



THE WAR ON POVERTY & HIGHER EDUCATION

A Russell Sage Foundation Policy Brief

September 2013

Introduction

The War on Poverty launched an unprecedented effort to help students pay for higher education. Unlike previous policies, which targeted a limited set of students, the Economic Opportunity Act of 1964 (EOA) and the Higher Education Act of 1965 (HEA) introduced and funded a series of broad programs with an ambitious goal in mind: making higher education possible for all Americans.

What did these programs achieve in the past fifty years? The record is mixed: The number of Americans accessing higher education has increased, but so have college prices. From 1976–1977 to 2010–2011, the average total cost of a four-year institution grew from \$8,402 to \$18,133 (in 2010 dollars). As a result, loans remain the dominant form of aid today, counter to the original intent of the War on Poverty.

In her chapter in *Legacies of the War on Poverty*, Bridget Terry Long discusses how the War on Poverty's policies reshaped the postsecondary landscape and what we can learn from that era's successes and failures.

Lasting Changes

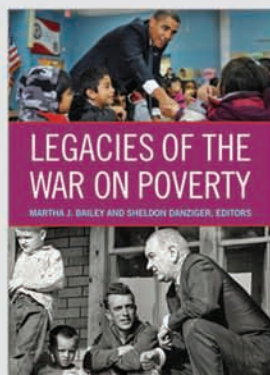
The War on Poverty created an impressive set of financial aid policies, but the true measure of their impact is what effects they have had on increasing college access. Enrollment rates have also increased; 50.7 percent of young people had enrolled in college the October immediately following high school graduation in 1975, versus 68.1 percent in 2010.

LEGACIES OF THE WAR ON POVERTY

A new book from the Russell Sage Foundation
Edited by Martha Bailey & Sheldon Danziger

Many believe that the War on Poverty, launched by President Johnson in 1964, ended in failure. Historical and contemporary accounts often portray the War on Poverty as a costly experiment that left doubts about the ability of public policies to address complex social problems. Featuring a multidisciplinary team of renowned scholars, *Legacies of the War on Poverty* challenges and contests this conventional wisdom as too simplistic. The volume examines the empirical evidence accumulated over the past 50 years and offers a balanced and broad assessment of the long-term impacts of the War on Poverty.

(Available September 2013; visit russellsage.org/publications for more information)



The financial aid system that exists today in American higher education largely stems from policies enacted during the War on Poverty:

- 1965 marks an unprecedented increase in federal spending on college student support. Total federal aid increased from \$1.6 billion (in 2010 dollars) shortly before the War on Poverty to more than \$169 billion by 2010–2011.
- The War on Poverty largely constructed the basic aid landscape – a mixture of grant, loan and work-study programs – that continues today. In the 2010–2011 school year, 9.1 million students, 43 percent of all students, received the Pell grant.
- The War on Poverty also acknowledged the importance of academic preparation and information in making college access possible. The TRIO programs represent the first major effort to address these issues related to the transition from high school to college. In 2004, about 52,000 students participated in 727 regular Upward Bound projects around the country.

Challenges and Lessons for the Future

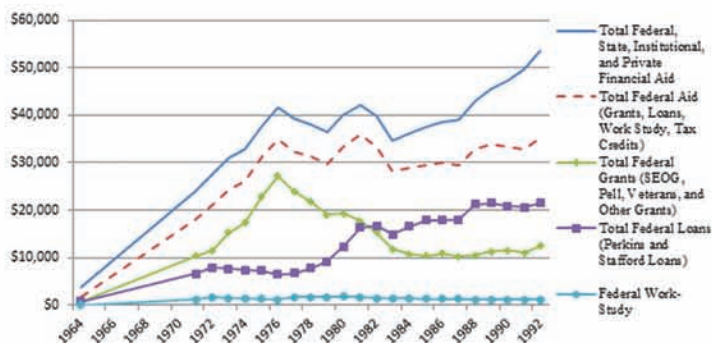
Despite substantial increases in access to higher education over the last several decades, postsecondary attendance continues to be stratified by family income and race.

By 2010, 82.2 percent of students from high-income families attended college, versus only 52.3 percent of those from low-income families. The gap between the high- and low-income families has not lessened during the last thirty-five years, and at times, it has grown.

Given the critical role higher education plays in both individual economic success and the public good, increasing college access should continue to be a major goal of the government. Based on the research literature, two crucial lessons emerge:

- Information and simplicity are important. The mere existence of an aid program is not enough to encourage enrollment: the visibility and design of the program also matter. In several cases, researchers have failed to document large, general responses to the introduction of financial aid programs (for example, the Pell grant). On the other hand, the research suggests aid programs can be very successful when they are well publicized, and when they are relatively easy for students to understand and apply.
- Not all aid is equal. Although grants have been shown to be effective, if designed properly, in influencing student decisions, research suggests that loans are less effective in increasing enrollment than grants. The direct cost to the government for providing loans is less than that of grants because loans must be repaid by students, but it is still not clear whether loans are a more cost-effective policy option. When the increased complexity of loans and their potential negative impacts on short- and long-term outcomes are taken into account, the full costs of loans are much higher than just the direct costs. Debt burden can negatively affect academic, career, and family decisions, and it is unclear whether recent efforts to reduce the interest rate on government loans as well as extend the federal loan forgiveness program will do much to mitigate these indirect effects.

Figure 4.1 Student Aid Used to Finance Postsecondary Education Expenses



Source: College Board 2011.

Note: Constant 2010 dollars in millions. Fiscal years are shown: 1964 equals the 1963–1964 academic school year. Other grant programs include Social Security Student Benefit Program, LEAP, SMART grants, Academic Competitiveness grants, and other federal grants. Unsubsidized Stafford and other loans includes PLUS, SLS, and other federal loans. Other aid includes state grant programs, institutional grants, private and employer grants, and nonfederal loans.

Challenges and Lessons for the Future (cont'd)

More needs to be understood about the effects of the loan and work study programs, including the long-term effects of loans and debt burden. Moreover, additional research is needed on the specific design elements necessary to make a policy successful.

Related to this is the role of information and marketing. How students perceive a policy is vital, but more concrete recommendations are necessary on how to reach students.

This is a concern particularly for low-income students, who do not have the same access to high-speed Internet resources or guidance counselors in schools. Little is also known about how the responses of students vary by race and age.

The information in this policy brief comes from the chapter "Supporting Access to Higher Education" in *Legacies of the War on Poverty*. (Russell Sage Foundation, September 2013)

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