CAUSATION AND CAUTION IN FINANCIAL AID REFORM:  
A HISTORICAL PERSPECTIVE 
THROUGH MULTIPLE SHADES OF GRAY LITERATURE

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Abstract

To better understand how a once well-intentioned concept of financial tuition assistance for college students has devolved into its current troubled and broken state, this doctoral thesis explored the evolution of the U.S. system of federal financial aid in higher education from a historical perspective. The study began with a review of the current state of the federal student aid system in U.S. higher education and then looked back at four key junctures in financial aid’s history to understand influences that shaped it to be what it is today. Using a historical research approach, this doctoral thesis examined the gray literature (Bucciarelli, 2012) -- reports, speeches, testimonies and other materials from three major educational professional associations -- coupled with congressional records, presidential remarks and speeches, and the popular media, for significant events and trends in the history of the U.S. system of financial aid in higher education from the establishment of the first federal student loans in 1958 to the present. To assist with identifying the context of key changes and potential casual connections, the causal model theory framed this study (Murphey, 1973). This examination of federal student aid’s history sought to contribute to existing scholarship and perspective as the nation tackles the contemporary concerns of the troubled student aid system with policy and practice reforms.

Keywords: student aid, financial aid, higher education, government, federal, history, merit-based, need-based, causal model, gray literature, non-profit organization, higher education association
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Chapter 1: Introduction

Statement of the Problem

The U.S. Secretary of Education’s Commission on the Future of Higher Education (2006) reported that the nation’s student aid system “is confusing, complex, inefficient, duplicative, and frequently does not direct aid to students who truly need it” (p.16). The Commission’s findings brought to the forefront an ineffective student financial aid system in crisis and in need of reform (Kingsbury, 2006; Ruben, Lewis, & Sandmeyer, 2008; Zemsky, 2009). Federal financial aid is broken in many respects but perhaps the “the most widely recognized flaw is that a convoluted application and distribution system prevents those who need aid the most from getting it” (Gillen, 2009, p. 5). To understand how the well-intentioned concept of financial assistance to improve access and affordability in higher education has metamorphosed into its current convoluted practice and broken state, this doctoral thesis explored the evolution of the U.S. federal financial aid in higher education from a historical perspective.

Within existing financial aid literature, studies on the history and evolution of financial aid policies and practices are outnumbered by research on the impact or effectiveness of financial aid (Chan, Cochrane, Gallegos, & Irons, 2008; J. Chen & Zerquera, 2011; Hoxby, 2004; Long, 2004, 2008, 2010; Longanecker, Blanco, & Long, 2004; Perna & Steele, 2011). Although researchers have studied financial aid’s history, the critical juncture points contributing to its metamorphosis have not been extensively examined. This thesis sought to fill this void by deeply exploring the context of key events in the history of higher education student aid that have contributed to the construction of the current troubled state of the nation’s student financial aid system.
aid system. By examining the forces and causes in financial aid’s past, this study sought to better understand and improve financial aid for the future.

**Significance of Research Problem**

The complexity and inconsistency of financial aid is a problem of growing concern for students, families, higher education and the nation (Carmichael, 2011; De La Rosa & Tierney, 2006; Dynarski & Scott-Clayton, 2008; Gross, Cekic, Hossler, & Hillman, 2009; Supiano, 2011). Financial aid’s role becomes increasingly significant as college costs rise faster than inflation rates and family incomes (Cormier, 2012; Martin & Lehren, 2012). To afford and access higher education, a growing number of households rely on student loans and student loan debt and default rates continue to escalate (Baum & Payea, 2011; O’Shaughnessy, 2012). Presently one out of every five American households owes an average student loan balance of $26,682 (O’Shaughnessy, 2012). Student loan debt totals more than $1 trillion (New, 2012). Student loan default rates have been on the rise since 2007 and in a weak economy, the percentage of federal student loan borrowers who defaulted within the first two years of repayment rose from 8.8% in 2010 to 9.1% in 2011 (Ellis, 2012; O’Shaughnessy, 2012). In this rapidly changing higher education landscape, financial aid is a topic which has captured the nation’s attention (Knapp, Kelly-Reid, & Ginder, 2011). However, the focus on financial aid is as it relates to rising tuition costs and the growing student loan debt and not on the transformation of its original primary purpose of providing financial assistance to enable financially needy students to gain access to higher education (Hough, 2012b; Reed, 2011).

The financial aid system has proven to be confusing and difficult for students and families to understand and navigate (Rethinking Student Aid Study Group, 2008). Students and
families are applying for risky private loans and not applying for or exhausting cheaper and safer federal student loans (Reed, 2011). At the institutional level, colleges and universities are challenged to effectively enforce and operate within the present student aid system while simultaneously implementing reforms (National Association of Student Financial Aid Administrators, 2011; Supiano, 2012). Financial aid is under intense public scrutiny and the calls for improvement in the U.S. are being voiced within higher education and throughout society (Baum, 2007b; Mitchell & Ensign, 2012; Mitchell, 2012). The impact of an ineffective financial aid system is deep and far-reaching. Intertwined in this call for improvement in America’s student financial aid system are considerable matters of growing concern facing higher education in the 21st century such as access and success, affordability, accountability, and debt burden, diverting attention from the financial aid’s drift from its original intent of helping needy students access higher education (Carey & Dillon, 2011; Hough, 2012a; Pinto & Mansfield, 2009).

Federal financial aid illustrates the concept of a good idea gone bad (Hecht, 2011; Luzer, 2010; Rethinking Student Aid Study Group, 2008). Since the U.S. government decided to create financial aid programs more than fifty years ago with the laudable intention of providing more individuals access to higher education, these student aid programs have degraded significantly (Baum, 2007a; Luzer, 2010; Rethinking Student Aid Study Group, 2008). Over the course of five decades this grand and worthy idea of providing eligible students the opportunity to access higher education who otherwise would be unable to attend due to their lack of financial resources, has broken down (Long & Riley, 2007). Although the total undergraduate student aid awarded annually has grown to $177.6 billion, need-based financial aid has increasingly been
replaced by loans, merit-based aid, and education-based income tax benefits and the focus of financial aid policies has shifted from expanding college access for low-income students to meeting the cost of attendance for middle- and upper-income families (Long & Riley, 2007). A student aid congressional advisory committee studied this widening college access gap based on income and reported that 54% of qualified low-income students enrolled in college compared to 84% of qualified high-income students (Kantrowitz, 2012). A 2009 study confirmed findings that need-based grant aid can play a critical role of making the difference whether low-income students drop out or graduate (Kantrowitz, 2012). For low-income students, the graduation rate was 45% when grants covered less than a quarter of college costs, and 68% when grants cover more than three-quarters of costs (Kantrowitz, 2012). The proportion of merit-based financial aid increased from six percent in 1995 to fourteen percent in 2007 (Woo & Choy, 2011). By 2008, the portion of students receiving merit-based aid was larger than the need-based recipients portion, marking a pivotal shift toward merit-based aid and away from the original intent of financial aid to assist the neediest students afford college (Kantrowitz, 2012; Woo & Choy, 2011).

Throughout financial aid’s history, the key stakeholders (students and families, colleges and universities, state and federal governments, and private financing providers) have disagreed, been unclear, or been in conflict over financial aid’s role and purpose (Archibald, 2002). In this crowded and unsettled context, financial aid was built piecemeal through unplanned and disjointed changes to funding amounts, regulations, and programs to where federal financial aid policy today is “poorly understood by nearly all of its constituents” (Goldrick-Rab & Roksa, 2008, p. 15). Based on current scholarship, the continued discourse in the popular press and in
Congress point to the broken state of financial aid and the need to closely examine financial aid from new and varying perspectives is now (Clark, 2012; Harper, Patton, & Wooden, 2009; Nelson, 2012; Supiano, 2012; The White House, 2012a).

Examining the history of financial aid’s evolution through the lens of causal model theory provided a deeper contextual understanding of the financial aid problem which will potentially assist with developing and choosing effective future reforms. With the public’s awareness of the high costs of attending college, growing student debt and the forecasted economic bubble, the need to address this broken financial aid system is compelling (Archibald, 2002; U.S. Department of Education, 2006; Dynarski & Scott-Clayton, 2007; Gillen, 2011; Rethinking Student Aid Study Group, 2008). Improving access to financial aid provides future opportunities for advancement and prosperity for students facing financial barriers to college enrollment and success, and to the nation’s workforce and economy (Garcia de León, Heckmann, & Rojas Gonzáles, 2012; Lumina Foundation, 2012; The White House, 2012c).

The analysis of these influential forces in the history of financial aid offered an explanation of how today’s financial aid system has evolved to be “an amalgam of state programs, federal programs and tax credits, practices of private institutions, and programs of some private foundations and charities. The result is a bewildering maze of programs and options” (Archibald, 2002, p. 46). Based on existing research, various reform efforts have been proposed and implemented (Baum, 2007; Dynarski & Scott-Clayton, 2007; U.S. Department of Education, 2012b). Although there is general agreement that financial aid requires radical reform, proposers of reform differ in their interpretations of the problems and the approaches
needed to improve and streamline the policies and processes of this failing financial aid system (Carlson, 2012).

Practical and Intellectual Goals

Maxwell (2005) characterized practical and intellectual objectives as two types of goals that motivate qualitative research. Practical goals target the purpose of “accomplishing something - meeting some need, changing some situation, or achieving some objective” (p. 21). The practical goal that motivated this doctoral thesis was to contribute constructively to national financial aid reform efforts. The financial aid crisis is large scale and multidimensional. Key players who are most impacted are students and families, colleges and universities, state and federal governments, and private financing providers. Presently the financing of higher education has been predicted to be the next economic bubble (Feldman & Archibald, 2011; Izzo, 2012; Kamenetz, 2010; Pope, 2011). The heavy debt burden for this young generation threatens to drive down the future spending purchasing power in the broader economy (Glowacki & Hunley, 2012; Weise, 2012).

On the national level, college is seen as key to the production of an educated work force and critical for the nation’s global economic stability, security and competitiveness (Garcia de León, Heckmann, & Rojas Gonzáles, 2012; Lumina Foundation, 2012; The White House, 2012b). At the start of his administration, President Barak Obama put forth a challenge to America that “by 2020, this nation will once again have the highest proportion of college graduates in the world” (The White House, 2009c, p. 1). To accomplish this goal, President Obama’s pledge to higher education includes: increasing “access and success by restructuring and dramatically expanding college financial aid, while making federal programs simpler, more
reliable, and more efficient for students” (The White House, 2009a, p. 3). President Obama’s commitment has been well-received by American policy experts, educators, and college students and families who believe that the nation’s higher education student aid system is too complex and in need of reform (Z. Carter & Resmovits, 2012; Heldt, 2012; National Association of Student Financial Aid Administrators, 2012; Nelson, 2012; Warren, 2012).

Yet, over the decade from 2001 to 2011, college tuition consistently outpaced inflation resulting in more and more students requiring financial aid to meet these high college costs and there is little indication that this trend will end (Baum & Payea, 2011; Moody’s Investors Service, 2012; National Public Radio, 2012). Examining the history of financial aid’s evolution provided clarity to and a deeper contextual understanding of the current financial aid problem to assist with developing effective reforms. The nation presently has an acute awareness and simultaneous concern for both the benefits of a college education and of the rising cost of attending college creating growing student loan debt (Immerwahr, Johnson, Ott, & Rochkind, 2010). Within this conundrum, researchers, politicians and others are asking that the broken student financial aid system be examined and improved (Archibald, 2002; Dynarski & Scott-Clayton, 2007; Gillen, 2011; Rethinking Student Aid Study Group, 2008; U.S. Department of Education, 2006).

Along with practical goals, Maxwell (2005) described intellectual goals as “focused on understanding something - gaining insight into what is going on and why this is happening, or answering some question that previous research has not adequately addressed” (p. 21). The history of financial aid in higher education has been studied and presented by economists, historians, policy makers, researchers and practitioners (Breneman, 1994; Gladieux, King, &
Corrigan, 2005; Kerr, Gade, & Kawaoka, 1994; Edward P. St. John & Parsons, 2005; Thelin, 2011; Wilkinson, 2005). Existing research has identified key junctures in financial aid’s history (Coomes, 2000; Duffy & Goldberg, 1997; Wilkinson, 2005). The intellectual goal of this doctoral thesis was to gain further understanding about the influences that have driven these major events in financial aid’s historical timeline. This study examined the role, status, and context of federal financial aid to better understand the forces that caused four key junctures in its evolution from 1958 to today. Improving the current broken condition of financial aid drove the purpose of this inquiry which sought to better understand recurring themes in financial aid’s history such as the disagreement over the federal government’s role in the designing financial aid and the debate over financial aid’s purpose, delivery method, and intended benefactors. This thesis sought to examine financial aid’s past for insight and explanation about the present in order to create a clear and effective vision for the future. To focus the investigation, the primary research question that guided this study was: What can be learned from examining four key junctures in financial aid’s history and evolution that can help inform future reform?

**Theoretical Framework**

To assist with identifying and gaining a deeper understanding of the context of key changes and potential casual connections, the causal model theory framed this historical research study (Murphey, 1973). In historical research, the causal model theory has been associated with causation and explanatory theories (Salmon, 1989). The rationale for the use of the casual model in the study of history was built on the “contention that any effort to account for, interpret, or explain historical facts must involve a "causal model" specifying relationships among the theoretical concepts with which those facts are associated (Horan, 1987, p. 384). As a theoretical
model, “the causal model-specifies the links between theoretical concepts and the causal hypotheses which tie them together in our explanatory effort” (Horan, 1987, p. 399). In this study, the causal model served as a theoretical lens to view events and occurrences that contributed to the construction of financial aid.

Murray G. Murphey, Professor Emeritus of American Civilization at the University of Pennsylvania has been recognized for his work in examining the use of the theoretical causal model to better understand social history research. Beginning in the early 1970s, Murphey maintained the existence of theory in the interpretation of historical research (Clubb, 1985; Horan, 1987). Murphey (1973) noted that this claim of the “theory-laden” nature to historical research was in contrast to traditional empiricist views held by fellow historians (p. 29). This concept that historical inquiry and knowledge are intrinsically theoretical grounds the causal model theory.

Another central feature about theoretical constructs in historical research includes the causal character of interpretation. Murphey (1973) posited that interpretations of history contain causal models which can help explain why certain events or chain of events occurred. To illustrate the typical clarity of the causal character of an interpretation, Murphey noted: “The causal character of an interpretation is usually quite explicit and is indicated by the use of terms such as ‘because,’ ‘thus,’ ‘hence,’ ‘therefore,’ etc.” (Murphey, 1973, p. 102). This key concept of the causal character of the causal model theory informed the overall approach and contributed to the conceptualization of financial aid as a problem of practice of this historical study.
Causation.

