum et al. 2016, table 1) and about twice the amount appropriated by state governments for higher education that year (SHEEO 2017, table 1).

This level of funding is rooted in a long-standing, broad-based consensus that the number of Americans with postsecondary credentials—and the skills and knowledge associated with those credentials—must grow if the United States is to maintain a strong labor force, compete in the world economy, and provide opportunities for its citizens to lead productive, rewarding lives. The national interest lies not only in enrolling more students in postsecondary programs, but in increasing student success rates. While respecting and encouraging institutional diversity and autonomy, federal investments must encourage high-quality educational experiences that equip students for a competitive economy.

Federal involvement in higher education is rooted in both efficiency and equity goals. College yields large average returns for individuals, but it also has significant benefits for society as a whole. Without government support, the market would produce less than the optimal amount of education, an inefficiently low level of investment in human capital. Because higher education creates lifelong opportunities that promote economic success, political participation, and other benefits, denying access on the basis of one's ability to pay widens gaps between rich and poor. And the benefits of higher education do not stay within state lines, so underinvestment in one state has implications for well-being in other states.

Under the Obama administration, funding for federal student aid greatly increased, thanks in part to the stimulus package (the American Recovery and Reinvestment Act) and to long-lasting increases in Pell grant awards and a major expansion in federal education tax credits. Reforms that ended the federal guaranteed lending program in favor of direct federal loans helped fund the increase in Pell grants. President Obama also used executive orders to make income-based loan repayment plans more generous.

Regulation and oversight of higher education also increased under the previous administration, which attempted to use data on student outcomes to more rigorously screen institutions for eligibility for federal student aid programs, particularly through tightened regulation of occupational training programs. Congress has legislated the inclusion of programs that prepare students for “gainful employment in a recognized occupation” in the student aid programs, and the US Department of Education developed rules to regulate these programs. These new “program integrity” rules were controversial and faced significant pushback from Congress and in the courts. Under President Obama, the Department of Education also added significantly to the data-reporting requirements of colleges and universities participating in federal student aid programs. The administration abandoned its effort to develop a federal college ratings system, instead choosing to increase the availability of information to help students and families make more informed college choices.

The Trump administration and the new Republican Congress have shown little interest in pursuing the previous administration’s regulatory agenda and have paused the implementation of signature Obama-era changes. Questions remain as to whether the rapid growth in federal grant aid of the last decade will continue, and Republicans have signaled interest in finding ways for the private sector to play a larger role in student financial aid. Equally important, perhaps, are the differences between the Trump administration, whose “skinny budget” called for deep cuts to student aid programs, and congressional Republicans, whose latest spending resolution largely preserved student aid spending.

The obvious differences in approach between the Obama and Trump administrations are, to a great extent, rooted in ideological and political differences. Whatever their political stripes, however, leaders should agree that the most effective public policies are based on a clear definition of the problem, an evidence-based appraisal of which solutions are likely to produce the most efficient and equitable outcomes, and a sense of potential trade-offs and unintended consequences.

Evolution of the Federal Role in Higher Education

The federal role in higher education has grown in ways both positive and vexing for institutions and the nation. From the earliest days of the republic, American higher education has featured a mixed market. That is, higher education has been provided by independent nonprofit institutions, public institutions, and private proprietary (for-profit) institutions. Local demand, political culture, historical circumstance, and state and federal policy have combined to determine the mix of these institutions.

The idea of public higher education originated with the republic’s founders. The establishment of public institutions for the education of the nation’s future leaders was one of the few things George Washington, John Adams, and Thomas Jefferson could agree on. From the beginning, American higher education was considered to be independent from party or politics. The great colonial colleges, Harvard, Yale, and their brethren, established this independence. Jefferson’s alma mater, William and Mary, was arguably the first public institution of higher education, and his establishment of the University of Virginia set a similarly independent template for other institutions created through the first part of the

19th century. The goal then was to create an elite class of the nation’s most able white men—a “meritocracy” among that restricted class.

