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The Federal and State Financial Role in Higher Education

Education is the most important component of any community. The United States has made the choice to invest in higher education on both the federal and state level. There are many components to the government contributions with billions of dollars involved. Currently there are approximately 6,900 postsecondary educational institutional programs and institutions (Department).

Federal Role in Higher Education

While the primary responsibility for education lies with the individual states the federal government is heavily involved. The United States Department of Education was created to ensure a quality school system in each state with every student having an equal opportunity for education. It also was established to support education through federal research.

Federal History of Higher Education

Throughout American history there have been federal programs added and adjusted to support higher education. World War II saw a significant expansion to federal aid with the GI Bill which helped nearly 8 million returning veterans attend college. The US felt the immediate need to compete in science and technical fields to compete with the Soviet Union. The 1960s and 1970s brought the call for equality and civil rights. The issues of poor and disadvantaged urban

students also created the need for change. The Higher Education Act of 1965 was designed to help education become accessible to everyone including those who did not have the means to attend college. It is re-analyzed and re-authorized every four to six years to make sure it is timely and pertinent (Longanecker).

Federal Higher Education Funding Timeline

Year	Title	What was provided
1862	The Morrill Act	Each state was given 30,000 acres of land by the federal government. The proceeds from the sale of the land could help fund colleges that focused on agriculture and mechanical arts
1887	The Hatch Act	Provide direct federal funding to colleges for agricultural research and the creation of stations to help export research throughout the U.S.
1890	The Second Morrill Act	Required states to admit freed slaves to those institutions that benefitted from land grants
1944	The Servicemen's Readjustment Act (GI Bill)	Provided returning veterans of World War II stipends and tuition assistance.
1958	The National Defense of Education Act	Provided financial support to those focusing on science, mathematics and foreign languages.
1958	The National Defense Student Loan (Renamed the Federal Perkins Loan)	The first student aid program for low income students
1965	The Higher Education Act	Provided grants to institutions for research, offered scholarships and loans and created a link between K-12 educators through support and training.
1965	Upward Bound	Prepared low income students for the transition to college
1965	Vista (renamed AmeriCorps)	Increased campus volunteer and service learning opportunities
1965	College Work Study	Provided part time jobs to students
1976	HEA Reauthorization	Required students to make satisfactory academic progress to continue receiving federal financial aid
1976	Middle Income Student Assistance Act (renamed the Stafford Loan)	Made loans available to all college students regardless of income
1992	HEA Reauthorization	Created one form to apply for federal aid called the Free Application for Federal Student Aid. Loan Grace periods extended to 270 days and interest rates were reduced.
2007	College Cost Re-education and Access Act	Cut payments to student loan lenders, increased the maximum Pell Grant award and established loan forgiveness for graduates in a range of public service employment
2009	American Recovery and Reinvestment Act	Increased funding for Pell Grants, invested in Community Colleges and increased support for minority serving institutions. Loans will be made by private companies under performance based contracts with the Department of Education.
		Source: Cooley, DOE, USDA, Yates

Federal Role Today

The federal government offers several options for student financial assistance. The student must fill out the Federal Application for Student Aid (FAFSA) to be considered for any financial assistance. Based on factors including prior year income, current assets and household size the US Department of Education will determine how much the family is expected to contribute toward college expenses. There are also qualifications that must be met to be eligible.

- Must be a U.S. Citizen
- Must have a Valid Social Security Number
- Males must register with the Selective Service
- Must maintain satisfactory academic progress in college

- Must have a High School Diploma or GED
- Must complete six hours towards a degree
- A federal or state drug conviction for an offense that is committed while the student is receiving aid can be cause for disqualification

