

# The War on Poverty and Higher Education

## POLICY BRIEF

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### Introduction

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

What did these programs achieve in the past fifty years? The record is mixed: The number of Americans accessing higher education has increased substantially, and this is at least partly explained by the tremendous growth in federal financial aid to students. However, in the meantime, college prices have also risen rapidly. As a result, loans have become the dominant form of aid today, counter to the original intent of the War on Poverty, which focused on grant aid.

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

Many believe that the War on Poverty, launched by President Johnson in 1964, although pivotal in reframing the goals and approach of social policy, ended up falling far short of its lofty ideals. Contemporary accounts often portray the War on Poverty as a costly experiment that created doubts about the ability of government to address complex social problems. Featuring a multidisciplinary team of renowned scholars, *Legacies of the War on Poverty* challenges and contests this conventional wisdom as too simplistic. The volume examines the empirical evidence accumulated over the past 50 years and offers a balanced and broad assessment of the long-term impacts of the War on Poverty.

### Lasting Changes

The War on Poverty created an impressive set of financial aid policies and established an active federal role in supporting college access, one which reverberates in today's financial aid

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programs. But the true measure of the impact of the War on Poverty on higher education is what effects it had on increasing college access and educational attainment. Enrollment rates have increased. Among high school completers who were 18- to 24-years-old in 1967, 34.5 percent of White students and 23.3 percent of Black students were in degree-granting institutions. By 2010, 68.1 percent of young people had enrolled in college the October immediately following high school.

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

- The War on Poverty marks the beginning of an unprecedented increase in federal spending on college student support. Total federal aid increased from \$1.6 billion (in 2010 dollars) shortly before the War on Poverty to more than \$169 billion by 2010-2011, with an initial jump in spending from 1964 to 1970.
- The War on Poverty largely established the basic aid landscape – a mixture of grant, loan and work-study programs. For example, it created the Pell Grant, largest need-based grant program that continues today and serves as the foundation of the aid system. In the 2010–2011 school year, 9.1 million students, 43 percent of all students, received the Pell Grant. Research has shown that reducing the price of higher education using financial aid promotes college access and degree attainment.
- The War on Poverty also acknowledged the importance of academic preparation and information in making college access possible. The TRIO programs, introduced in 1965 and 1968, represent the first major efforts to address these issues related to the transition from high school to college. In 2007, about 845,000 students participated in 2,886 TRIO projects around the country.

## **Challenges and Lessons for the Future**

Despite substantial increases in access to higher education over the last several decades, postsecondary attendance continues to be stratified by family income and race, though women have passed men in college enrollment and persistence.

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

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

- *Information and simplicity are important.* The mere existence of an aid program is not enough to encourage enrollment: the visibility and design of the program also matter. In several cases, researchers have failed to document large, general responses to the introduction of financial aid programs (for example, the Pell grant). On the other hand, the research suggests aid programs can be very successful when they are well publicized, and they are relatively easy for students to understand and apply.
- *Not all aid is equal.* Although grants have been shown to be effective in influencing student decisions, research suggests that loans may be less effective in increasing college enrollment than grants. The direct cost to the government for providing loans is less than that of grants because loans must be repaid by students, but when the increased complexity of loans and their potential negative impacts on short- and long-term academic, career, and family outcomes are taken into account, the full costs of loans may be much higher than just the direct costs. Therefore, it is not clear whether loans are a more cost-effective policy option.

More needs to be understood about the effects of the loan and work study programs, including the long-term effects of debt burden. Moreover, additional research is needed on the specific design elements necessary to make a policy successful. Related to this is the role of information and outreach. More concrete recommendations on how to design policies and reach students are necessary.