As science and technology became more central to the expansion of the American economy and as the nation expanded westward, policymakers at the national and state levels saw colleges and universities as ways to explore the frontiers of knowledge and pass scientific knowledge along the frontier of the nation. California, Missouri, New Jersey, and Pennsylvania established public universities to expand and extend knowledge during the 1800s. The federal Morrill Acts of 1862 and 1890 established land grant colleges to support science and to disseminate it. Religious organizations and private benefactors built colleges and universities to promote learning. The result of this wave of institution building was the creation of institutions we regard to this day as bulwarks of a system of higher education that provides broad access to an education organized around teaching, inquiry, and public service.

Unique in the world, the system of higher education that emerged from the 19th century encouraged access and fostered social mobility, carried out research aimed at improving our fundamental understanding of the world, and furthered the application of that research to the real concerns of the nation. The loosely connected system of colleges was diverse and uncoupled from any political ideology, well suited to a nation that valued and values competing ideas and points of view.

The technological demands of the economy grew during the early 20th century, but the shift to an educated workforce was slow. The rising number of high school graduates led to gradual growth in college enrollment. Still, for many years, college attendance remained limited to families who could afford the direct costs of enrollment and the opportunity costs of lost labor and wages.

The first GI Bill, the Servicemen’s Readjustment Act of 1944, passed after the Second World War, signaled a major shift in federal higher education policy. The bill provided aid to returning veterans to attend postsecondary institutions. Importantly, the GI Bill created a voucher program—federal funds would follow the student rather than subsidize institutions directly—a departure from the Morrill Act that would foreshadow the market-based approach we see today. Returning veterans poured onto college campuses, expanding enrollments and radically democratizing access to higher education.

The GI Bill linked higher education access to key national priorities and created a model through which the federal government, and then states, could support needy students directly through scholarships and grants. In the second half of the 20th century, for example, aid from the federal government expanded in the context of the Cold War. Scholarship dollars to students and institutions through the National Defense Education Act drew students into science, technology, engineering, and mathematics fields. The Higher Education Act of 1965 established the principle of federal aid for low-income students, aimed at enlisting higher education in the War on Poverty. In all these efforts, the national government sought to support national interests by creating more opportunity for individuals.

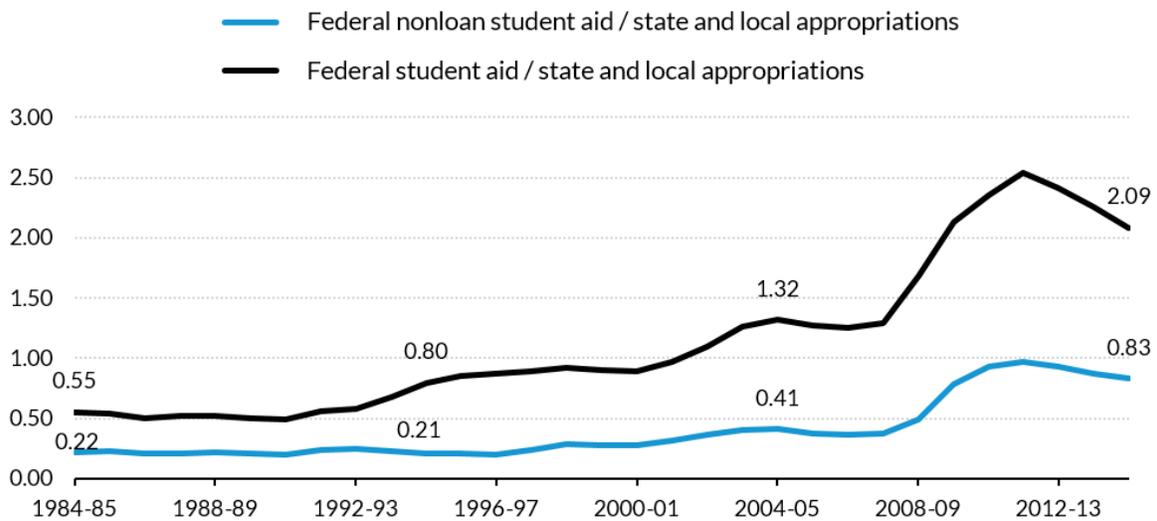
In addition, federal research grants to universities funded rapid growth in scientific research. An understanding of the role of expanding knowledge in strengthening the position of the nation in the

world economy and improving lives led to a federal role in facilitating the work of scholars within the academy.