In qualitative research, a theoretical lens can be used to view and organize the social, political, or historical context of studies (Creswell, 2009, p. 176). In this manner of strategic inquiry, the causal model framework was used as a theoretical lens to view and approach this study. Through this lens, in the research design process, a timeline for financial aid’s evolution was identified and presented to understand what happened. The causal model theoretical framework was also used to distinguish this study from merely describing temporal series of events in financial aid’s history so as to consider why these actions may have occurred. The purpose of this study was to examine and better understand the factors that drove specific events and set into motion the sequence of events by conducting historical research to uncover the context of what happened.

Causality can be approached philosophically and analytically and social science researchers have applied methodology such as experimental, model-based, andobservational to understand causal relationships (Froeyman, 2009; Lewis-Beck & Futing Liao, 2004). Aristotle offered four types of causes (material, formal, efficient, and final) that provided explanations to the question why and has been recognized as the founding father of causal thinking (Lewis-Beck & Futing Liao, 2004). E.H. Carr, author of the monumental book, What is History? (1961) characterized causation’s central role in historiography and contended, “the study of history is the study of causes. The historian…continuously asks the question: Why?” (E. H. Carr, 1961, p. 113). The concept of causation is of fundamental importance in historical study and the diverse approaches to causation have been extensively argued. In this causation debate, a divide exists between those with empirical views of history and those from the idealistic school of thought.
(Sreedharan, 2004). Although Carr (1961) claimed a middle position between the traditional empirical view and idealism, his opposition to empiricism within historiography and his views bias of the historiographer and the influence of the present when interpreting the past “facts” are considered controversial (Hughes-Warrington, 2008).

**Explanatory.**

Professor of History, Jerome M. Clubb (1985) introduced an examination of social science history by stating that the “application of social scientific methods and approaches to the study of history has always been the subject of considerable and often acrimonious debate” (p. 93). Although methodologies vary, historians seeking to understand the past, have used causal model theories to explain events or phenomena (Tucker, 2011). Through the lens of the causal model theory, this historical study considered the forces that have shaped financial aid.

Sociologist Hubert M. Blalock has been recognized as the founder of modern non-experimental causal analysis in the study of social sciences (Byrne & Ragin, 2009; Horan, 1987). Blalock (1991) argued the need for causal thinking in considering explanations and his use of theoretical causal models included the analysis of complex social issues such as inequality. Causation and explanation are principle ideas and concepts that ground the casual model theory that framed this inquiry into the complicated socioeconomic nature of financial aid’s evolution in U.S. higher education.

When conducting historical study, researchers rely on residual artefacts and must consider the potential limitations such as the validity and bias of the both the source information and the historian (Anderson, 1998). Although bias can exist in the selection of data or in how that information was interpreted by the researcher, historians assess and gather relevant evidence that
they believe will contribute to explanatory efforts (Johnson & Christensen, 2010). With an awareness of these limitations, the causal model theory served as conceptual and theoretical framework to view and better understand existing historical research and the possible reasoning of the historians who found significance and meaning in the selection or omission of materials (Murphey, 2009).

Gaining insight into the primary documents and the reports and research of others was critical to understanding the historical circumstances from which that evidence was generated. By informing the analysis of financial aid’s evolution, the causal model theory served in grounding this interpretation. Horan (1987) noted the broad applicability of the explanatory power of the causal model theory conceptual framework by stating that “if causal and measurement models (whether implicit or explicit) under-lie all empirical research, then the explicit construction of such models provides a key to understanding one’s own research as well as the research of others” (Horan, 1987, p. 381).
Chapter 2: Literature Review

This literature review’s introduction defined ‘financial aid’ and then presented the current troubled and broken condition of financial aid today. The body of the literature review was framed by four key legislative acts in the historical development of federal financial aid: 1. The National Defense Education Act (1958); 2. The Higher Education Amendment (1965); 3. The Middle Income Student Assistance Act (1978); and 4. Student Aid and Fiscal Responsibility Act (2009). As the organizing principle of this thesis, key junctures are defined as the events and periods of time when impactful choices and decisions were made that had lasting implications for federal student aid, higher education, and the nation. As key junctures, these four federal acts represent landmark legislation and also the circumstances and context of the period of time which shaped their creation as critical events.

This literature review served to provide contextual background of the four key junctures to better understand how the federal financial aid system evolved as it exists today. To ground this study, this literature review sought to explore the circumstances surrounding and influencing the origins and evolution of the current condition of federal financial aid. The following question guided the review of existing financial aid literature: *In what context did the key junctures in federal financial aid’s history develop?*

After presenting the definition of financial aid and the current condition of financial aid, the context of each of the four key junctures was reviewed chronologically as individual sections beginning with the origins of financial aid and the National Defense Education Act of 1958. Although financial aid’s historical development has been fragmented and pieced together, recurring themes in its evolution that link the four key junctures such as the debate over its
purpose, how it should be disbursed, and who should receive it and the clashes over the extent of the federal government’s role were presented. Although this literature review’s primary focus was scholarly research, in order to present a full representation of the multidimensional environment of the present-day status of financial aid, relevant reports from the media (higher education and popular press), organizational, and governmental documents were included. In recent years, the news media has swiftly reported alarming financial aid findings released by organizations, agencies, and researchers (Kix, 2012; Lewin, 2012b; Supiano, 2011).

**Definition of Financial Aid**

Because of the current multifaceted structure of the American financial aid system, various interpretations of the term “financial aid” exist (American College Testing, Inc., 2012; College Board, 2012a; FinAid, 2012a). A review of the historical background revealed the birth and evolution of segments in financial aid and provided insight on why the term “financial aid” presently can have different definitions. Distinctions have also been made about the program content of financial aid and the expenses that are covered (American College Testing, Inc., 2012; Center for Higher Education Support Services, 2011; FinAid, 2012a; U.S. Department of Education, 2012a).

For the purpose of this thesis, the term “financial aid” referred to the general funding assistance from the United States federal government that a student receives to finance his or her post-secondary education. Although the stand alone term ‘financial aid’ can represent this broad meaning, there are distinctive parts that make up financial aid in the source categories of federal, state, institutional, and outside/private (Ochoa, 2006). This study concentrated on federal financial aid. However, while it was out of the scope of this inquiry to review the history of
financial aid from sources other than the federal government, references to these additional forms was sometimes necessary. In cases when the distinction was needed to understand that the aid was federal, the word ‘federal’ was used in the sentence when this descriptive term was appropriate. Having established the definition of financial aid that was employed, the next section introduced the context of the current troubled condition of financial aid.

**Today’s Broken Federal Financial Aid System**

Before examining federal financial aid’s past, its current state was first presented as the ground level of the contextual foundation. The condemning declaration: “The federal system of student financial aid is broken” is the lead sentence of a discussion paper that proposed a drastic overhaul to the complexities, barriers and uncertainties of a federal financial aid system gone awry (Dynarski & Scott-Clayton, 2007, p. 1). One of the discussion paper’s authors, Professor Susan Dynarski and twenty of the nation’s financial aid policy experts, researchers and practitioners were convened in 2006 as the “Rethinking Student Aid” study group by the College Board with the support of Lumina Foundation for Education, the Spencer Foundation, and the Andrew W. Mellon Foundation to evaluate the current broken federal financial aid system and make recommendations on how to design a working streamlined and predictable aid system that increases access and success for low- and moderate-income students (College Board, 2011).

Parents and students, policy makers, and education professional associations also share awareness that the current system of financial aid is dysfunctional and a sense of urgency to fix it (The College Board Advocacy & Policy Center, 2010). In 2011, the media reported on College Board findings that illustrated one of the profound failings of federal financial aid was that the share of student aid that low-income students receive has steadily decreased over the last decade
while at the same time in the past year, $5.3 billion in federal aid had been distributed to well-off students who the government determined don’t have a financial need (Marcus, 2011; Woo & Choy, 2011).

**Origins of Federal Financial Aid**

The roots of today’s federal financial aid can be traced back to a world event that impacted the course of history. On October 5, 1957 the Soviet Union unexpectedly announced to the world that a day earlier they had launched Sputnik, the first man-made satellite into orbit (Jorden, 1957). One month later, an anxious and chagrined American public, still stunned by the unanticipated lead taken by the Soviet Union in science and technology capabilities, listened to President Dwight D. Eisenhower call upon the federal government to take emergency action to make science education and national security an immediate priority (Eisenhower, 1957b).

By 1957, post-secondary enrollment in the United States had grown to 3.3 million (U.S. Department of Education, 2009). The Servicemen’s Readjustment Act (GI Bill) of 1944 had expanded higher education to millions of veterans and public universities developed dramatically to meet the demand of the growing college student population (U.S. Department of Education, 1993). Despite this higher education expansion, national defense concerns for the weakness of the national education system warned of the shortage of trained and educated researchers, specialists, technologists, and scientists emerged throughout the Scholarship and Loan congressional hearings (*Scholarship and Loan Program*, Berdie, 1957; *Scholarship and Loan Program*, Elliott, 1957).

The analysis of the references of the College Board, the ACE, and the NEA in the congressional hearing transcripts revealed that all three educational organizations were well-
regarded and were primarily credited as authoritative sources of data in regards to financial need of college students and played historic roles in financial aid’s development (*Scholarship and Loan Program: (1957)*). The influence of the College Board, the ACE and the NEA in the creation and shaping financial aid was driven by their members’ interests and based on membership consensus all three organizations would push financial aid agendas in 1958. From financial aid’s origin, as membership organizations these key non-profits were committed to representing and acting on behalf of their college and university members in financial aid’s development which was not always in the student recipients’ best interests.

However there was a lack of consensus on the extent of the education and defense crisis and the testimony and open discussions of the hearings (1958) also included voices of those who questioned and disagreed with the severity of these alarming claims (*Scholarship and Loan Program, Williams, 1958; Scholarship and Loan Program, Young, 1958*). The deficiencies of the U.S. system of education at all levels were scrutinized after the Sputnik launch. Several U.S. News & World Report articles were cited during the Scholarship and Loan hearings (1958) including the June 14, 1957 issue of U.S. News & World Report “Crisis in the Colleges” (*Scholarship and Loan Program, Williams, 1958*). Refuting these articles were other popular media references in the hearings (1958) which minimized the magnitude of an education crisis. One such reference that revealed findings that contradicted the defense crisis was the January 10, 1958, U.S. New and World Report, “Engineers-Too Many or Too Few?” which reported that despite frequent citations concerning the shortage of engineers or scientists in the United States, the general agreement of officials, leaders, academics and from engineering societies, colleges,
government was that no overall shortage of engineers exists (Scholarship and Loan Program, Lynn & Datt, 1958).

During the Scholarship and Loan congressional hearings (1958), Representative Frank Thompson, Jr. (D., N.J.) voiced opposition to the precedence of the federal government providing student aid, the focus on mathematics and science, and the exploitation of the national defense rationale to window-dress long-standing objectives of increasing federal control of education and establishing federal student aid and remarked, "this program is the spawn, to some extent, of the sputniks" (Scholarship and Loan Program, Thompson, 1958, p. 707). Twight (1994) argued that the Sputnik crisis was a political sham:

Many legislators for years had wanted to expand federal control over education, and they saw in Sputnik an opportunity to package such expanded federal controls as a response to a “national defense crisis.” Members of Congress openly discussed the purported national emergency as a “better sales argument” to secure passage of the legislation. Shortly after the bill’s passage, Representative Frank Thompson referred to the NDEA as “a bill having a gimmick in it, namely the tie to the national defense.” (para. 4)

The testimonies and discussions of the Scholarship and Loan congressional hearings (1957) also revealed a fundamental disagreement over the concept of federal student aid, whether aid should be need-based or merit-based, and to the government providing outright grants or “free rides” versus students working or receiving service-based aid such as the GI Bill of 1944 (Scholarship and Loan Program, Risty, 1957); Scholarship and Loan Program, Hansen, 1957); Scholarship and Loan Program, Olpin, 1957); Scholarship and Loan Program, Braithwaite,
In a retrospective on federal aid origins, Gladieux and Hauptman (1995) suggested that this “free ride” conservative resistance to the liberal advocates for broader federal non-work and non-military-based financial aid in 1957 was fueled by personal values and experiences given the widely known 1944 GI Bill benefits for millions of veterans and that “many of the Congress members at that time had worked their way through college” (Gladieux & Hauptman, 1995, p. 15).

National Defense Education Act of 1958

Despite disagreement over the purposes and basis of federal financial aid, the fear of falling behind in the areas of science and technology following the Soviet Union’s successful Sputnik launch prevailed and the National Defense Education Act of 1958 (NDEA) was enacted on September 2, 1958. The NDEA (1958) legislation preamble language stressed the pressing need for the federal government to drive the education and training efforts to develop human capital for the critical purpose of strengthening national security and also emphasized the original primary purpose that federal student aid was to help academically qualified students who otherwise might not have access to higher education (Gladieux, 1995, para. 50):

We must increase our efforts to identify and educate more of the talent of our Nation.

This requires programs that will give assurance that no student of ability will be denied an opportunity for higher education because of financial need. (National Defense Act of 1958, 1958, Section 101)

From a historical perspective, the NDEA is considered a landmark congressional law for higher education as it represented the first federal commitment to a comprehensive student aid program (Mumper, 1996). The NDEA provided loans and fellowships to the increasing numbers
of students enrolling in higher education (Urban, 2010). The key student aid segment of the NDEA was the creation of the National Defense Student Loan Program (NDSL), the basis of which is today’s federal Perkins Loan Program (Cervantes et al., 2005). Initially, the NDSL program provided low-interest loans to those studying in the mathematics, science, and foreign language fields but later was opened to students in all academic majors (Gladieux, 1995; Wilkinson, 2005).

Developing talented personnel for the purpose of advancing the nation’s defense was presented as a primary goal of the NDEA in 1958. Although student aid was justified as an urgent matter of national interest that warranted government action, at the same time, to address the widespread public fear of increasing government authority, the language of the NDEA prohibited federal control of education and reaffirmed state and local responsibility:

Nothing contained in this act shall be construed to authorize any department, agency, officer, or employee of the United States to exercise any direction, supervision, or control over the curriculum, program of instruction, administration, or personnel of any educational institution or school system. (National Defense Education Act, 1958, Section 102)

The congressional hearings and the media reports leading up to the establishment of federal aid through the passage of the National Defense Education Act of 1958 uncovered contention over the federal role and the mission of federal financial aid, whether students or colleges should receive the aid, how the programs should be run, and how recipients should be selected (Clowse, 1981; Gladieux & Hauptman, 1995). From its origins, federal financial aid was built upon a foundation of multiple disjointed and often conflicting social and political
agendas and objectives in a climate of fear and distrust of federal involvement in education (Wilkinson, 2005). Although the Soviet’s successful launch of Sputnik expanded and elevated the nation’s fear and distrust and provided a convenient occasion and rationale for establishing federal financial aid through the National Defense Education Act of 1958, the original roots of disagreements regarding the fundamental purpose of financial aid remained strong to the next key juncture, the Higher Education Act of 1965 and through subsequent decades (Parsons, 1997; Wilkinson, 2005).