Federal Student Aid Programs

Pell Grant	Must be an undergraduate and display need	Maximum \$5,550
Federal Supplemental Educational Opportunity Grant (SEOG)	Must be eligible to receive a Pell Grant and have exceptional financial need	Between \$100 and \$4,000
Iraq & Afghanistan Service Grant	Have a guardian or parent who died as a result of military service after Sept 11, 2001	Maximum \$5,550
Teacher Education Assistance for College and Higher Education Grant (TEACH Grant)	Must agree to teach full-time in a high-need field in an elementary or secondary low-income school.	Maximum \$4,000
Federal Work-Study (FWS)	Must show financial need	Provides part-time jobs for undergraduate and graduate students
Federal Perkins Loan	Must show exceptional Financial Need	5% Loan Undergraduate – Max. \$5,500. Graduate – Max. \$8,000
Direct Subsidized Stafford Loan	Must show financial Need	Low Interest loan with deferred interest
Indirect Subsidized Stafford Loan		Interest accrues once the money is disbursed
Direct Plus Loan	Must be a Graduate or Professional Degree Student with good credit	7.9% Loan
Direct Plus Loan for Parents	Be a parent of a student and have good credit	7.9% Loan
Direct Consolidation Loans	Must have at least one Direct Loan or Federal Family Education Loan (FFEL)	Rate not to exceed 8.25%
		Source: DOE, Obama, Yates

While Federal assistance helps many college students with their education the U.S. also contributes heavily to university research. It is considered the largest sponsor with nearly 60% or \$55 billion-of research funding coming from the federal government. There are many departments that contribute to funding research and include: The Institute of Medicine, the Department of Energy, the National Science Foundation and the Department of Defense. The federal government also provides 16 different tax breaks for higher education.

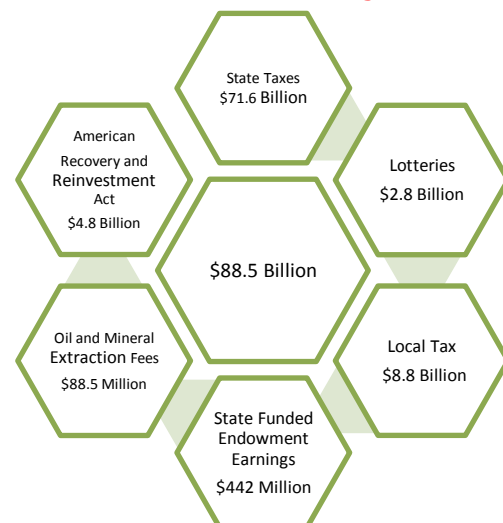
Another type of federal support for higher education is The Fund for the Improvement of Postsecondary Education (FIPSE). The purpose of FIPSE is to encourage innovation in higher education. They offer grants and supports projects that improve higher education. Some of their programs are the Pilot Program for Course Material Rental and the Underground Railroad Educational and Cultural Program (Longanecker).

States Role in Higher Education

While the Federal Government is involved in financially assisting higher education the bulk of their contribution is to the student. Every state has individual control and primary control over public education. Each state has their own department of education and their own laws regarding finance.

The states and local government contribute more heavily than the federal with nearly 89 billion in direct support to higher education. The American Recovery and Reinvestment Act was recently created because of the recession Through this states were able to use federal funds for budget shortfalls

State's Revenue Sources for Higher Education



Source: State Higher Education Executive Officers, 2010

in public colleges and universities. In 2010, 43 states chose to take advantage of these funds.

Each state determines how the money will be distributed. Of the nearly 89 billion collected nearly 80% goes to the general funding of higher education (Cheslock).