Enrollment in postsecondary education has increased dramatically. In 1975, only 51 percent of high school graduates went immediately to college. This share increased to 58 percent in 1985, 62 percent in 1995, and 69 percent in 2005 and in 2015 (NCES 2016, table 302.20). Total postsecondary enrollment increased 28 percent between 1975 and 1995 and another 40 percent over the next 20 years. In 2015, 20 million full-time and part-time students were enrolled in degree-granting institutions (NCES 2016, table 303.10).

The federal role in supporting postsecondary education has grown in both absolute and relative terms, as state and local funding has failed to keep up with growing enrollment over the past two decades (figure 1).

FIGURE 1
Ratio of Federal Student Aid per Postsecondary Student to State and Local Appropriations per Public-Sector Full-Time Equivalent Student



Source: Michael McPherson and Sandy Baum, “The Federal-State Higher Education Partnership: Rethinking the Relationship” (Washington, DC: Urban Institute, 2017), figure 4.

Along with these enrollment and funding changes, the payoff to higher education, as measured by the wage premium for adults with four-year college degrees compared with high school graduates, has increased. The earnings gap between male high school graduates and men with a bachelor’s degree or higher rose from 72 percent in 1995 to 89 percent in 2005 and 94 percent in 2015. The increase for women was from 88 percent to 92 percent to 97 percent. The earnings premium for adults with associate degrees has not increased, but workers with these credentials still earn about 25 percent more than those with only a high school education (figure 2).²

FIGURE 2A

Median Earnings Relative to High School Graduates, Men Ages 25 and Older

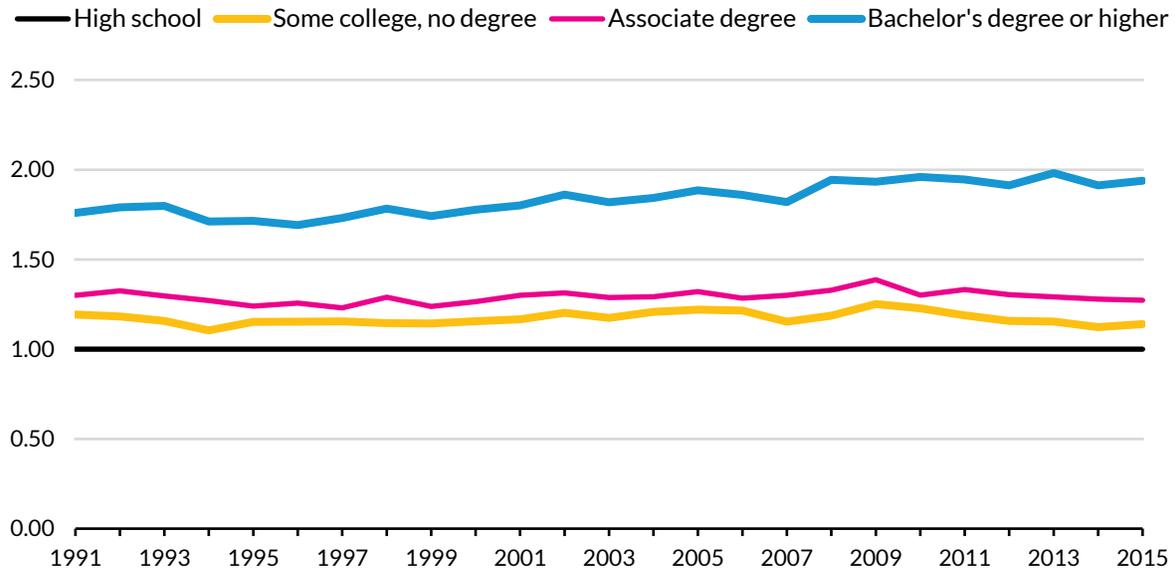
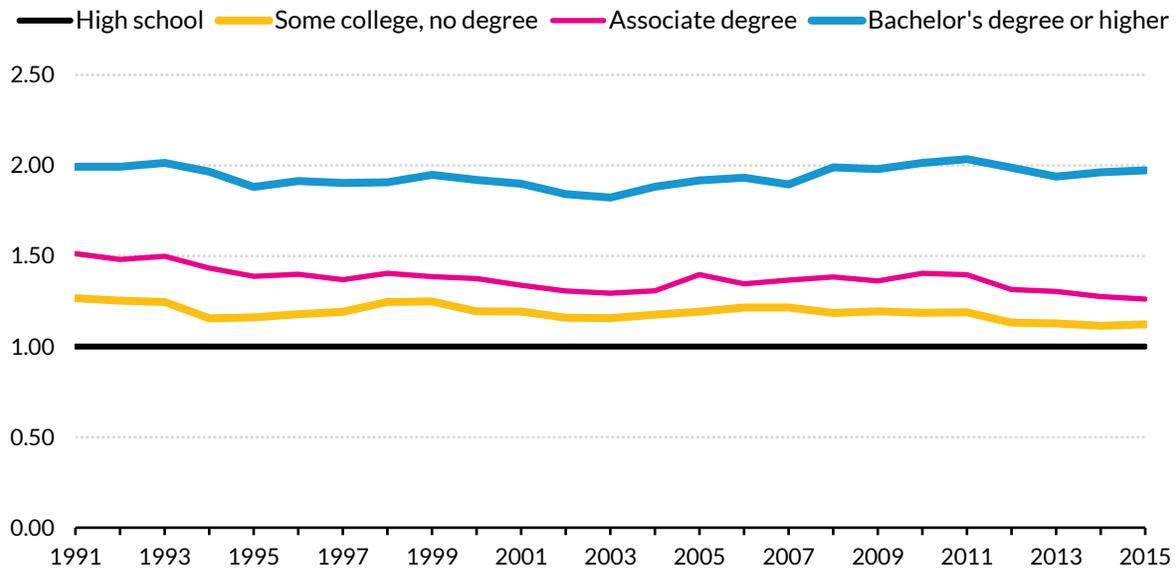