**The Higher Education Act of 1965**

In the years following the enactment of the National Defense Education Act of 1958, the federal focus was social change to address the nation’s poverty and civil rights issues (Kennedy, 1963; The New York Times, 1963). In a speech at the University of Michigan campus, President Lyndon B. Johnson formally outlined proposed reforms necessary to achieve the goals of “The Great Society”, a domestic policy agenda in which poverty and racial injustice amidst affluence would be eliminated (Johnson, 1964). Federal financial aid reform was a central component of “The Great Society” and to build its case Johnson spoke on behalf of the yearly plight of “100,000 high school graduates, with proven ability, do not enter college because they cannot afford it” (Johnson, 1964).

President Johnson created and controlled small secret task forces that focused on policy formulation free and unhindered from external criticism and the bureaucracy of bill preparation (Cervantes et al., 2005; Keegan Smith, 1985; Parsons, 1997). Supported by a strong Democratic majority platform, President Johnson developed a task force in 1964 to examine the role of the federal government in education including student aid. To chair the education task force,
Johnson appointed John Gardner, president of the Carnegie Corporation of New York, whom he later in 1965 named Secretary of the Health, Education, and Welfare (Cervantes et al., 2005; Time Magazine, 1964). The President’s Task Force on Education reported on the cost barriers in accessing higher education and presented compelling findings of a study which found that one out of six National Merit Scholarship high school recipients did not enroll in college due to the lack of finances (Cervantes et al., 2005).

Higher education researchers depict the time period from 1955 to 1970 when college enrollment swelled as the “tidal wave” as the number of high school graduates doubled from 1.4 million to 2.8 million and college enrollment rates grew by ten percent in the 1960s (Duffy & Goldberg, 1997; U.S. Department of Education, 1993, 2009). Other scholars examined the paradox of this “golden age” in higher education when colleges experienced growth and increased federal support and at the same time grappled with student unrest and activism (Freeland, 1992; Hutcheson & Kidder, 2011).

Researchers Gladieux and Wolanin’s historical analysis of the politics behind federal government action in providing student financial aid included a thorough examination of the federal debates and politics surrounding the establishment of the Higher Education Act of 1965 (and the 1972 reauthorization) (Gladieux & Wolanin, 1976). Gladieux and Wolanin (1976) described the 1960s as a time of shifting context when “the national defense rationale of federal higher education policy receded and the goal of equal education opportunity emerged (p. 11). This article noted the significance of the change in federal focus in the 1960s toward expanding educational opportunity which led up to the establishment of the Higher Education Act of 1965.
Although President Johnson’s Democratic party held a majority in Congress, a number of Republican congress members did voice opposition to the Democrats’ support of scholarships and instead promoted a tuition tax credit program for families with a college student during discussions concerning the formulation of the Higher Education Act (1965) (Carleton, 2002, p. 150). During the Higher Education Act congressional hearings (1965) Senator Peter Dominick (R., Colorado) inserted this Republican agenda by stating: “Mr. Secretary, I have been trying to get at this with a tuition tax credit for I do not know how long” (Higher Education Act, Dominick, 1965). Senator Dominick would also advocate in a June 30, 1965 weekly radio address the benefit of tuition tax credits to assist low to middle class families afford colleges (Dominick, 1965).

The disagreements over proposed scholarships, loans, and tuition tax credit programs in the Higher Education Act of 1965 were complex and in addition to Congress and the Johnson administration involved a number of key stakeholders (Cervantes et al., 2005). The United Student Aid Funds (USAF) and the American Bankers Association (ABA) expressed opposition to the guarantee provision of the student loan program and the U.S. Department of Treasury opposed tuition tax credit programs (Cervantes et al., 2005, p. 20). A major debate that had emerged prior to the passage of the National Defense Education Act of 1958 reappeared during the Higher Education Act discussions in 1965, in regards to whether and how the federal government should award aid to states, colleges and universities (institutional) or directly to students (Archibald, 2002, p. 34).

The final version of the Higher Education Act (HEA) that was authorized on November 8, 1965 reflected the number of compromises made to manage the controversy. Title IV of the
HEA of 1965, represented a momentous commitment by the federal government to provide financial aid and is considered one of the most significant pieces of legislation as it provided financial assistance for students in higher education through need-based grants, guaranteed student loans, work-study programs that are the basic components of federal student aid programs that exist today (Cervantes et al., 2005; D. E. Heller, 2011).

Unlike the National Defense Education Act of 1958 which primarily targeted the development of human capital in areas considered critical to national security, Title IV introduced broader funding assistance programs specifically to financially needy students (Hutcheson & Kidder, 2011, p. 232). Title IV’s Section 401 introduced the 1965 HEA by restating the 1958 NDEA language of federal student aid’s original purpose; to provide financially needy academically talented high school graduates the opportunity to access higher education:

It is the purpose of this part to provide, through institutions of higher education, educational opportunity grants to assist in making available benefits of higher education to qualified high school graduates of exceptional financial need, who for lack of financial means of their own or of their families would be unable to obtain such benefits without such aid. (Higher Education Act of 1965, 1965, Section 401).

The HEA (1965) authorized federal student assistance programs and needed to be reauthorized or reapproved by Congress, typically every 4 to 6 years. During each reauthorization, Congress could create new programs, and adjust funding levels and eligibility requirements (Wolanin, 1975, 1997). Despite numerous reauthorizations, the Higher Education Act (1965) appeared to be unsuccessful in meeting the needs of financially disadvantaged
students which would influence the development of the next section on the third key juncture, the Middle Income Student Assistance Act (MISAA) of 1978 (Geiger & Heller, 2011; Posselt, 2009; Edward P St. John & Elliot, 1994; The Century Foundation, 2004). The context surrounding the MISAA (1978) illustrated the deepening role of the federal government in controlling financial aid and a growing tension between providing low and middle income students as aid recipients (Cervantes et al., 2005; D. E. Heller, 2011).

**Middle Income Student Assistance Act of 1978**

In the years following the Higher Education Act of (1965), college tuition costs rapidly rose and from 1967 to 1977, the cost of attending public colleges increased by 74 percent and private institution tuitions rose by 77 percent (Howard, 1997). Middle income students and families, blocked from federal aid program funds targeted for lower income students voiced growing concerns of affordability and the phrase “middle income squeeze” emerged in the 1970s (Duffy & Goldberg, 1997, p. 183). In response to this middle income pressure, tuition tax credit programs had again gained momentum and were the topic of a series of congressional hearings in 1977 (Committee on the Budget, U.S. House of Representatives, 1977). These proposed tuition tax credit programs were staved off by Democrats in Congress and the Carter administration who countered with a proposal to open financial aid by eliminating family income restrictions (Gladieux, 1995).

The middle class proved to be a vocal constituency with influence and Congress would respond by passing the Middle Income Student Assistance Act (MISAA) in 1978 which would “amend title IV of the Higher Education Act of 1965 to increase the availability of assistance to middle-income students” *(Middle Income Assistance Act of 1978, 1978, p. 1)*. When President
Jimmy Carter signed the Middle Income Student Assistance Act (1978), he noted the landmark importance of the federal commitment to aid middle-income families with students in college:

The expanded commitments to education represented by these two bills fully support the assertion that this has been the most education-minded Congress since the midsixties.

This year with the help of education and parent associations, we have together taken an historic step in the evolution of the Federal role in education. (Carter, 1978, para. 7)

When examining financial aid’s past and evolution, the passage of the MISAA (1978) would be noted for the significance of federal action to add middle-income families to financial aid programs:

These families, and their children, would see student aid as an entitlement, a set of programs in which they had a right to participate. No longer was aid simply intended to meet equal opportunity goals, now it was intended to meet the goals of access and institutional choice for students from a wide range of income levels. (Coomes, 2000, p. 11)

Advocates for the continued exclusive use of federal financial aid for financially needy low income students, described the passage of the MISAA (1978) as a “striking defeat” as it extended federal funds to the middle-income student population (Hearn, 2001, p. 283). The failure of the Higher Education Act (1965) to financially assist low to moderate income students to attend college represented another setback for those with high expectations that increased federal aid would positively impact college access for the financially disadvantaged (D. E. Heller, 2011, p. 126). Instead of increasing college access for disadvantaged students,
researchers found that despite substantial increases to federal student aid in the late 1970s to the early 1980s, college attendance rates for low-income high school graduates decreased (Fitzgerald & Delaney, 2002; Gladieux, 2002). An analysis of college enrollment data found that despite greater federal spending levels to provide college opportunity to financially needy students, financial aid programs from 1965 and 1970s “did little or nothing to promote their most important goal - increased access” (W. L. Hansen, 1983, p. 94).

By examining the historical context, Paulsen, St. John, & Carter (2005) identified the 1980s as a turning point in higher education that has been ignored. Their study noted that in the mid-1970s, African American high school graduates attended college at similar rates to Whites. In 1976 Whites enrolled as percentage at the rate of 32.8 and African American enrolled at a rate of 33.4 (U.S. Department of Education, 2010a). In the 1980s, a gap in enrollment emerged as the college enrollment of African American high school graduates declined after 1980 and White high school graduates increased in college enrollment. By 1989, White high school graduates enrolled in college at the rate of 39.8 and African American high school graduates college enrollment decreased to the rate of 30.7 (U.S. Department of Education, 2010). The researchers suggested that this disparity in college participation during this significant transitional period for African Americans and the impact of legislation such as the HEA (1965) and the MISAA (1978), which expanded eligibility guidelines to allow students with low and middle income levels to participate and receive federal financial aid benefits, had not been adequately examined (Coomes, 2000; Paulsen et al., 2005). During the years surrounding the passage of the MISAA (1978) and the beginning of the Student Aid and Fiscal Responsibility Act of 2009, several significant changes in federal financial aid’s evolution would occur. These changes included the
creation of the largest federal grant (Pell) in 1972 and a policy and resource shift from awarding need-based funds to merit-based, a significant development which has continued as a major trend and was the fourth key juncture of this thesis, the Student Aid and Fiscal Responsibility Act of 2009 (Baum, 2007a; Hearn & Holdsworth, 2005; D. E. Heller, 2011).

**The Student Aid and Fiscal Responsibility Act of 2009**

An analysis by the Center for Affordability and Productivity of thirty years of data from the U.S. Department of Education, College Board, and U.S Census Bureau during the time period from the Middle Income Student Assistance Act (1978) enactment through 2009 revealed the federal student loan program’s explosive growth at an inflation-adjusted annual rate of 7.7 percent (Bennett, 2011). In 2007, scandal rocked the student loan industry (Lederman, 2007). An investigation led by New York Attorney General Andrew Cuomo would uncover questionable relationships, practices, and agreements between college financial aid offices, loan providers and banks (Chaker & Hechinger, 2007). On the heels of the student loan scandals, higher education was shaken by the national economic recession in 2008 which included a credit crisis which endangered private lenders’ student loan supply (Breneman, 2009; Tomsho & Weinstein, 2008).

By 2009, average tuition costs had outpaced financial aid growth, college affordability had declined and the annual federal student loans totalled nearly 100 billion (Bennett, 2011). Student loan reform would be a central component of President Obama’s 2009 higher education agenda (The White House, 2009c). This plan proposed a major change to the federal student loan program in that all new federal student loans would be originated directly by the federal government rather than private lenders issuing federally-guaranteed loans (Rhee, 2009). In April
2009, President Obama promoted this student loan reform by highlighting billions in revenue that would be redirected to increase federal aid for needy students by cutting out the private lenders: “We have a student loan system where we’re giving lenders billions of dollars in wasteful subsidies that could be used to make college more affordable for all Americans” (The White House, 2009b, p. 1). In spite of this cost saving rationale, this proposed shift from private lenders to direct federal lending would be fought by private lenders and be debated in Congressional hearings in 2009 (Herszenhorn, 2009).

In a May 20, 2009 hearing on the Obama Administration’s Education Agenda by the House of Representatives Education and Labor Committee, supporters of direct federal lending included Representative Rubén E. Hinojosa-Flores, Sr. (D.,TX) who stressed that “the savings of the direct government student loan program can yield $93 billion over the next ten years” (Hinojosa-Flores, 2009). Hinojosa-Flores noted the “skyrocketing costs of college education” and stated that “accessibility and affordability to higher education was their highest priority” (Hinojosa-Flores, 2009).

Representative John Kline (R., MN) voiced opposition to the government intervention in the student loan marketplace and in a September 16, 2009 floor statement referred to direct federal loans as a “government takeover” (Kline, 2009). Kline would refute the cited cost saving rationalization of moving to federal student loans by claiming the result would be a loss of jobs “an estimated 30,000” and that real costs would be “closer to $15 billion over the next 10 years – and when market risk is factored in, the cost spikes to nearly $50 billion” (Kline, 2009).

Despite this recurring contentious debate regarding federal control of education, on March 30, 2010, President Obama would sign the Student Aid Fiscal Responsibility Act (2009)
into law (Baker & Herszenhorn, 2010). In the signing of the SAFRA (2009) Obama would take the opportunity to highlight the victory over private banks and lending lobbyists in successfully overhauling the federal student loan program. “For a long time, our student loan system has worked for banks and financial institutions. Today, we’re finally making our student loan system work for students and our families” (as cited in Lee, 2010, para. 5).

In the past decade, federal college student loans increased by 139 percent in inflation-adjusted dollars and in 2010-11, the government issued $104-billion in federal loans to parents and students (Baum & Payea, 2011). The Institute for College Access & Success reported that two-thirds of college graduates in 2010 carried an average of $25,250 of loan debt (an increase of 5 percent from 2009) while also facing the highest college graduate unemployment rate (9.1 percent), in recent history (Reed, 2011). Presently the nation’s attention has been focused on the mounting loan debt taken on by students and parents to finance severely escalating tuition costs (Glowacki & Hunley, 2012; Weise, 2012). On April 25, 2012, college students held demonstrations in several U.S. cities to mark the date that the nation’s student loan debt level was expected to reach a distressing total of $1 trillion (Goodale, 2012).