State's Distribution of Funds for Higher Education

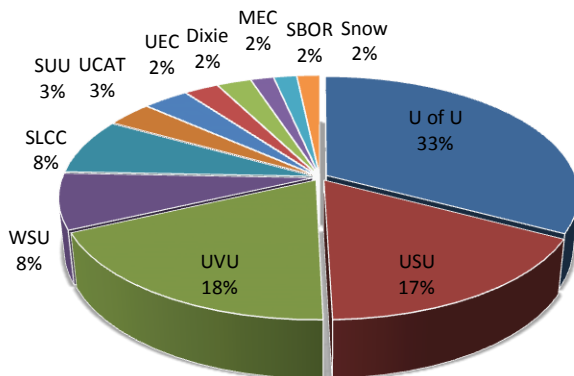


Source: State Higher Education Executive Officers, 2010

Utah and Higher Education

The state of Utah established the Board of Regents in 1969 to create cohesiveness between the colleges and universities and the board is comprised of 19 Utah residents. They appoint and evaluate presidents, direct planning involving institutional missions and roles, determine budget and new program needs. They also submit budgets to the governor and the legislature and approve tuition and fees while advocating higher education needs with the legislature. Recently the State of Utah adopted a goal of 66% of postsecondary credential by

2020 and 55% with an associate's degree or higher for its residents (Pratt).



Allocation of Utah State Funds for Higher Education

The Board of Regents is responsible for the Utah College of Applied Technology (UCAT) which offers 201 certificate programs. The Utah Education Network which works on

innovation in education technology to connect schools and partners. And the Medical Education Council (MEC) which promotes healthcare workforce planning, production and policy (Pratt).

In addition, they are also responsible for eight higher education institutions

<ul style="list-style-type: none"> •Enrollment: 9,086 •Tuition: \$3,288 Dixie State College of Utah 	<ul style="list-style-type: none"> •Enrollment: 33,167 •Tuition: \$2,640 Salt Lake Community College 	<ul style="list-style-type: none"> •Enrollment: 4,465 •Tuition: \$2,520 Snow College 	<ul style="list-style-type: none"> •Enrollment: 7,750 •Tuition: \$4,658 Southern Utah University 
<ul style="list-style-type: none"> •Enrollment: 31,673 •Tuition: \$5,850 University of Utah 	<ul style="list-style-type: none"> •Enrollment: 28,994 •Tuition: \$4,737 Utah State University 	<ul style="list-style-type: none"> •Enrollment: 33,395 •Tuition: \$3,944 Utah Valley University 	<ul style="list-style-type: none"> •Enrollment: 25,483 •Tuition: \$3,773 Weber State University 

Source: Utah State Office of Education, 2011

The Board of Regents also administers two scholarship programs:

- The New Century Scholarship-\$1,250 for semester to high school graduates who receive their Associates Degree in June of the year they graduate.
- The Regents' Scholarship-for students who take a pre-determined set of college readying classes in high school. The award amount is a one-time payment of \$1,000 (Pratt).

The Utah Higher Education Assistance Authority

The Utah Higher Education Assistance Authority (UHEAA) is a subsidiary of the Board of Regents. It administers financial aid programs, scholarship programs, and the Utah Education Savings Plan Trust. The UHEAA's mission is to assist Utah residents in planning for and financing higher education (Utah).

Upcoming Federal Legislation

Some recent federal changes concerning higher education were to change the income threshold for families from \$30,000 to \$23,000 to qualify for a zero expected family

contribution. Also changes to the federal Pell grant award dictate that the student must be responsible for 10% of the award. In addition, Pell grants will be awarded for only 12 semesters rather than 18 semesters (Department).

Upcoming State Legislation

Currently there are several bills pending in the Utah State legislation concerning higher education. The most notable are: SB 39 which leaves the appointment of the Commissioner of Higher Education to the Board of Regents but adds the requirement of concurrence by the Governor and Senate Confirmation. And SJR 22 which would amend the Utah Constitution to restrict new state spending requiring a 60 percent majority vote in both houses to appropriate more money than the current year (Commissioner).

Each year the Board of Regents submits a budget to the state for higher education funding. The recent request was for on-going funding of \$55.3 million above the current year base budget and one-time increases of \$8 million. The requests include various initiatives including performance based funding, enrollment growth, online early college, excellence and efficiency in education and USHE Programs (Grover).

The federal and state government provides financial support to higher education to ensure that the citizens have equal access and opportunities to learn. Throughout history the motivation has been to help students achieve and prepare in order to be successful and globally competitive. Through grants, scholarships, loans and investments in higher education the United States is working towards that goal.

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