FIGURE 2B

Median Earnings Relative to High School Graduates, Women Ages 25 and Older



Source: 2015 Current Population Survey, Annual Social and Economic Supplements, table P-20.

Principles for the Federal Role in Higher Education

Without government intervention, the market would underinvest education. Individuals are willing to invest in education because of the benefits they anticipate, but society as a whole receives significant benefits from a better-educated populace and a more highly skilled workforce, and the private market does not take those benefits into account. Higher levels of educational attainment correspond to higher tax payments, lower levels of dependence on unemployment benefits and other social support systems, healthier lifestyles, more civic engagement, and higher levels of school readiness for the next generation (Ma, Pender, and Welch 2016).

The economy is increasingly national in scope. Almost nothing gets produced just with resources within a given state, making total state control of higher education insufficient. Moreover, there has been a recognition since the Cold War that our national security depends on economic security and an educated workforce. The federal government also has a role to play in promoting more equal economic and educational opportunities across states.

This potent combination of public and private purposes is the backdrop for our current policy choices.

1. The federal government should subsidize higher education, especially for students whose financial circumstances limit their opportunities for enrollment and success.

Most federal funding for higher education is in the form of financial aid for students. In 2015–16, the federal government’s \$158 billion in financial aid to undergraduate and graduate students included \$43 billion in grants, \$96 billion in loans, \$18 billion in tax credits and deductions, and \$1 billion in work-study funds (Baum et al. 2016, table 2). About 10 percent of the \$88 billion state and local governments provided in funding for higher education also went directly to students as financial aid (SHEEO 2017, tables 1 and 2).