**Lens of history**

Guided by the historical research methodology to “always consider the conditions under which a source was produced—the events that preceded it, and those that followed, for the significance of any event recorded depends as much on what comes after it as it does on what comes before” (Howell & Prevenier, 2001, p. 19), this literature review examined the context surrounding each of four key pieces of legislation in financial aid’s histories using sources from the actual time period and historical interpretation. The literature review confirmed the on-going
ideological debates rooted in financial aid’s origins in regards to the federal government’s role and over the purposes and goals of federal financial aid which helps explain the story behind the current unsettled and troubled state (Duffy & Goldberg, 1997; D. E. Heller, 2011; Wilkinson, 2005).

The literature also confirmed the major changes and shifts in federal financial aid’s evolution and presented the influence that the changing nature of financial aid has on the complex balance of access and affordability and also the interconnectedness and relationship between the federal government, lenders, colleges and college students and families (Cervantes et al., 2005; Duffy & Goldberg, 1997, Gladieux & Hauptman, 1995; Heller, 2011; Wilkinson, 2005). This historical study of financial aid has been considerably informed through the process of assessing the content and methodologies of the literature. In addition to providing background that defined the problem of practice, the experience of conducting this literature review provided significant knowledge and insight on financial aid historical content itself and the techniques that scholars have selected to present this historical content in research.

In a study on how a federal financial aid policy shift that increased emphasis on loans and decreased emphasis on grants that emerged in the late 1980s impacted the educational disparity between African Americans and Whites in postsecondary enrollment, the researchers situated the study by providing historical context in the late 1980s (Paulesen et al., 2005). In another study which explored the recurring struggle for racial equity in higher education given the number of policies that have been implemented throughout U.S. history to close college opportunity gaps between African Americans and Whites Americans, researchers analyzed historical policy efforts through a critical race theory lens (Harper et al., 2009).
U.S. higher education historian John R. Thelin has sought to bring the usefulness of historical studies to contemporary discussions and applications (Stillwell, 2012; Thelin, 1982). In order to provide “nonhistorians” with an applicable understanding of the useful past, Thelin (2011) described his research methodology “is to consider key historical episodes that have enduring implications for colleges and universities. Emphasis will be on the social, political, and economic forces that have shaped the structure and life of higher education institutions” (p. xxix). Although guided by a historical approach, this thesis was not intended for the purposes of historians. To illuminate financial aid’s past to inform its present and future direction to an audience of financial aid practitioners, decision makers, and advocates, this study shared Thelin’s practical intent and approach of considering the forces that have shaped the critical junctures in the history of financial aid (Thelin, 2011).

The review also presented instances in which findings conflict and experts disagree on the impact of financial aid (Archibald, 2002; Cervantes et al., 2005; Gladieux & Wolanin, 1976). During our time when financial aid’s troubled state regularly headlines popular media and is a common topic in the political arena, the nation is painfully aware of the high stakes of financial aid’s broken condition (Hough, 2012a; Lewin, 2012b; Slotnik, 2012). With disturbing and controversial issues emerging, financial aid researchers like Sandy Baum and Michael McPherson warn against allowing the hype to distract or become an obstacle to effective reform and point out the importance of evidence-based analyses which review the data within context (Baum & McPherson, 2011). This valuable caution to consider the validity based on evidence, data, and context of historical financial aid information was heeded in the following methodology section and throughout this study.
Chapter 3: Research Design

Research Question

To examine how financial aid evolved from 1958 into what it is today, this study presented the following research question:

1. What can be learned from examining four key junctures in financial aid’s history and evolution that can help inform future reform?

Hung and Popp (2009) described a good research question as one that “provides you and your readers with critical information about your project by defining the focus of your research, its scope, and your motivation” (para. 2). This question guided this historical study which chronicled the critical turning points of financial aid’s development and examine factors that influenced these key events. The general topic of financial aid is broad, complex, and is present in a multitude of literature and this question served to manage the research.

Methodology

This research question focused the work of this historical study that was framed by a causal model theory (Horan, 1987; Murphey, 1973). The intent of this study was to not simply report on historical events but to find out what happened in financial aid’s past and examine potential forces or relationships that were of primary influence and explain why key junctures occurred. Historical scholars warn against broad and vague research questions which could lead to a study that lacks direction and impact and instead advocate for questions that have boundaries and limits (Cohen, Manion, & Morrison, 2007, p. 193). When formulating this question, the following guidance was also followed: “A good historical question must be phrased in such a
way that the question doesn't predetermine the answer” (Brown, 2012, p. 21). This central question provided core guidance of this study which sought to better understand the forces behind the role, status, and context of financial aid at significant points in time in its history but because research is an iterative process, further questions are likely to emerge. Although one purpose of this central question was to narrow and specify the scope of the research, the question also allowed for the creation of additional questions.

The examination of literature supported the selection of a historical approach for this study which through a causal model theory examined the forces that have shaped financial aid’s fragmented creation and development over time. As a study with a historical approach that sought to identify and emphasize causation, careful attention was taken in selecting sources that served as artifacts and testimonies of the past in addition to interpretations of these relics from and about each of the four key junctures (Howell & Prevenier, 2001). Specifically the content from congressional hearing transcripts, presidential remarks and speeches, popular media, and gray literature from and related to each junctures were collected and analyzed. As a study seeking to examine causation, attention was taken in selecting official transcriptions, first-hand accounts and varied perspectives of historic source materials that served as testimonies of the past as well as interpretations of these records. After Congressional hearings from each of the four key junctures were selected, references to and statements of the three organizations from the hearings transcripts from each of the four key junctures were studied. To gain a deeper sense of the context and potential causes, the gray literature from each of the three organizations from the same period of time of the congressional hearings of each of the four key junctures were also examined.
Sources in historical research can be categorized as primary and secondary (Fraenkel & Wallen, 2009). Primary sources are first-hand accounts of an event or time (Cohen et al., 2007). Secondary sources are interpretations, analyses, or summaries of primary sources, secondary sources or a combination of both (Johnson & Christensen, 2010, p. 418). Because scholars have regarded primary sources as preferable to secondary sources, for the purposes of this study the actual documents such as the original official text of the four key legislative acts, have been selected to be examined (Keeran et al., 2007). Described as the ‘life blood’ of historical research in education, primary sources are the closest and most direct evidence to the past event being studied whereas secondary have a greater possibility of containing errors in the process of the passing information (Cohen et al., 2007, p. 161). However, because secondary sources can also serve a significant role in helping to contextualize and explicate studies, both primary and secondary sources were chosen for this literature review (Danto, 2008, p. 60). To understand the context that contributed to federal financial aid’s evolution, the documents reviewed were original legislation text, congressional hearing records, presidential speeches, legislative pieces, popular media reports, and scholarly works.

Gray literature.

Although primary and secondary sources were employed, to focus on the causality of major events in financial aid’s history, this study’s principal source materials were “gray literature” (GreyNet, 2012). Librarians and other information science professionals categorize “gray” materials as the body of primary literature not usually published and distributed through traditional channels (J. Dendy, personal communication, April 22, 2013). Gray literature includes rich information on all levels in a vast range of topics such as government, education,
Examples of this often neglected but valuable source material include conference proceedings and papers, government publications and research reports (GreyNet, 2012). While growing in acceptance in research communities, the use of gray literature has been more commonly recognized in the sciences (Bucciarelli, 2012). Producers of gray literature include the federal and state government and agencies, professional associations, and nonprofit organizations (Vagts, 2012).

To explicate the causes of the federal policy making of the four key junctures, for the purpose of this study the principal gray literature sources were limited to the content from three non-profit organizations: the American Council of Education (ACE), the National Education Association (NEA) and the College Board. In the historical context of federal policy making in higher education, non-profit organizations as independent and nonpartisan associations have played a powerful role in policy development as resources by conducting independent research and analyses and as lobbyists by communicating results and findings (Parsons, 1997). Parsons (1997) noted the interplay between longstanding non-profit organizations and the government in the history of the higher education federal policy arena as having “evolved to the point where some observers refer to the relationship as “higher education partnership” (Parsons, 1997, p. 67). After conducting a search and review of primary and secondary literature from and about each of the four key junctures such as congressional hearing transcripts and other related written materials, these three non-profits emerged as key players that had exercised power and influence by serving as a vital resource of information and by advocating and lobbying legislation. Throughout the congressional Scholarship and Loan hearings (1957), in addition to the leadership of these non-profit organizations providing letters of support and testimonials, reports
and studies by the American Council of Education, National Education Association and the College Board are referenced (Scholarship and Loan Program, Adams, 1958).

Twenty years later, Gladieux (1997), would note the development of increasingly sophisticated lobbying by higher education non-profit organizations in the Washington political arena: “Led by the American Council on Education, the associations are becoming increasingly aggressive in their response to federal regulatory thrusts-and there have been some significant recent victories” (Gladieux, 1977, p. 43). Presently the American Council of Education, National Education Association and the College Board are leading national non-profit organizations in education and have extensive and significant research and active policy advocacy divisions (American Council on Education; 2012, College Board, 2012; National Education Association, 2012). Each of the three non-profits has mission-specific objectives but all three share financial aid reform advocacy as a major activity of their organizations (American Council on Education, 2012; College Board, 2012b; National Education Association, 2012a).

Although locating gray materials can be difficult and the research method of analyzing gray literature is an unconventional approach in the social sciences, the methodology and non-profits’ focus were purposefully chosen as the study’s primary source materials due to their rich histories and closeness with the politics and causes of the key junctures in the history of financial aid’s evolution (Gladieux, 1977; Hutcheson & Kidder, 2011; Johanek, 2001; Sroufe, 1994). The rationale behind selecting this less traditional research method stemmed from the study’s objective to uncover what occurred in financial aid’s past and why and to discover how we might be able to move forward with reform in a new and different way so as to not repeat the recurring missteps.
Research Tradition

Historical research methodology was used to trace the history of four key junctures of financial aid from 1958-2012. The nation’s financial aid system is presently broken (Carlson, 2012; Ellis, 2012; Kumar, 2003; Nelson, 2012). The main reason historical research was selected as the approach was the goal of gaining deeper understanding of this problem of practice’s past to aid in informing efforts in improving the current and future state of financial aid (Bucciarelli, 2012; Kumar, 2003). Historical research can uncover patterns and roots in the past which help us understand why things are the way they are today how we might capitalize on this to improve current and future practices (Johnson & Christensen, 2010).

Generally, six steps are followed in historical research methodology and overlap. A back and forth movement between the steps may occur (Anderson, 1998; Johnson & Christensen, 2010; Swanson, 2005). The first two steps of conducting a historical research are defining the problem and the aim followed by research question formulation. This study’s design was organized using the following four major steps of historical research:

1. Data collection
2. Evaluation of materials
3. Data synthesis
4. Report findings (Fraenkel & Wallen, 2009; Johnson & Christensen, 2010; Swanson, 2005).
Data Collection

Due to the piecemeal creation and development of financial aid over time, various definitions of the term “financial aid” exist. As a consequence of these inconsistent definitions and perspectives, the source search and review was purposeful and strategic in the collection and organization of financial aid materials. Financial aid and variants such as student aid were the principal literature search phrases. These search words and phrases were also used with Boolean operators to search education and other related databases: history, higher education, evolution, social equity, access, disadvantage, equity, equality, merit-based, need-based, federal, politics, conflict, non-profit, associations, reform.

Relevant primary, secondary, and “gray” resources (the principal content of the study) were gathered. Materials included U.S. higher education history with accounts and timelines of financial aid. Along with contemporary literature that looks back in time at the history of financial aid, relevant literature written in the actual time period of specific significant events or actions in the evolution of financial aid were also identified and gathered. In addition to the original legislative texts, materials were from multiple historical sources from the following basic groupings: documents, numerical records, oral statements, and relics (Fraenkel & Wallen, 2009; Swanson, 2005).

To research congressional records, a database that served as a key resource for historical materials was the ProQuest’s LexisNexus Congressional which contains a collection of congressional hearings covering the period from the year 1824 to present time. This collection includes congressional publications, legislative histories of bills and laws, members and committees, regulations, daily congressional records and rules, and political news. In addition to
links to statistical datasets, the collection also includes related reports, correspondence, exhibits, and articles and links to which provided potentially valuable background and contextual data.

Gray literature can be difficult to locate as it is generally absent from mainstream print and electronic databases and indexes (Bucciarelli, 2012). One exception is Educational Resource Information Center (ERIC). In addition to secondary source journal articles, ERIC indexes education-related materials from a variety of sources and is described as “one of the most valuable research resources in education, especially for the "gray literature" of the field... The ERIC documents range in scope from informational materials to substantial, rigorously researched and reviewed research syntheses, conference papers, and policy reports” (Piedmont College Libraries, 2012, para. 7). Because this study’s main source of materials came from gray literature, ERIC was a principal research resource.

To conduct this historical inquiry, guidance and support from historical research scholars, librarians, and archivists were utilized. Throughout the process of writing this doctoral thesis, this researcher consulted with and vetted drafts through a Northeastern University librarian with history research subject matter knowledge and expertise. Besides direct interactions, scholarly studies on historical research methodology and tools were also used as a resource. One such study analyzed how historians chose effective query terms and formulated research queries (Elena, Katifori, Vassilakis, Lepouras, & Halatsis, 2011). The researchers described the increasingly digitized environment of libraries and archives which are the main repositories for the maintenance and preservation of historical materials (Elena et al., 2011). In addition to receiving assistance of library and archival personnel in searching for pertinent materials, the
article noted that in the systematic historical research process, historians also employ “scientific knowledge, experience, and intuition” (Elena et al., 2011, p. 25).

**Data Analysis**

Content analysis of the historical materials was the primary method of data examination (Fraenkel & Wallen, 2009). Given that financial aid data has also been found to have considerable research limitations which include the lack of compatibility of the key Department of Education databases to be linked and merged due to the inconsistencies with data collection, techniques and methods to ensure validity will be chosen and implemented (Steele, 2011). Due to the variety of historical sources and the nature of the data, (Brundage, 2008) stressed the need for critical reading and assessment of historical documents. The sources of data will also be analyzed for authenticity (external criticism), and accuracy (internal criticism) (Cohen, Manion, & Morrison, 2007). In approaching documentary research for validity and reliability, a comprehensive series of questions were asked in regards to the context of the document, the writer of the document and the researcher and the document (Cohen, Manion, & Morrison, 2007, p. 201).

**Data Interpretation**

The collected data was organized, synthesized, and evaluated through a causal model theory lens. When using historical methods in social science research, Tuchman (2004) argued that any historical question implies a theory and that there is a particular need for theory in interpreting data (Tuchman, 2004, p. 464). To effectively construct meaning from financial aid’s history, the causal model theory which framed the overall thesis also grounded the interpretation
of data. The researcher took cautions to: (a.) formulate conclusions rather than solely gathering and reporting events chronologically, (b.) interpret objectively, and (c.) draw conclusions supported by evidence.