Absent publicly funded grants and loans, students with limited resources would be dependent on loans from the private market. Despite the fact that borrowing to cover a portion of the cost of postsecondary education is reasonable because of the expected financial benefits, the market would not provide an adequate solution. A small private loan market does exist to help finance higher education, but student loans are unsecured debt. Most student borrowers cannot put up collateral, and lenders cannot seize a graduate’s diploma. Moreover, the outcomes of higher education are uncertain, and some borrowers will not realize the income gains required to comfortably repay loans. Private lenders are often unwilling to provide loans on reasonable terms to students most in need of external funding. As Milton Friedman argued in 1962, “there is clearly here an imperfection of the market that has led to underinvestment in human capital and that justifies government intervention”—preferably with repayment a function of post-college earnings levels.³

Absent federal government intervention, potential students would consume too little postsecondary education, and society would miss out on the positive externalities that accompany a

more educated citizenry. From the start, federal student aid programs were designed to increase access to college for those who would not otherwise attend. More recently, federal policymakers have asked how student aid policy can support college completion in addition to college access.

Helping needy students afford college—to solve an underinvestment problem and improve educational equity—is a critical role for the federal government. It is also a success story. Federal intervention has increased college access and attainment for those who would not have been able to attend otherwise. Evidence indicates that lowering the net price of attendance via grants encourages more students to enroll and persist in higher education (Dynarski and Scott-Clayton 2013).⁴ Moreover, there is wide agreement among economists that these educational investments were a major contributor to the nation’s 20th century economic success (Goldin and Katz 2008; Gordon 2016).

This federal role cannot devolve entirely to the states or be left to institutions. Only the federal government can ensure that students across the nation have access to quality postsecondary opportunities, while supporting a diversity of institutional types and individual choices.

2. The federal government should collect and disseminate information that can improve market function.

The higher education market has significant imperfections that can diminish its value to individuals and to society. To make productive choices among eligible programs and institutions, students need a considerable amount of information about the available options and about their own chances for success. Consumers often lack basic information about the cost and quality of postsecondary options, in part because higher education is an “experience good” that is difficult to evaluate a priori and in part because some of the necessary data are not available. For instance, prospective students cannot learn how much graduates of a particular program learn while they are there, or, with the exception of some partial data on earnings, how successful they are once they graduate. Information on the net price of attendance is available but imperfect. The result is that market accountability does not work as well as intended, and sophisticated providers can take advantage of information asymmetries to entice students. Moreover, the complexity of the decisionmaking process and the young age of most prospective students mean that even if better information is available, students will need considerable guidance and support to make good decisions and avoid enrolling in low-quality programs.

Informing student choices is not the only important function of information on postsecondary outcomes. More complete and reliable data would allow federal and state governments to develop stronger and simpler quality assurance systems, support research that increases understanding of the factors fostering and hindering student success, and help institutions devise better strategies for improving the opportunities they offer students. Given the resources the federal government devotes to higher education, it should support rigorous research into the effectiveness of existing policies and the potential for new policies and practices to improve the higher education experiences of students. States, institutions, and federal policymakers could use this research to implement promising reforms.

3. The federal government must have basic eligibility standards for both students and institutions that ensure consumer and taxpayer protection. Accountability policies must weed out poorly performing institutions and support innovations that address equity and efficiency.

The federal government's current quasi-market approach of allocating funds to students and allowing them considerable leeway in choosing how and where to use those funds allows federal grant dollars to be effectively targeted to the neediest students. It also allows the diverse mix of students who attend colleges and universities to choose options that fit their goals and needs, whether in the public sector or the private nonprofit or for-profit sectors. But it introduces other challenges.

Market forces do not provide adequate consumer protection in an industry characterized by complexity, incomplete information, inexperienced consumers, and third-party payments that cover a significant share of costs for many students and many providers. To ensure that federal dollars are well spent, the federal government must set limits on which students and which institutions are eligible to receive student aid. Under current policy, to be eligible to receive federal grants and loans, students must have a high school diploma or equivalent and must fill out a Free Application for Federal Student Aid (FAFSA). To maintain eligibility for aid, students must remain enrolled in an eligible degree or certificate program and must make Satisfactory Academic Progress in that program.

Institutions must be accredited by a recognized accreditation agency, authorized in the state in which they operate, and certified by the Department of Education. To remain eligible, colleges must keep their loan default rates below specific generous thresholds, comply with federal financial aid regulations, and, in the case of private institutions, be deemed financially responsible by the Department of Education.

The postsecondary system includes a diverse collection of more than 4,500 degree-granting institutions. In 2015–16, 35 percent of postsecondary institutions in the United States were public, 37 percent were private nonprofit, and 28 percent were private for-profit. Forty years earlier, 48 percent were public, 50 percent were private nonprofit, and only 2 percent were for-profit (NCES 2016, table 317.10). The growth in the for-profit sector, where students are disproportionately dependent on federal student aid and that has been the locus of concerns over weak outcomes and the exploitation of vulnerable students, has raised new questions about the federal role in institutional accountability.

High dropout and loan default rates—not only in the for-profit sector but across higher education—suggest that current regulations are not adequate to ensure that federal funds are well spent. Finding the optimal balance between protecting consumers and holding both students and institutions responsible for outcomes on one hand, and allowing for innovation on the other hand, is an ongoing challenge for federal policy.

More and better information, disseminated in a way that allows potential students to access and understand it and incorporate it into their decisionmaking processes is a necessary, but not sufficient, strategy for balancing consumer protection with space for innovation. The government should ensure

that institutions receiving federal student aid funds meet basic standards for providing meaningful educational opportunities to students and that students relying on those funds are making progress toward their goals.

4. The federal government should support research conducted on college and university campuses.

Broad public discussions of the appropriate financing and oversight roles for the federal government tend to leave aside the question of the research role of universities, focusing instead on opportunities for undergraduate education. But neither the private market nor the states will adequately support the basic research on which the future of our society depends.

A major portion of the current federal research and development effort funds peer-reviewed research at public and private nonprofit universities. Universities partner with the National Institutes of Health, the National Science Foundation, and other parts of the federal government, including the US Departments of Defense, Education, and Energy. A belief in the complementarity of graduate education and research contributed to the development of this system. Moreover, research is most likely to flourish in a decentralized framework that encourages competition and the free flow of ideas, a flow that may be restricted in some areas of work by the growing pressure to commercialize the results of research promptly.

The private market rewards investments in research to the extent that they raise the market value of goods produced or generate profits through the patent system. But a purely private system of research will underinvest in some kinds of research that have a payoff to society that is hard for companies to capture. Private companies will be reluctant to invest in projects that are risky, even if the expected payoff is positive, or that will take a long time to pay off. Underinvestment also occurs because scientific findings are inherently difficult to keep proprietary. Information travels easily, which reduces financial payoffs to researchers who make discoveries, especially with basic research where patents and copyrights are infeasible. Moreover, the commercial value of basic research is often not obvious at first. These three problems—risk, openness of knowledge, and indirect commercial applicability—make the financial payoffs to companies and researchers small even when the benefits to society are large.

Funding only research leading to concrete and visible changes, such as those in technology or consumer products, would slow improvement in the quality of our lives. Beyond the economic payoffs, understanding of social, historical, and psychological phenomena contributes to the human experience in ways that are sometimes difficult to quantify. Without a significant government role in funding research, we would be a poorer society—poorer both in wealth and in knowledge. The benefits of this research accrue to the nation as a whole, not just to the residents of the states where the universities are located. Again, the federal government has an important role to play in supplementing state control over and funding of public higher education institutions.

Challenges and Trade-Offs

Efforts to meet these four overarching goals inevitably run into challenges. Some of the policies the federal government has implemented have been successful. Others have generated new problems. Most policies in this area would be more effective if they were modified to reduce unintended consequences, increasing the benefits of federal spending for students and for society.

Complexity in the aid application process provides a ready example of the need to balance competing goals. The FAFSA asks for detailed information in an effort to increase equity to ensure that students with more financial need receive larger subsidies. But despite considerable progress in simplifying the process, it remains a barrier for students and families. As the formula gets more detailed in a search for precision, the process becomes less efficient, and in the end, the complexity limits access, exacerbating inequities. In choosing the best path for modifying the system, the challenge will be determining how much simplification is possible without abandoning the need to identify financial capacity. As Judith Scott-Clayton argues in her accompanying memo, simplifying the aid application process and the array of programs would help them more effectively achieve their goals.