On November 6, 2012, the National Education Association President, Dennis Van Roekel, released a statement celebrating President Obama’s re-election as a victory for higher education financial aid reform moving forward. Van Roekel recognized the progress of the past four years in which President Obama “doubled investment in scholarships and financial aid so more middle and working-class families can realize the dream of a college education” (as cited in National Education Association, 2012b, para. 3). With the increasing lobbying and advocacy for financial aid reform, in recent years federal financial aid as a problem of practice has experienced significant changes (Couch, 2012; FinAid, 2012b; Zoski, 2012). However, Justin Draeger, President of the National Association of Student Financial Aid Administrators, acknowledged that these recent reforms follow “a pattern of changes to student aid that are probably not very clear and transparent” (as cited in Hopkins, 2012, para. 4). In the complex changing higher education environment, this study sought to gain insight from financial aid’s past which would contribute knowledge and clarity as we manage the present and plan the future direction of financial aid.
Chapter 4: Report of Research Findings

This examination of financial aid’s evolution was structurally framed by four legislative acts of significance or key junctures in the historical development of federal financial aid:

1. The National Defense Education Act (1958);
2. The Higher Education Amendment (1965);
3. The Middle Income Student Assistance Act (1978); and

To identify the context of the changes and potential casual connections at these four key junctures, the causal model theory served as a theoretical framework (Murphey, 1973). Given the intent of this study was to not retell historical events in financial aid’s past but to explore the underlying context and examine potential influences on federal financial aid policy, the gray literature from three key organizations (the College Board, the ACE, and the NEA) were examined to offer explanations of why the four key junctures occurred. The findings yielded that these organizations had powerful roles in influencing financial aid legislation.

The analysis of gray literature provided the less available insider perspective of organizations removed from, and in contrast to, the formal or official views presented in and to public forums or sources, such as congressional hearings or popular media reports. This was paramount in this analysis of causal context. The reports from organizations’ internal surveys of membership provided both the individual and collective snapshot perspective of that time period and an understanding of the topics of significance being considered by each organization. The organizations’ conference papers and speeches provided an explanation of the importance and
impact of issues being discussed and studied and also offered insight into the content that was shared internally and with peer group members.

The analysis of sources from each of the four historic junctures was presented chronologically. The chronological approach provided a line of sight that aided in the detection of patterns, such as recurring trends or in linking themes found from the examination of artifacts, documents, and events which were emphasized in the key findings.

Key findings:

1. The gray literature revealed the credibility and influence of these organizations in establishing and developing federal financial aid.


3. The differences between missions, coupled with the external political environment, increased the complexity of financial aid’s formation.

**National Defense Education Act of 1958**

Reports and publications from the College Board, the ACE, and the NEA were included in the congressional hearing transcripts but to gain a deeper understanding of context and causation, the researcher validated the content through analysis of the original grey document that was referenced with other sources with accounts of the event. The examination of the citations of the organizations’ grey literature in the hearings revealed that this data was primarily used to support the argument for federal financial aid for college eligible students by emphasizing the urgent need to invest in talented financially needy students in order to strengthen the nation’s brain power and counter the loss of intellectual resources.
In addition to providing a forum for policy discussion, the College Board also focused on conducting research. The 1956 College Board study “Encouraging Scientific Talent” advised for the immediate and pressing need for scholarships to address the national shortage of scientists and engineers. Statistics and findings from this 1956 College Board study found their way into Congressional Scholarship and Loan hearings (Scholarship and Loan Program, Flynt, 1957). Representative Thomas Ashley (D., Ohio) noted in his hearing testimony: “I am told that seven out of 10 students are capable of completing college do not do so due to low-family income and according to College Entrance Examination Board, close to 100,000 students of superior ability do not enroll in institutions of higher education each year for the same reason. It goes without saying, Mr. Chairman, that the need is particularly great at this time for more college-trained scientists and engineers” (Scholarship and Loan Program, testimony of Thomas Ashley, 1958).

To make a compelling case to develop legislation for aiding students, organization leaders also testified in person or submitted written statements at the congressional hearings prior to the NDEA enactment. Arthur S. Adams, president of the ACE submitted, “Federal Government General Legislative Program”, the organization’s official recommendations for federal financial aid with an endorsed federal program of action with approved sections of pending bills (Scholarship and Loan Program, testimony of Arthur Adams, 1958). The analysis of the “Federal Government General Legislative Program” document and Adam’s testimony provided a deeper contextual understanding of the ACE’s public position as an organization. However the lack of consensus within the ACE membership over the fundamental composition of student aid (loans and work study) was a significant finding in this exploration of underlying causes and forces. Adams’ testimony included a presentation of the results of an
ACE poll of member institutions in the spring 1957 on federal student aid. The membership’s responses from the question on federal loans “showed a considerable division of opinion…44.5 percent favored loans as a supplement to Federal scholarships, 15.4 percent favored them as an alternative to scholarships, and 41.1 percent oppose them outright” (Scholarship and Loan Program, testimony of Arthur Adams, 1958). When asked about a federal work study program, the ACE’s report noted that “the vote of our membership again was sharply divided, but generally less favourable…36.3 percent favored a student work program as a supplement to Federal scholarships, 11.4 percent favored them as an alternative to scholarships, and 52.3 percent opposed them outright (Scholarship and Loan Program, testimony of Arthur Adams, 1958). To the public, the ACE's position that the federal government should assist in removing financial barriers to college for academically qualified students appeared cohesive. However the discord within this prominent higher education member association of 142 education organizations and 1007 institutions over the fundamental structure of this aid offers an explanation of the complexity of the disjointed nature of financial aid’s roots (Scholarship and Loan Program, 1958).

The testimonies and open interchanges recorded in the congressional hearing transcript provided the public positions of the three organizations (Scholarship and Loan Program, 1957). However, the influential context and forces beneath these official external statements of these associations were harder to detect and interpret. This complexity was found in the analysis of the National Education Association’s (NEA) role as a major force in the passage of NDEA.

The NEA celebrated its centennial in 1957 and sought to increase its visibility as a higher education association with political influence (Urban, 2007). In 1957, the NEA co-
sponsored prestigious group, the Educational Policies Commission (EPC), published *Higher Education in a Decade of Decision*, a report which the NEA intended to revitalize and raise the national prominence of NEA’s higher education department (Education Policies Commission 1957). Evidence of NEA’s government relations building efforts in 1957 included President Eisenhower’s keynote address at the NEA Centennial Convention (Maitland, 2007). However the NEA’s pursuit for prominence in the federal sphere brought that organization into the arena that required management of political expectations of reciprocity. At the NEA’s Centennial Celebration Banquet on April 4, 1957, Eisenhower called upon the NEA to support NDEA legislation and delivered a clear and focused message that education must play an active role in national security and asserted: “Our schools are strong points in our national defense” and emphasized this by stating the word “defense” in three more sentences (Eisenhower, 1957a, ).

President Eisenhower’s appeal to the NEA to back the NDEA put the NEA in a difficult situation. After the Sputnik launch, President Eisenhower emphasized educational deficiencies as a contributing element of the national security crisis which created a strategic dilemma for the NEA as the leading organization of American education (Eisenhower, 1958). To downplay and shift attention from this criticism of curriculum and pedagogy, the NEA identified educational deficiencies that were a result of a lack of essential financial support (Carr, 1957). The NEA leader, Executive Secretary William G. Carr (1952-1967), highlighted low teacher pay as a cause for the teacher shortage and the lack of funds necessary for school construction and focused the NEA’s efforts to back an education bill being presented to Congress by Senator James E. Murray (D., Montana) and Representative Lee Metcalf (D., Montana) in 1958 (The Washington Bureau,
The Murray-Metcalf bill proposed to provide federal funds for states to use for teacher salaries and school construction.

The NEA concentrated efforts on backing the Murray-Metcalf proposed bill and paid little notice to the NDEA bill (The Washington Bureau, 1958). Carr and members of the platform party did not reference the NDEA bill in the NEA’s annual convention’s opening speeches on June 29, 1958 and the NDEA bill was omitted from the convention’s proceedings of following days (National Education Association, 1958). However, during the formal session of NEA’s legislative body at the convention, the former NEA president, John Lester Buford (1955-1956) successfully urged delegates to endorse the passage of the NDEA (National Education Association, 1958). The transcript of Buford’s address at the convention gives insight to deeper contextual understanding. On July 3rd, 1958, the day before the convention’s closing, Buford requested to address the NEA Representative Assembly and opened his remarks with: “One thing thou lackest” and expressed distress with the omission of NDEA legislation at their meeting (Buford as cited in National Education Association, 1958, p. 140). Buford reminded the delegates that NDEA legislation had been designated a national priority when “a year ago President Eisenhower placed education at the top of the major programs that needed to have action in this country” (Buford as cited in National Education Association, 1958, p. 470).

The next day, the New York Times ran the article, “NEA Establishes School-Aid Lobby: Calls on Teachers to Exert Political Pressure to Get Bill Through Congress” on the unanimous measure passed by the NEA delegates that all units of the organization would make efforts to support NDEA federal aid legislation following Buford’s moving plea at the organization’s annual convention (Buder, 1958). The NEA’s support of the NDEA was publicized as the
organization’s united endorsement. However within the NEA, a divide existed and the organization’s delegates and not the formal leadership, were the principal force that led and drove the creation of financial aid for higher education.

Although the NEA’s support of the NDEA had been reported to the general public as the organization’s unanimous ratification, the NEA’s leader Carr was less concerned with the NDEA legislation (W. G. Carr, 1958). Carr continued to lead the organization in backing the Metcalf-Murray bill as a priority. On October 29, 1958, The New York Times reported that the NEA’s board had issued a statement in support of the Murray-Metcalf measure which would provide "a massive infusion of Federal funds to be used by the states and localities for teachers' salaries and to build the classrooms as seems necessary in the discretion of the state” (NEA board as cited in The New York Times, 1958). For Carr, the signing of the NDEA into law on September 2, 1958 was not a clear-cut victory for the NEA as it did not address teacher salaries and school construction and also gave the federal government more authority over state and local schools.

In the NEA’s October 1958 journal, instead of celebrating the milestone of the passage of the NDEA, Carr was critical of the new ability of the federal government to influence curricula with this precedence of “shared federal responsibility for education” (W. G. Carr, 1958, p. 490).

In Carr’s push for the Murray-Metcalf legislation, his criticism of the NDEA continued and a February 25, 1959 New York Times article reported on Carr’s lack of confidence in the laws being proposed, the laws being passed, and in President Eisenhower himself. Carr noted President Eisenhower’s failure to follow through on promises made when seeking support for NDEA legislation at the NEA Centennial in 1957 and stated: “The Murray-Metcalf bill, which would provide grants to states totalling nearly $5,000,000,000 a year within four years, is what is
needed” (as cited in The New York Times, 1959, para. 8). In this exploration for causation of the fragmented creation of financial aid, the examination of the NEA’s role as a primary influencer of financial aid’s origins revealed a considerably disconnected political agenda of a large and complex organization.

This examination found that the media depicted the three education organizations as strong influencers on financial aid legislation. The New York Times article reported on a proposed measure being considered by Congress to change an existing federal loan program that provided funds to schools and colleges (The New York Times, 1959). To demonstrate the educator groups’ opposition to the measure, the article reported the NEA’s position of disapproval and also the ACE vote to request that the Senate and the House delay hearings for two months to allow time for their council’s subcommittee to thoroughly study the measure, reflective of the weight of the ACE’s influence in the federal policy arena (The New York Times, 1959).

**Higher Education Act of 1965**

In the years following the NDEA enactment, the nation’s attention centered on addressing social problems and civil rights. Much like the Cold War in 1950s, the War on Poverty in the 1960s would spark federal action in aid for education. The social conditions of the nation would again be a contributing force in change to financial aid, a pattern of action discovered in the key junctures. However unlike the rationale of national defense that motivated the creation of federal financial aid through the passage of the NDEA of 1958, the federal focus during the Kennedy (1961-1963) and Johnson (1963-1969) presidential administrations had shifted toward social change to address the nation’s poverty and civil rights issues.
The analysis of financial aid’s development found U.S. presidential speeches were a common link to action in the four key junctures. President Johnson emphasized education as key to breaking the nation’s poverty cycle crisis and on January 26, 1964, The New York Times reported Johnson’s called upon educators to take action which “gave supporters of Federal aid to the schools their cue to strike out in a new direction” (Hechinger, 1964, para. 1). On January 12, 1965, President Johnson delivered a speech to Congress in which he would “declare a national goal of Full Educational Opportunity” (Johnson, 1965). Johnson asserted that “higher education is no longer a luxury, but a necessity” and recommended that the opportunity to higher education be extended among lower income families through scholarships, loans, and expansion of work study for needy and qualified high school graduates, (Johnson, 1965, p. 8).

Soon after President Johnson’s speech, the Higher Education Act congressional hearings began on March 16, 1965. As they had after the Sputnik launch, supporters of financial aid including the ACE, the College Board, and the NEA seized the occasion to influence financial aid legislation (Higher Education Act, 1965). A review of the hearing transcripts (1965) revealed that in developing the HEA, Congress again wrestled with differing purposes of financial aid and grappled over the issues that had swirled throughout the NDEA hearings of 1958. Disagreement over the aims of financial aid, the recipient (states, colleges, students), the role of the federal and state government, and the composition (income tax credits, merit-based scholarships, need-based scholarships, and work study) continued to bubble and resurface. The Chairman of the Subcommittee on Education, Senator Wayne Morse, (D., Oregon) spoke of the divisions in American education:
The higher education people through the American Council on Education are interested in a higher education bill. The NEA is interested in elementary and grade school education bill. The vocational education is off on its own tangent and special education is off on its own tangent, and they all seem to think they have to prime their own pumps. No water is coming out of any. Until these educational groups recognize that their interest is a common interest and we get complete unity among them, I am concerned because the politicians know they are divided and we are fighting an uphill fight in the Congress in trying to get some education legislation passed. *(Higher Education Act, 1965), testimony of Wayne Morse, 1965)*

In addition to the unresolved issues, Congress would hear about the collection problems of the NDEA loans which the colleges received from the federal government to loan to students *(Higher Education Act, testimony of Peter Muirhead, 1965)*.

At the HEA hearings of 1965, the three non-profit organizations provided financial aid research findings and made recommendations as they had at the NDEA hearings of 1958 *(Haven & Smith, 1965; Higher Education Act. (1965), testimony of Elvis J. Stahl, Higher Education Act, 1965; testimony of Gaylord Nelson)*. Elvis J. Stahr, President of Indiana University represented the ACE’s official views and in a detailed review presented the organization’s general support of the four titles of the proposed Higher Education Act of 1965 *(Higher Education Act, testimony of Elvis J. Stahl, 1965)*. This sizable ACE congressional testimony included the document, “Commitment to Expanding Opportunity”, the ACE’s financial aid proposals for federal action *(Higher Education Act, 1965, p. 419)*. The most significant finding of Stahr’s testimony was his comments on the controversial topic of tax credits. Stahr stated: “I
am in a somewhat equivocal position here because I am supposed to be representing the American Council on Education, which, as I understand it has taken no position on the tax credit for the simple reason that its membership is remarkably evenly divided on this question” (Higher Education Act, testimony of Elvis J. Stahl, 1965). Stahr’s candid response revealed that the split within the ACE’s membership on taxes was so polarizing that the organization was incapable of taking a stance on this contentious issue.

A closer examination of the ACE’s 1964 membership survey report supported Stahr’s statement and provided more detail on the context of the organization’s division on tax credits. The ACE reported: “With respect to the merits of tax credit plans…the Council finds no clear consensus among its member institutions…a majority of the institutions favoring tax credit plans were private, while most of those opposing them were public (Higher Education Act, 1965, p. 415). Despite being unable to provide direction on specific controversial issues such as tax credits, the ACE continued to influence the formation of the HEA of 1965 and the creation of grants that expanded opportunity. Under the leadership of President Logan Wilson (1961-1971), during the 1960s, the ACE focused on the federal government's impact on higher education. George C. Chalou, ACE Archival Consultant, described the archived collection of the organization during the 1960s: “It appears that by both the volume and complexity of Council records pertaining to governmental relations, the ACE has assumed the vital role of articulating and promoting the interests of higher education in the legislative arena” (Chalou, 1982, para. 19).

The College Board also influenced the Higher Education Act of 1965 by presenting research that urged direct financial assistance for needy and academically able students. Senator Morse directed that a College Board research report, the College Scholarship Service’s (CSS),
“Financial Aid to College Students, 1963-1964, Survey of Financial Aid Administered by Colleges and Universities to Full-time Undergraduates” be included in the official HEA congressional hearing records (Higher Education Act, 1965, p. 440). This College Board study of 1,221 colleges illustrated the ineffectiveness of financial aid in 1963 and found that a small number of institutions were disbursing the majority of the funds, award amounts were small, and practices of awarding financial aid varied. The College Board reported that 115 institutions of the 1,221 total disbursed close to half of the total financial aid given (Haven & Smith, 1965, p. 6). In addition, one-fifth of full-time undergraduates received financial aid and the average amount was $553 (Haven & Smith, 1965, p. 6).

In the years preceding the HEA hearings, in addition to its research efforts, the College Board’s CSS created a forum for financial aid policy by establishing “Student Financial Aid and National Purpose”, a yearly colloquium in 1962. Over 100 key stakeholders convened at the CSS colloquium to discuss the need to improve financial aid as a matter of great national concern. The titles of the 1962 colloquium speeches and presentations revealed that just 4 years from the establishment of financial aid that the original complex issues had worsened and had broken down to the point that called for drastic reform as a matter of national priority (College Entrance Examination Board, 1962, p. 5). The analysis of the 1962 College Board colloquium presentation by Harvard’s former Dean of Admissions and Financial Aid, Wilbur Bender (1952-1960), “Our Student Aid Patchwork Needs Drastic Revision”, revealed severe inadequacies of the nation’s fragmented financial aid system and urged for radical changes (Bender, 1962; The Harvard Crimson, 1969). Bender cautioned: “Certain developments in recent years have so increased the magnitude and central importance of the student aid problem nationally, however,
that we can no longer afford to try to cope with it in the traditional piecemeal ways (Bender, 1962, p. 90).

Despite the calls for reform of the piecemeal formation of financial aid in 1962 at the College Board CSS colloquium, the Higher Education Act (HEA) of 1965 was influenced by multiple forces including a Democrat led push for federal support for the financially disadvantaged which created numerous components and mechanisms of federal aid such as new programs like the Educational Opportunity Grant (EOG) Program and the Guaranteed Student Loan (GSL) Program (Higher Education Act of 1965, 1965, sec. 403, Higher Education Act of 1965, 1965, sec. 404). In addition aid was extended to more colleges and also to more students, specifically to the lower income ”1 million of that 1.3 million that did not get to go on to college” due to the financial barriers (L. B. Johnson, 1965). The HEA also expanded the complexity of federal aid by extending aid to multiple stakeholders.

The new programs of the HEA “tied together a diverse group of constituents—higher education associations, teachers unions, historically black institutions, urban institutions, librarians, civil rights groups—that would fight to defend the HEA and to expand “their” programs in the years ahead. Once created, programs take on a life of their own and are very difficult to kill” (Forest & Kinser, 2002, p. 242). An indication of the large scale fragmentation was the attempt through the HEA to consolidate the multiple federal aid programs under the U.S. Office of Education (Higher Education Act of 1965, 1965, sec. 501).

The intent of the HEA (1965) was "to strengthen the educational resources of our colleges and universities and to provide financial assistance for students in postsecondary and higher education” (Higher Education Act of 1965, 1965). In his official remarks when signing
the HEA, President Johnson celebrated the historic moment when a new door of higher education opportunity opened to the poor (Johnson, 1965). Johnson’s public remarks also revealed that despite the legislative victory, the distrust of federal control of education over the responsibilities of local and state communities continued and had grown in complexity (Johnson, 1965). One week after the signing of the HEA, the New York Times article, “Johnson Bars U.S. Control” focused on the longevity of this ongoing controversial issue and noted that this time unlike the federal financial aid legislation to higher education of the NDEA of 1958 seven years prior, the resistance to federal control and interference had expanded beyond conservative voices outside education and the new opponents to federal involvement were professional educators, specifically city superintendents (Hechinger, 1965, para. 4; National Defense Education Act of 1958, 1958).

As the leading organization for teachers, the NEA’s attention then turned toward supporting professional educators and less on financial aid and higher education. Following a series of teachers’ strikes in the late 1950s, an internal power struggle, and a leadership turnover, the NEA would increasingly focus on salaries and collective bargaining and in the 1960s and the organization transformed into basically a labor union (Maitland, 2007, p. 76; Urban, 2000, p. 180). Prior efforts in 1957 to raise the visibility of the NEA’s as a higher education association with federal influence similar to the ACE through its prominent Educational Policies Commission (EPC), were thwarted when the EPC was eradicated (Education Digest, 1968).

Although the 1965 HEA congressional hearings included a prepared statement from the Chairman of the NEA’s Legislative Commission which offered general support of the four titles of the Higher Education Act of 1965 this nominal effort reflected the NEA’s move away from
financial aid (Higher Education Act, testimony of Robert McKay, 1965). In contrast to the NEA’s distancing from financial aid, the ACE and the College Board deepened their organizations’ engagement in federal financial aid policy making during the 1960s through high visibility activities such as participating in top level political round tables (Higher Education Act, 1965, testimony of John Morse).

The most observable outcome of the passage of the HEA in 1965 was the beginning of a comprehensive federal financial aid program to higher education. Less apparent was how the federal involvement in financial aid sparked an increase in the number of stakeholders and also prompted the development of a more organized political response and activism mechanism from the existing key financial aid players such as the ACE which the organization further enhanced and sharpened in the 1970s and 1980s better enabling the higher education association to serve effectively as the principal unified voice of their college and university members in the federal policy arena (Bloland, 1968; Gladieux & Wolanin, 1976; Wolanin, 1976).

The College Board’s relationships with key federal legislators would strengthen its reputation and lobbying influence, enabling the organization to leverage a long lasting impact on policy making (Gladieux, Swail, & Astor, 1998; Lederman, 2009). The College Board’s CSS standardized financial need formulas and forms for colleges and universities nationally and “CSS need-based aid guidelines became embedded in legislation establishing the federal student aid programs of the 1960s and 1970s, which found their strongest advocates in New England lawmakers such as Sens. Claiborne Pell of Rhode Island, Robert Stafford of Vermont and Edward M. Kennedy of Massachusetts” (Wick, 1998, p. 18).
Middle Income Assistance Act of 1978

Following the enactment of the HEA in 1965, Congress would amend the financial aid programs and policies through reauthorization in 1968, 1972, and in 1976 (Higher Education Act of 1965, 1965, sec. 428). The intent of the HEA was to provide lower income students the opportunity to access higher education. However the income based requirements of the financial aid programs restricted middle income family eligibility (Higher Education Act of 1965, 1965, sec. 428). With the rising cost of tuition outpacing inflation, the outcry from the middle-income families, financially squeezed from accessing financial aid caught the nation’s attention. In a December 18, 1978 New York Times article, parent John Sutter voiced the middle-income family dilemma: "high inflation and heavy personal taxes...Together, they are pushing tuition costs beyond the level that middle-income parents can pay, no matter how self-sacrificing they might be” (Sutter, 1977, para. 2). The inability of middle-income students to afford higher education would be the impetus for federal financial aid action which ultimately resulted in the passage of the Middle Income Assistance Act (1978).

Both the College Board and the ACE brought awareness to and advocated for the college affordability cause of the middle-income student and family. A review of the non-profit organizations’ internally published reports and articles provided insight into the context of financial aid following the enactment of the HEA of 1965 and leading up the MISAA of 1978. The College Board literature on financial aid during the years leading up to 1978 focused on financial aid’s inadequacies and the unmet needs of the middle-income family confronted with the high costs of higher education. The College Board produced reports such as the 1975 publication, “Financial aid reports: Loans to parents, new help for the middle-income family” in
the organization’s quarterly publication, *The College Board Review* (Bowman & Johnstone, 1975). Also published in *The College Board Review* was the 1976 report by the College Board’s CSS Student Advisory Committee, “What 250 students say about financial aid problems” (CSS Student Advisory Committee, 1976). Based upon a series of hearings conducted in seven states, the study found that the lack of clear information about financial aid was the most frequently expressed problem by college students. The study also found angry students frustrated with forms, the delays and the confusing regulations and described little coordination, multiplicity, and complexity of financial aid forms and processes. Bill Ervin, a student is quoted in the report referencing the lack of financial aid policy and regulation information: “Nobody is informed about this stuff...Nobody knows the policies they work under, and nobody knows why they got what they did. It's just a gift from God or something” (CSS Student Advisory Committee, 1976, p. 16). The CSS Student Advisory Committee concluded the report with realistic, student-centered, pragmatic recommendations which called for the simplification and reform of financial aid (CSS Student Advisory Committee, 1976, p. 15).

ACE also produced research reports on financial aid's ineffectiveness and proposed reform through its department of Policy Analysis Service. One 1977 ACE report, “Federal Student Aid: Who Receives It and How Is It Packaged?” analyzed three years of national first-year full-time college student data. The study sought to address concerns of the functionality and effectiveness of the federal aid programs (grants, student loans, and work-study) in relation to the recent trend of the colleges increased use of their institutional monies to assist their federal aid ineligible middle-income students (Smith & Henderson, 1977).
The ACE’s research informed and supported the organization's primary focus as the leading advocate for higher education institutions at the federal level. In March 1977, Lawrence E. Gladieux, Director the College Board's Washington office reported on the state of higher education’s lobbying efforts: "Led by the American Council on Education, the associations are becoming increasingly aggressive in their response to federal regulatory thrusts and there have been some significant recent victories" (Gladieux, 1977, p. 42). Gladieux described higher education associations’ recent triumphs in pressuring the Veterans Administration and the Internal Revenue Service to refrain from implementing procedures that would be problematic for the colleges. Despite higher education associations’ gains in mobilizing federal lobbying for colleges’ interests, Gladieux noted a slower maturity rate in comparison to the political lobbying for schools: “By contrast, the predominant elementary and secondary teacher interests, notably the National Education Association and the American Federation of Teachers, have moved heavily into this area of influence in recent years (Gladieux, 1977, p. 43).

The contentious issue of college tuition tax credits which had been hotly debated since before financial aid’s creation came to a full boil in 1977 (Navaez, 1977). An analysis of the transcripts of the College Tuition Tax Credit (1977) congressional hearing transcript revealed multiple proposals presented for consideration by proponents for college tuition tax credits (U.S. House of Representatives, 1977). Unlike the membership rifts on controversial issues which surfaced during the prior NDEA and HEA congressional hearings, the ACE and the College Board as organizations were united in their opposition to tuition tax credit programs (Middle Income Student Assistance Act, testimony of William Bowan, 1978) (Hansen & Gladieux, 1978).
Tuition tax programs proposals gained legislative support and momentum at the 1977 College Tax Credit congressional hearings (U.S. House of Representatives, 1977). However, references to and testimony from the tuition tax credit program opponents such as the ACE or the College Board did not appear in the 1977 College Tax Credit congressional hearings report. By December 1977, The New York Times reported on two bills being proposed: the Tuition Tax Credit Act and the Tuition Tax Relief Act (Sutter, 1977). A review of the College Board’s grey literature uncovered that the organization examined both federal income tax credits and expanding existing aid as Congress considered these financial aid programs for middle-income students. The College Board concluded that the student aid expansion would have larger individual benefits than a tax credit program which would extend a small amount of aid to all families with college tuition expenses and the largest share of the aid would go to families with incomes higher than $25,000 (Hansen & Gladieux, 1978).

On February 8, 1978, President Carter provided Congress with the Middle Income Assistance Act (MISAA), his plan for expanding financial aid (Maeroff, 1978). The MISAA had been “cooked up” by education committee leaders with Carter administration support as a counterproposal to tax breaks (Gladieux, 1980, p. 26). To the dismay of tuition tax sponsors in Congress, the MISAA was offered as an alternative to the tax credit proposals. The New York Times quoted the President’s ultimatum to Congress to choose either tax credits or MISAA: "Congress must choose between tuition tax credits and the far more beneficial increases in Federal student assistance programs that I am requesting...This nation cannot afford, and I will not accept, both" (Maeroff, 1978, para. 10).
Immediately following President Carter's aid plan announcement, Congress held the MISAA hearings in February 1978 to consider increasing the student aid eligibility of middle-income students. Unlike the division that emerged within the ACE's membership in the past, the analysis of the MISAA hearings found the ACE's advocacy of President Carter's plan as an alternative to tuition tax programs to be cohesive, well-organized, and consistent (Middle Income Student Assistance Act, testimony of William Bowan, 1978). On the MISAA hearings first day, William G. Bowen, President of Princeton University and Chairman of the ACE Board of Directors provided the ACE’s official position: “While we appreciate greatly the efforts of the sponsors of tax credit legislation to address these same problems, and particularly to assist middle-income families, we are convinced that the student aid approach is preferable: from the standpoint of national policy, the student aid alternative would be more effective and less costly in the long run, as well as fairer” (Middle Income Student Assistance Act, testimony of William Bowan, 1978). Bowen quoted President of the ACE, Jack W. Peltason, "the higher education community strongly supports the use of existing aid programs as the most effective way to help middle-income families meet the costs of higher education” (Peltason as cited in Middle Income Student Assistance Act, testimony of William Bowan, 1978).