Another policy designed to meet important national goals but that generates unintended consequences is the federal student loan repayment system. Federal provision of student loans is critical because of the shortcomings of the private market. The implementation of an income-driven system that limits required payments to affordable amounts provides vital insurance for the uncertainty and variation in postsecondary outcomes. But like the aid application process, the loan repayment system has developed into a complex set of options and bureaucratic barriers. Moreover, as Sandy Baum and Matthew Chingos argue in their memo, the subsidies in the system are no longer well targeted to the students who need them most, and the cost of the program is likely to cause problems over the long run.

Political realities frequently make it difficult to maintain a focus on equity and efficiency in the design of public policies. The federal education tax credits and deductions are poorly targeted, and evidence indicates they are not effective in increasing educational attainment (Bulman and Hoxby 2015). But cutting or eliminating them would be politically challenging.

Political forces have prevented the federal government from effectively limiting institutional participation in student aid programs to prevent large numbers of students from being victims of fraud and abuse. The political difficulty of imposing meaningful restrictions on institutional eligibility for aid leads to subsidies for programs that do not serve students well and to unmanageable debt burdens for students who do not reap significant benefits from their education. In their memo, Stephanie Cellini and Cory Koedel argue for stronger accountability measures for for-profit colleges, which have a poor track record and have been the object of repeated regulatory action.

At the same time, as Dominic Brewer and Maurice Shirley argue in their accompanying memo that some restrictions on program eligibility limit innovation that could provide more cost-effective educational paths for many students. Increasing flexibility while finding reliable measures of

institutional performance is a challenge we must meet. Historically, the federal government has relied on the institutions' cohort default rates on federal student loans to judge when quality is unacceptable. But with the increasing reliance on income-driven repayment programs, students can avoid defaulting even if they make no progress in paying down their principal. Institutions that deliver little more than debt and regret can remain safely below the cohort default rate thresholds.

Some unintended consequences of policies designed to ameliorate the shortcomings of market outcomes might be avoided or diminished with careful attention to how key policy design questions create unintended consequences. Equitable programs, by definition, do not make arbitrary distinctions among potential recipients to determine their eligibility. Policymakers should always ask why specific criteria are relevant. What is the significance of the number of weeks a student is enrolled in a program in determining eligibility for federal student aid programs? How should the timing of when students enroll in the courses they need to earn their degrees affect their aid eligibility? How should borrowers' income paths affect the amount they have to repay before being eligible for loan forgiveness?

Both equity and efficiency dictate a significant role for the federal government in higher education. State governments have an interest in developing their own economies and workforces and can tailor policies to meet the particular needs of their populations. But neither students nor the economic outcomes of postsecondary education and university-based research stay within state lines. Only the federal government can keep the national interest in economic development and equality of opportunity at the top of the agenda.

The Scope of Federal Responsibilities

Both market forces and state policymakers have important roles to play in structuring and allocating postsecondary education. But there are many imperfections in this market, which is national in scope. Accordingly, there is consensus among a broad range of observers, including all the authors of this brief, about the appropriateness of a significant federal role in providing funding to increase educational opportunities, generating and disseminating information, implementing accountability standards for institutions and students, and supporting research and the creation of knowledge. Whether the federal role should go beyond these principles—and how far—is a more controversial question.

Some would argue that federal funds should continue to be provided directly only to individuals who are free to make choices across a wide range of postsecondary options. Others would argue that the federal responsibility for ensuring access to quality higher education across the nation is not being adequately met through this system, and the federal government should provide some funding directly to states or institutions to increase their incentives to provide high-quality, affordable options to their residents.

Similarly, some argue that eligibility for federal student aid, and increases in the generosity of loan limits, may have important effects on institutional pricing, individual decisionmaking, and, perhaps, state funding of higher education. Skeptics argue that the evidence for these hypotheses is mixed at best and

that changes to loan programs would endanger access for the very students for whom subsidies are most important. Debates about appropriate limits for federal lending and other federal subsidies are ongoing.