In addition to being unified on the issue of expansion of student aid and opposing tax credits, the ACE stood united on their support of the portability of state student grants, State Student Incentive Grant (SSIG), during the 1978 MISAA hearings. In a February 16, 1978 memorandum, Charles B. Saunders, Jr., the ACE's Director of Governmental Relations testified: "The ACE strongly supports the principle of portability for the SSIG program. ...we recommend therefore that by FY 1979, portability of awards and eligibility of students at both public and
private institutions be made conditions for state participation in the program" (*Middle Income Student Assistance Act*, testimony of Charles B. Saunders, Jr., 1978).

While the ACE took the lead in influencing legislative efforts, the College Board focused on the supportive role in bringing policy awareness and evidence of the financial burden of high college costs to middle class families at the MISAA hearings. Lois Dickson Rice, a Vice President at the College Board testified: "My field is policy analysis in higher education, with particular emphasis on the financing problems of students and their parents. The College Board with about 3,000 member institutions--...has long been devoted to improving access to higher education, but it does not usually state a formal position on particular legislative proposals, and it has not done so in the case of H.R. 10854, the MISAA or any of the pending tuition tax credit bills" (*Middle Income Student Assistance Act*, testimony of Lois Dickson Rice, 1978)

**The Student Aid and Fiscal Responsibility Act of 2009**

The analysis of how the ACE and the College Board influenced federal financial aid policy provided insight to the crumbling state of financial aid. The enactment of the MISAA in 1978 opened the eligibility of the federal grant programs and also gave all students access to private student loans from banks and other lenders that were subsidized and guaranteed by the federal government. Gladieux described an unforeseen consequence of the MISAA: “No one fully anticipated the explosion in student borrowing that was to follow” (Gladieux, 1980, p. 26). Following the passage of the MISAA (1978), a major objective for the ACE in the 1980s was to increase federal support for student aid programs as well as to reduce the growing imbalance which had developed between federal student loans and grants (Cook, 1998). In 1987, Robert Atwell, President of ACE (1984-1996) proposed a complete overhaul of the federal financial aid
patchwork which included expansion of low-income scholarships, continuation of the guaranteed loan program, and creation of two loan programs that reduced costs to the government (S. Heller & Wilson, 1987). Over the next decades the ACE, in representing college and university interests, continued to emphasize coordination among the major higher education associations as higher education faced multiple challenges in the 1980s and 1990s that included cuts to student aid in the federal budget and major attacks on higher education for the rising cost of tuition (Bloland, 1985).

On January 2, 1987, the New York Times reported on President Reagan's plan to propose an experimental program that would shift the cost of loans from the federal government to students. This proposal would be one of many that higher education expected from the Reagan administration to reduce student aid from the federal budget (Werner, 1987). To protest cuts in federal student aid and to apply pressure on elected officials, the ACE and the higher education associations mobilized a broader constituency by organizing students, parents, and higher education leaders in an effective grassroots campaign (Bloland, 1985). Over the next decades, the higher education associations honed lobbying efforts to influence and shape federal support for student aid and grassroots campaign activities became a structured part of the ACE and other higher education associations operations (Bloland, 1985). As the umbrella association, the ACE continued to be a principal voice and led the coordination of the interests of their diverse college and university membership. A 1994 review of newspaper (New York Times, Washington Post, Chicago Tribune and USA Today) coverage of higher education revealed that of the higher education associations, the ACE’s voice was the most publicized (Cook, 1998, p. 66).
On September 2005, U.S. Department of Education Secretary Margaret Spellings announced the formation of a Commission on the Future of Higher Education. Over the next two years, the Commission's discussions and debates over a broken financial aid system were widely reported in the media (Dillon, 2006a, 2006b; Kingsbury, 2006; Schweitzer, 2006). The ACE, the College Board and the NEA informed the Commission through: “white papers, testimony, opinion pieces, research reports” (U.S. Department of Education, 2006, p. 43). The ACE and the College Board also actively participated in the vigorous dialogues of the Commission’s activities through leaders and members. David Ward (2001-2007), President of the ACE, served on the Commission and was the sole member who refused to endorse the final Spellings report (Ruben et al., 2008). The Commission's activities and the final report brought visibility and public attention to the urgent need for financial aid improvement in higher education but critics noted that the report’s proposals for financial aid reform were vague and lacked specificity (Burd, 2006; Levine, 2006).

The College Board continued to serve in an influential role as a reliable source of data to inform financial aid’s development. Having built a solid research reputation, the College Board widely distributed education data and released tuition and student aid findings to the press (Lewin, 2008, 2009b). The College Board annual higher education publications such as “Trends in Pricing” and “Trends in Student Aid”, were commonly referenced inside and outside of academe (Lewin, 2008, 2009b; Longanecker et al., 2004; Mcpherson & Schapiro, 1991). The review of the May 21, 2009 congressional hearing, Increasing Student Aid Through Loan Reform revealed references to the College Board's publications including the widely distributed "Rethinking Student Aid" report (Increasing Student Aid Through Aid Reform, testimony of
Charles B. Reed, 2009).

The College Board also produced financial aid literature that supported their organization's mission driven goal to increase access for low-income students such as the 2009 report, “Socioeconomic Status and the Relationship Between the SAT and Freshman GPA: An Analysis of Data from 41 Colleges and Universities” (Sackett, Kuncell, Ameson, Cooper, & Waters, 2009). During the 2009 Aid Loan Reform congressional hearing, the College Board’s data was cited to support the case for improving college completion by making federal Pell Grant funding mandatory (Increasing Student Aid Through Aid Reform, testimony of Patrick Day, 2009). The College Board described a key component of their advocacy efforts as: “building critical connections between policy, research and real-world experience to drive systemic reform in education” (College Board, 2012b). Driven by their organizational mission to improve access to higher education, the College Board conducted research and the data would be used to support the College Board’s objectives and influence federal financial aid policy.

In 2009, financial aid reform was highlighted as a national priority by President Obama (The White House, 2009b). In February 21, 2009, the New York Times reported on the President Obama’s campaign promise to eliminate the federal aid application form or Free Application for Federal Student Aid (FAFSA) (Lewin, 2009a). The FAFSA was created in 1992 with the intent of streamlining the student aid application process by consolidating the numerous existing application forms. In the decades following its creation, the application form and process grew in complexity, a reflection of the expansion of the confusing array of federal financial aid programs and regulations. The FAFSA symbolized the concept of the student aid system as a good idea gone awry. Popular media kept the broken FAFSA in the limelight by
referencing the Secretary of Education, Arne Duncan’s frequently cited statement he made at his confirmation hearing about the complex nature of the convoluted FAFSA: “You basically have to have a Ph.D. to figure that thing out” (Lewin, 2009a, para. 6).

The Student Aid and Fiscal Responsibility Act of 2009 (SAFRA) was introduced on July 15, 2009. The SAFRA proposed to increase student aid through loan reform and to improve college access and completion rates. The ACE found common ground within their membership on the SAFRA and with the other major higher education associations continued to be a major voice of higher education. The ACE submitted a letter of general support of the SAFRA to the House of Representatives which was signed by seventeen other associations (Broad, 2009).

Conclusion

The chronological organization of this research report provided a linear path that aided in the discovery of patterns and linkages of the events in financial aid’s evolution. The research found that from financial aid’s origins in 1958, financial aid developed piecemeal upon a foundation of unresolved conflicts and expanded and grew in complexity in response to and influenced by interconnected social forces.

The hearings, presidential speeches and news reports offered information about the context of financial aid’s evolution through a public and formal perspective. Congressional hearings, the formal forum and process in which Congressional committees gather and analyze information, are generally open to the public. Presidential speeches signal the President’s intention to push for specific policies. News reports inform the public of what happened. To get to the deeper context of the influences and potential causes of financial aid’s evolution, the
references to and the gray literature from three non-profit education organizations: the ACE, the College Board and the NEA were explored.

The examination revealed three key findings. Firstly, the review of the congressional hearing transcripts and news reports found that the three organizations were widely recognized as reliable and much sought after sources of financial aid information based on their financial aid practical experience and research. The analysis found that the three organizations were selected to provide data, statements, and testimony at each of the student aid congressional hearings junctures. The organizations informed Congress and the public during the critical early stage of the legislative making process which well-positioned them to play influential roles in establishing and shaping federal financial aid policy.

All three organizations influenced federal financial aid policy making through advocacy, research, and program initiatives. However the second key finding was that the manner and method in which the three organizations influenced financial aid’s development varied and was motivated by their mission driven agendas and objectives. The research of the less available grey literature of the three organizations served to better understand the organizations’ internal and less formal context beneath the official positions or public statements. The research found that the ACE, as the leading umbrella organization of higher education served as the single voice in the political arena after a consensus view on financial aid policy had been determined by its membership. Guided by its mission to expand access, equity, and opportunity to higher education, the College Board advanced efforts aligned with the organization’s aims such as increasing need-based grants and simplifying the financial aid application process by serving as a resource and advocate. The NEA played a key role in the creation of financial aid in 1958 when
higher education was a principal objective of the organization. Although financial aid and college affordability remained on the NEA’s agenda, the NEA has played a less prominent role in financial aid’s development after the organization’s primary focus changed to public K-12 education in the 1960s.

Lastly, the research analysis found that the varying views of the membership organizations created divisions which impacted the ability of each organization to influence financial aid’s development and therefore increased the complexity of financial aid’s formation. The three organizations represented interests of diverse memberships. In addition to their college and university members, the College Board’s membership also includes high schools. Policy advocacy for college affordability and financial aid is one arm of the College Board’s operation which includes college admissions, the SAT, AP, and college readiness and completion. The NEA’s broad membership has included school teachers, educational professionals, and higher education faculty and staff. As the nation’s oldest education association, the NEA’s higher education focus would evolve and the internal conflict over this organizational change would be reflected in their complex and divided role in federal financial aid’s creation in the passage of the NDEA in 1958. Without a shared design, financial aid would be constructed piecemeal on an unstable fragmented foundation by multiple stakeholders with varying intents upon which it would grow in complexity over time.
Chapter 5: Discussion, Implications and Conclusions

The findings of this study support the recommendation that before considering the most effective approach to fix financial aid or prior to envisioning a new financial aid system, the nation must begin by coming together to determine the fundamental purpose of federal student aid that best serves national interests. A shared purpose of federal financial aid would then ground the design of: Who is it for? How will it be composed? How will it be coordinated? What criteria will be used to determine who receives it?

Interpretations of the Findings Based on the Literature Review

Multiple intentions: Competing and conflicting.

The review of literature revealed that federal financial aid was founded in the 1958 National Defense Education Act upon multiple disjointed and often conflicting social and political objectives assembled in a climate of fear and distrust of federal involvement in education (Wilkinson, 2005). Advocates for federal financial aid for higher education who had been unsuccessful, seized the legislative opportunity created by the Sputnik launch to push through federal policy to create student financial aid (Gladieux, 1995). The 1957 congressional hearing transcript contained references to data or the text of studies that had been conducted by all three of the non-profit associations (Scholarship and Loan Program, testimony of Ralph Flynt, 1957; Scholarship and Loan Program, testimony of John Kennedy, 1957; Scholarship and Loan Program, testimony of Donald Clifford, 1958).

Over the past five decades, financial aid has been used for varying purposes: aid as reward (1950s), aid to ensure access (1960s), aid to enable choice (1970s), and aid as an
institutional tool (1980s and 1990s) (Duffy & Goldberg, 1997; Wilkinson, 2005). This study also confirmed the various motives and purposes in financial aid’s evolution which has been examined by other historical researchers (Duffy & Goldberg, 1997; Wilkinson, 2005). The analysis of the historical timeline of financial aid’s literature revealed that at each juncture, a major national event or social, political, or economic rationale sparked federal action to develop financial aid. Driven by their own competing and conflicting agendas, the key players seized these opportunities to use financial aid as an instrument for political or economic purposes. This pattern of action at each of the four key junctures offered an explanation of how financial aid as a concept was founded by players with multiple motives and continued to be constructed with competing and conflicting intentions piecemeal over time without clear indication of any influence of learning from the historical past. The pattern also highlighted the colossal scale and depth of financial aid’s complexity further supporting the argument that reform by repairing the mechanical problems with financial aid may be ineffective.

Interpretations of Theoretical Framework

**Faded student focus.**

Framed by the causal model theory (Murphey, 1973), this study confirmed the relevance and applicability of learning from the layers of financial aid’s past as we consider how to change it for the future. Specifically the findings from reviewing the gray literature of the three non-profit education associations revealed the impact of competing and conflicting incentives on influencing financial aid’s development throughout four key junctures. From its conception, the primary purpose of federal financial aid was to provide qualified high school graduates who were otherwise unable to attend due to lack of finances access to higher education (National Defense
Education Act of 1958, 1958, Section 101). Soon after financial aid’s creation, key players focused on their own interests and priorities, which were increasingly less student-focused. Financial aid’s purpose strayed from the initial concept of helping the neediest students afford the opportunity to attend college and incrementally morphed to such an excessively complicated state that it now serves as a barrier for the very students who were the intended recipients at financial aid’s genesis in 1958 (Rethinking Student Aid Study Group, 2008).

In 1965 when the federal government focused on addressing the nation’s poverty and civil rights issues, the three associations officially supported the passage of the Higher Education Act (1965). Despite this public general endorsement of the HEA in congressional hearing transcripts, the review of the associations’ grey literature revealed a lack of membership consensus on significant issues such as the ACE membership divide over the controversial income tax credit topic (Higher Education Act, testimony of Elvis J. Stahl, 1965). Because the ACE could not find common ground on their membership interests in tax credits, the ACE was incapable of taking a stance or being of influence on the hotly debated income tax credit issue (Higher Education Act, testimony of Elvis J. Stahl, 1965). The grey literature aided in illuminating causation in financial aid’s evolution and provided a view of the broad scope, depth, and high degree of complexity caused by the lack of consensus over the purposes and basis of financial aid. The analysis of grey literature assisted also in getting closer to the inside story of the political maneuvering of numerous players with varying and contradictory intentions that shaped financial aid.
Practitioner Significance: The Fifth Key Juncture

The past as prologue.