Many observers would argue that the rules and regulations for participation in federal student aid programs may prevent new providers from entering the market and generating new, low-cost opportunities, and that accountability standards are too low and in a market where consumer choices are inherently based on inadequate information, the federal government should tighten restrictions on institutional participation. But there are strong differences of opinion about the importance of these sometimes-conflicting priorities and the most promising solutions.

Regardless of these differences of opinion, which are frequently grounded in broader views of the appropriate role of the federal government, there is broad consensus that policies should be designed with a focus on both equity and efficiency—specifically in ways consistent with our four main principles. The central role of the federal government is to remedy the inefficiency of underproviding higher education because the market does not, on its own, account for social benefits and the inequities resulting from dramatically unequal access to resources. Policymakers should consider the equity and efficiency of the policies they design to address these critical issues.

Recommendations from the Memos

We conclude by returning to the affirmative principles for the federal role in higher education. Although some recommendations in the memos suggest increases in spending in specific areas, the memos are not a call for a massive infusion of federal funding to postsecondary education. Some of the cochairs of this project are more inclined toward that than others, but we all agree that the federal government can play a more productive role even with the funding it has now by taking additional action in some areas and less action in others.

Our first principle focuses on access to higher education and the equitable and efficient targeting of subsidies to students. Reinforcing this concept, in her memo, Judith Scott-Clayton recommends simplifying the student aid application process and making the Pell grant program more flexible for students. Sandy Baum and Matthew Chingos argue that the federal student loan repayment system should be simpler and better targeted to protect both students and taxpayers. And Alexander Holt, who strongly opposes a return to the system of federal guarantees for student loans made by the private sector, proposes a larger role for the private market in some segments of the student loan market. In his memo on workforce education policies, Harry Holzer highlights the importance of supporting access and success for a wide range of students seeking to improve their opportunities through various postsecondary programs.

Memos by Jordan Matsudaira on the federal role in providing data and by Ben Castleman on the contribution of behavioral insights into higher education policy build on the importance of the federal

government's role in collecting and disseminating information that will improve the functioning of the market for higher education.

Our third principle highlights the federal government's role in imposing eligibility requirements for students and institutions to receive federal subsidies and on the need for a strong accountability system to ensure that postsecondary institutions provide quality educational experiences. Robert Kelchen, discussing accreditation, David Deming and David Figlio, writing about institutional accountability, and Stephanie Cellini and Cory Koedel, focusing on the for-profit sector, make constructive suggestions for strengthening the federal government's efforts to ensure its investment in higher education achieves its goals. The memo from Brewer and Shirley reminds us that federal rules and regulations can have consequences for providers' ability to experiment with new ideas.

We believe these principles and recommendations should garner widespread support. Written by a bipartisan group of scholars and policy advisers, the memos are rooted in an understanding of the importance and limits of the federal role, a recognition of the growing social and economic value of postsecondary education, and principles that Democrats and Republicans alike have long embraced.

We encourage President Trump, Secretary DeVos, and Congress to consider these principles and related proposals and to establish a stable and effective federal role that will serve well the nation's students for decades to come.

Notes

1. "Memos to the President on the Future of Education Policy," Brookings Institution, last updated January 13, 2017, <https://www.brookings.edu/series/memos-to-the-president-on-the-future-of-education-policy/>.
2. The wage premium for males with only a bachelor's degree—excluding those who also hold advanced degrees—increased from 59 percent in 1995 to 63 percent in 2005 and 76 percent in 2015. But for women, the wage premium increased markedly only for those with advanced degrees. Women whose highest degree is a bachelor's degree had median earnings 72 percent, 73 percent, and 74 percent higher than the median for female high school graduates in 1995, 2005, and 2015, respectively (2015 Current Population Survey, Annual Social and Economic Supplements, table P-20).
3. "The Role of Government in Education," EdChoice, accessed July 31, 2017, <https://www.edchoice.org/who-we-are/our-founders/the-friedmans-on-school-choice/article/the-role-of-government-in-education/>.
4. Evidence on the effect of federal loans and tax credits on access is less clear (Bulman and Hoxby 2015).

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