The nation is now at the fifth key juncture in financial aid’s evolution. The convergence of a fragmented financial aid system, high tuition costs, accountability, student loan debt, and the need to strengthen national competitiveness has formed a perfect storm (Carey & Dillon, 2011; College Board, 2013; Lumina & Gallup, 2013; U.S. Department of Education, 2006). Despite growing college enrollments, the nation is questioning the value of higher education and in 2013, Moody’s Investor’s Service changed its outlook rating for higher education from ‘mixed’ to ‘negative’ and reported: “The US higher education sector has hit a critical juncture in the evolution of its business model. Most universities will have to lower their cost structures to achieve long-term financial sustainability and to fund future initiatives” (Arum, 2011; Lumina & Gallup, 2013; Moody’s Investors Service, 2013, p. 15).

At this fifth key juncture, various reforms have been proposed and changes have been implemented (Bidwell, 2013; Huelsman & Cunningham, 2013; Mishory & O’Sullivan, 2012; National Association of Student Financial Aid Administrators, 2013). As the nation engages in a dialog about repairing the financial aid system, the following discussion will consider this study’s research question: What can be learned from examining four key junctures in financial aid’s history and evolution that can help inform future reform?

The study’s historical research design facilitated the discovery and examination of the trail of attempts to fix financial aid almost from its founding in 1958 and which continue today. Common financial aid reform themes found in the literature review and examined in the research included simplification, increasing need-based aid, and reducing student loan debt (Bender, 1962; Haven & Smith, 1965; Advisory Committee on Student Financial Assistance, 2005;
Financial aid reforms have spanned from short-term solutions that reduce multiplicity and improve effectiveness to proposals to overhaul the federal student aid system (Bettinger, Long, Oreopoulos, & Sanbonmatsu, 2009; College Entrance Examination Board, 1962; Rethinking Student Aid Study Group, 2008). Informed by literature that demonstrated the ineffectiveness of financial aid, recent improvement efforts that have been implemented include the streamlined FAFSA in 2010 and the Net Price Calculator in 2011 (Dynarski & Scott-Clayton, 2008; Bettinger et al., 2009; U.S. Department of Education, 2010b, 2012b).

Others argue that incremental changes such as those shown in this analysis are insufficient patches and have proposed radical reform that rethink, reimagine, or redesign federal financial aid (Archibald, 2002; Burd et al., 2013; Huelsman & Cunningham, 2013; Rethinking Student Aid Study Group, 2008; St. John & Elliot, 1994; St. John, 1995). These proposals recommend drastic financial aid makeovers but vary in their approaches and methodology. Presently, although there is consensus that fixing financial aid is urgent, a national commitment to a specific solution or reform road map has yet to be determined (Baum & Payea, 2012; Burd et al., 2013; Kingkade, 2013).

Mission driven.

Financial aid literature has largely focused on studying the ineffectiveness of a failing and flawed financial aid system (Bettinger, 2004; R. Chen & DesJardins, 2007; D. Heller, 1999; Long, 2008; Moline, 1987). Presently financial aid is a bewildering maze of programs with inconsistencies and uncertainties and having an understanding of how and why it got this way is essential before beginning in efforts to fix it (Archibald, 2002). The analysis of financial aid’s
development through the causal model lens found that U.S. presidential speeches were a common link and indicator to the President’s intent to push for legislative action in the four key junctures, a pattern explored in, “The Rise and Fall of Need-Based Grants: A Critical Review of Presidential Discourses on Higher Education, 1964–1984” (Posselt, 2009).

In this fifth key juncture, finding the right reform approach could lead to effective improvements. Studies that uncover the meaning behind past forces may help guide meaningful and effective changes for the future. The pattern of sporadic and shifting unsettled policy development that followed reflected the various players’ competing and conflicting objectives and interests as they wrangled over financial aid’s formation was the most significant causal connection that emerged from the study.

Federal involvement in student aid has increased over the years and presently the federal government distributes the largest share of the total student aid, affecting the greatest number of students (Baum & Payea, 2012). The review of the context of the key junctures in this study confirmed that federal policy sets the national agenda and in this influential role, federal aid policy reform has the potential to systemically impact the financial aid policies and practices of states, colleges and universities and others (Rethinking Student Aid Study Group, 2008). The past serves as a cautionary tale of the consequences of ‘designing’ financial aid based on multiple intentions. However, the repeating events at each key juncture after financial aid’s creation provided evidence that learning from its past to inform reform did not happened as the dissonance over key issues like federal control over education and the partisan sparring continued (Baker & Herszenhorn, 2010; W. G. Carr, 1958; Field, 2013; Hechinger, 1965).
Cacophony.

Beginning in the 1950s, higher education experienced rapid growth and postsecondary institutions expanded in number, size, and type (Gumport, Iannozzi, Shaman, & Zemsky, 1997). The ACE has taken on the leadership role of advocating at the federal level for colleges and universities, a task that is further complicated by the diversity of higher education (Cook, 1998, p. 9). Although the ACE describes “its strength lies in its diverse and loyal membership”, this study found occurrences when the diversity of higher education’s views on financial aid impeded the ACE’s ability to influence federal policy as the consensus leader and the coordinating umbrella organization (American Council on Education, 2013).

Today, the ACE continues as a major voice in influencing federal financial aid policies but in a crowded association community as the number and type of higher education organizations has also expanded. From 1956 to 1996, the number of Washington D.C. based higher education associations increased from 44 to 221 (Cook, 1998, p. 15). Fixing financial aid is a crucial issue for higher education and the nation and regardless of their particular focus, these higher education associations are stakeholders in federal financial aid policies. The role that higher education associations have taken in actively advocating for financial aid reform policy change varies. Another trend in recent decades has been the professionalization of federal governmental relations in higher education and associations actively pursue agendas in the policy advocacy arena (AACRAO Connect, 2013). There are several associations that are primarily focused on improving access and lobby and advocate for increasing and improving student aid (FinAid, 2012b). To increase their effectiveness in this crowd of varying voices, the associations have formed alliances to advocate for financial aid reform such as the Student Aid Alliance, a
coalition of 50 educational organizations (FinAid, 2012b). Out of the cacophony, new players have emerged.

**New players.**

New players are interested in financial aid reform. Private foundations like Lumina and Spencer engage in federal financial aid policy change initiatives independently or partner with non-profits organizations and other foundations (College Board, 2011: Lumina Foundation, 2012). A relative newcomer to the financial aid reform dialogue is the Bill & Melinda Gates Foundation. In 2012, the Gates Foundation announced 3.3 million in grants would go to 14 organizations working on financial aid solutions as part of their Reimagining Aid Design and Delivery (RADD) project. The grants fund the study of improving federal financial aid policy to help increase postsecondary access, success and completion. As a result of the RADD project funding, to date, a series of reports with recommendations have been completed (National Association of Student Financial Aid Administrators, 2013).

The RADD reports offer recommendations with common themes like Pell Grant reform and loan simplification but also have more unique and unusual features such as one proposal to “reward or punish colleges based solely on their low-income students, and in requiring colleges to pay up with their own money rather than punishing them by yanking federal dollars” (Nelson, 2013a, para. 6). The Gates Foundation has the financial resources, the innovation, and the bold strategic vision to make a significant impact on changing the policies for financial aid to make higher education affordable.

With the expansion and diversification of higher education, financial aid stakeholders are looking to have an influential voice at the federal level to lobby for special interests and political
agendas. This study revealed the significant consequences when key players lack consensus on federal financial aid policies. With so many diverse voices in the financial aid reform conversation, it will be critical that these associations, foundations, and organizations not drown each other out or work at cross purposes.

Without the common ground of a shared purpose, the disputes that shaped the present faulty financial aid system persist in the current highly partisan atmosphere (Field, 2013; Nelson, 2013b). The future direction of financial aid reform may be determined by its close tie to college readiness (De La Rosa & Tierney, 2006; Perna & Steele, 2011; E. P. St. John, 2006). Should college readiness continue to gain momentum as a national priority, two sleeping education giants may be woken to influence the future of financial aid reform. An increased focus on improving college readiness could rouse the NEA to once again play a key role in influencing future federal financial aid reform. This study and a review of the NEA’s recent Legislation Action Center confirmed that the organization’s focus shifted to primarily K-12 public education and away from higher education federal financial aid policy (Maitland, 2007, p. 76; National Education Association, 2013; Urban, 2000, p. 180). College readiness links K-12 with higher education and the advancement of this K-12 education cause could resurrect NEA’s advocacy priorities of student aid and college affordability.

The other giant is the College Board which recently experienced a change of leadership which has the potential of shifting the focus of the organization’s activities. In 2012, David Coleman was appointed President of the College Board (College Board, 2012c). Coleman, a founder of the Common Core State Standards may place a greater emphasis or a higher priority
on the College Board’s K-12 college readiness initiatives which could revitalize the College Board’s deeply rooted longstanding commitment to its mission to extend access to education.

As the political, social, and economic pressures and forces calling for student aid’s transformation converge, the question remains of whether the nation should determine that the intent of federal financial aid is to support low-income students access higher education.

Looking back at financial aid’s beginnings, the original policy intent declared in the National Defense Education Act (NDEA) of 1958: “This requires programs that will give assurance that no student of ability will be denied an opportunity for higher education because of financial need” (National Defense Education Act of 1958, 1958, Section 101). In this regard, the College Board has the credibility, visibility, knowledge and appropriate range and mix of constituents, members, and partners to have a significant impact on reforming federal aid efforts that would increase access to higher education.

The private foundation entrants, Lumina and the Bill & Melinda Gates, are well-positioned to play key leading roles in shaping the future of financial aid reform (Fain, 2013). The potential influence of the new player, the Gates Foundation, was evident at the March 2013 congressional hearings on student loans. At the hearings, three of the four expert presenters were Gates Foundation redesigning financial aid project grant recipients (Nelson, 2013c).

**Conclusion**

In this fifth key juncture, as has been the case in financial aid’s past four key junctures, the President has called for federal action to reform financial aid which was then followed by partisan bickering (Ferraro, 2012; Nelson, 2013d). In the State of the Union address on February 12, 2013, President Obama highlighted financial aid reform and introduced the College
Scorecard, a new tool for students and parents to use to learn more about a college’s affordability and value. As he had the previous year, the President emphasized financial aid reform and pushed for holding colleges accountable for keeping tuition costs down (The White House, 2013). Senator Marco Rubio (R., Florida) delivered the GOP rebuttal response. Rubio voiced opposition to the president’s proposed approach of increasing investment in federal student aid programs and instead argued that these programs should be strengthened and modernized by expanding to include online learning, worker retraining, veterans, and by providing better student loan information to borrowers (as cited in Kingkade, 2013, para. 9). Weeks later, Democrats and Republicans presented competing and dueling budget plans for federal spending for higher education (Field, 2013; Nelson, 2013b). This continued political wrangling fuels the long standing pattern of unresolved conflicts over financial aid and also contributes to stalling the progress in the reform dialogue as it had in the past (The New York Times, 1959; Higher Education Act, testimony of Elvis J. Stahl, 1965; Maeroff, 1978; Increasing Student Aid Through Aid Reform, testimony of Charles B. Reed, 2009).

Future research.

In this thesis, the U.S. Department of Education (DOE) was viewed as a product or output of the history of federal financial aid’s evolution, but further research on the role of the DOE in relation to financial aid is suggested. The concept of financial aid began as a way to build national strength and provide needy students with opportunity. As financial aid evolved, the literature increasingly concentrated on the ineffectiveness of and disagreements over financial aid and less on the student. By using a casual model theoretical framework (Murphey, 1973) and a historical approach, this study uncovered social and political intentions and forces that shaped
financial aid that lacked the student voice. Through the causal theoretical lens, this study found that although students are a key stakeholder in financial aid, students were characteristically not the primary focus driving the major players that influenced financial aid development.

**An unheard voice.**

The direction of reform of financial aid may depend on future research focused on hearing the student voice. This study revealed that at each key juncture, the student voice was not heard. A promising common theme of current reform recommendations has been to redesign federal need-based grants, the largest being Pell Grants, to better serve low-income students by being more secure, predictable and better funded (National Association of Student Financial Aid Administrators, 2013). President Obama has emphasized the importance of investing in improving Pell Grants as “the foundation of our national efforts to make college affordable” (The White House, 2009b, para. 1). The nation is presently considering a number of proposals to improve the Pell Grant program. One proposition of Pell Grant reform is to make an early commitment to low-income students and guarantee the funds (Goldrick-Rab & Kelchen, 2012). Another recommendation is to establish the Pell Grant as a mandated cost in the federal budget to protect the program from the risks of uncertainty of the current annual appropriations process (Bidwell, 2013).

The increasing student debt begs for the need for future research through the lens of the student that could inspire stakeholders to put aside differences and engage in a positive and productive financial aid conversation that is focused on developing a student-centered purpose. This study discovered that the student viewpoint in financial aid literature such as the College Board’s CSS Student Advisory Committee Report (1976) provided insightful, practical and
powerful information for improving financial aid. However, the literature review revealed that the student voice was largely muted and there was a limited amount of research focused on the students’ perspective of financial aid.

Young Invincibles, a non-profit organization committed to supporting Americans ages 18-24, highlights the need for further research from the student view to create a student-centered financial aid system (Mishory & O’Sullivan, 2012). The student voice was recently amplified as Young Invincibles, one of 14 organizations awarded a grant to explore financial aid solutions as part of the Bill & Melinda Gates Foundation’s Reimagining Aid Design and Delivery (RADD) project, presented their research findings and recommendations in “The Student Perspective on Federal Financial Aid Reform” (Mishory & O’Sullivan, 2012; National Association of Student Financial Aid Administrators, 2013). Young Invincibles’ study confirmed that the perspective of the student receiving financial aid has traditionally been ignored or discussed as an afterthought by researchers and policy makers. Based on extensive qualitative and quantitative research, Young Invincibles’ recommended that policymakers must incorporate the student voice to guide future financial aid reform.

There is some rising of the student voice. Policy makers are starting to pay attention to the voice of the student recipients who receive financial aid (Garcia de León et al., 2012; Lumina Foundation, 2012; The White House, 2012b). At the March 13, 2013, House Education and the Workforce Committee Hearing on Student Loans, Young Invincibles’ Deputy Director, Jen Mishory spoke from the student recipient perspective:

Last summer, Democrats and Republicans came together to prevent student loan interest rates from doubling, and this year, students can no more afford to have those rates double.
Doubling of the interest rates would cost students an additional approximately $1,000 per year, at a time when college costs are skyrocketing. (as cited in Roca, 2013, para. 2)

This study researched four key junctures in financial aid’s past to better inform our present. A major finding is that the United States is truly at a fifth juncture because of our nation’s growing student loan debt and our need to be globally competitive. At this fifth juncture, as financial aid continues to face a tangled cacophony of diverse social, political, economic challenges that have intensified in complexity in its sixty year history, the student voice may be the key force to mobilizing and driving student-centered reform.
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