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By Matthew B. Fuller

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Colleges, universities, and the communities they serve have always been concerned about students' abilities to pay and the systems of aid to support students' learning. This article reviews the history of aiding student in higher education. Early student- and institutionally-led programs are discussed along with initial philanthropic and charitable efforts. The author argues that the nature of financial aid has shifted from a locally-drive philanthropic effort, to a complex federal system, and, finally, to a system focused on political discourse. After describing this shift, the author discusses implications for the stability of financial aid and higher education in America.

Key Words: *History, financial aid, loans, philanthropy*

The National Center for Educational Statistics (2012) estimated that fifty-five percent (11.5 million students) of college and vocational program students received some form of financial aid in 2010. This percentage increased when accounting for college or university students only; seventy-four percent of college and university students received some form of financial aid in 2010 (NCES, 2012). Financial aid has become a fundamental expectation of students and institutions. The history of how America's system of financial aid developed to a point where nearly three-quarters of college or university students take financial aid warrants further consideration of scholars and practitioners in the field.

This manuscript analyzes several primary and secondary sources to provide a broad overview of the long and storied history of how societies provided aid to higher education students. Furthermore, it describes and analyzes how a variety of historical episodes demonstrate the manner in which aid evolved as a result of higher education and societal developments, and signals the emergence of a *political agenda-based philosophy of student aid*. Reviewing these historical episodes reveals that student financial aid has evolved from local, mostly philanthropic efforts, to a nationwide system of aid, interconnected and responsive to changes in American higher education and society. Traditional scholarship has focused on applications and debates between need-based and merit-based philosophies of financial aid. This manuscript reviews historical evidence to discuss a shift from local, philanthropic efforts to government control and outlines how contemporary financial aid is increasingly driven by political priorities rather than student need or merit.

These analyses better situate financial aid practitioners in understanding their profession and calling upon history to reflect upon current financial aid polices and philosophies. The manuscript is written in a loose chronological order. The complexities of financial aid do not allow for a perfect chronology of events since several movements within and outside of financial aid and higher education evolved simultaneously or separately. Wherever possible, primary sources of historical evidence were used in the research and writing of this document. Contemporary popular press and legislative sources served not as definitive scholarly evidence, but to depict the historic contexts of financial aid and social discourse in America. Despite efforts to present an exhaustive review of the history of financial aid, it would be nearly impossible to cover the entire topic in full detail. The financial aid of each period of higher education is a subject of its own, worthy of further review by scholars and practitioners desiring a more clear understanding of the foundations of financial aid.

Nonetheless, if one traces the historical evidence of financial aid, one finds a unique story that speaks to the manner in which institutions, students, policy-makers, and society inter-relate and respond to the contexts of their day. One also finds a complex, evolving system of philanthropic programs, scholarships, grants, and loans aimed at supporting the educational pursuits of students. Throughout its history, financial aid has had a tremendous influence on institutional quality, accreditation, enrollment, admissions, teaching, research, physical infrastructure, and institutional policies, to name a few. Viewing financial aid's history allows scholars and practitioners to understand how institutions and policy makers have responded to external pressures, how they have advocated for student access to education, and how society has sought and achieved the goals it espouses for an educated citizenry. Like much of America's higher education history, one must first consider the religious foundations of patronage and philanthropy in medieval European universities to understand the foundations of financial aid in the U.S.

Sponsorship and Charity in Western Medieval Universities

Understanding how professors were paid offers key considerations in understanding student financial aid systems in medieval universities. Three sources of financial support were generally recognized in these early institutions: student-paid, church-paid, and crown- or state-paid (Thelin, 2011; Wilkinson, 2005). For example, at the oldest, continually running university to grant degrees throughout its entire history—the University of Bologna—students directly hired professors for their services. How students raised the necessary capital to pay for these services was usually a function of family income. However, student financial needs also led to a unique system of pooling financial resources. In the 1100s, the University of Bologna was a mecca for intellectual and cultural life and students came from across Europe to study with preeminent scholars (Long, 1994). Bolognese professors were not organized into a university in the modern sense of the term. Instead, each professor operated more or less as a freelance instructor, offering courses of his own design and charging whatever fees students were willing to pay. If a professor offered antiquated, irrelevant classes or was a poor, abusive, or belittling instructor, students simply went to another professor, taking their payments with them. Professors only got paid if students found their courses worth taking and if they limited the cost of their courses. This system not only ensured professors offered relevant, well-taught, and supportive classes, it led to an institutional economy driven by the proverbial *invisble hand* of competition (Long, 1994).

As Bologna became crowded with foreign students and local citizens, professors imposed rules aimed at drawing down the number of foreign students (Long, 1994). Under this system, foreign students were held responsible for the debts of fellow countrymen. For example, if an English student owed money to a Bolognese citizen or faculty member but left before paying that debt, other English students were made to pay the original debt. As a result, foreign students banded together into an association referred to as a *nation* with all English students comprising one nation, all French students comprising another, and so forth (Long, 1994). As situations arose where a student needed assistance paying off a financial debt, members of the nation supported the need through pooled resources kept in loan chests by senior students. Eventually, these nations pooled resources to support student debts and needs related to schooling, supporting those who could not afford a full course of study. These early practices were, thus, need-based and were the root of an ethos of aiding students in educational pursuits.

The pattern of aiding poor clerks—students of theology bound for ministerial life—was well established in England by the Thirteenth Century (Wilkinson, 2005). However, the types of aid to poor students "varied, from free places given in return for doing college chores to access to kitchen leftovers to a license to beg like a mendicant priest" (Wilkinson, 2005, p. 65). Poor students were frequently made to work their way through college, often through apprenticeships, labor positions, or as servants to professors (Cobban, 2002). However, efforts the modern student would recognize as *scholarships* were also employed. On the whole, these scholarships were not usually awarded through competition or on basis of merit or need, but as gifts between wealthy families, excluding the neediest of students (Sears, 1922). However, Wilkinson (2005) noted that "the starting point [of an ethic of aid to students] was Jesus' care of the poor and afflicted, linked to the idea of supporting pious learning" (p. 65). Those families that could afford to do so found it pious and comforting to assist in the educational pursuits of poor students. Thus, from its earliest days, student aid included the notion that enterprising students—especially poor students—ought to be able to improve their situation in society and patronage of this effort was good and virtuous. This overarching ethos of patronage and charity in medieval Europe was the root of *charitable colleges* and *charitable chaplains* (Rubin, 1987). Wealthy benefactors would give monetary scholarships to poorer students in exchange for acts of mercy or penance. For example, in 1257, the executors of William Kilkenny, the late bishop of Ely, gave 200 marks to support two students of theology at Cambridge University who were to pray for Kilkenny's soul and do good deeds in his name (Clark, 1897). Similar endowments were left to various colleges and priories associated with Cambridge and Oxford (Cobban, 2002).

These religious foundations of patronage shaped the way colleges, universities, faculty, and administrators operated for centuries to come. Early accounts by senior faculty at medieval institutions recounted the extensive work they did in securing funds from external supporters for institutional needs and student support (Cobban, 2002; Rubin, 1987). Universities, colleges, buildings, and programs were named in honor of donors and fueled philanthropic giving as a sign of wealth and piety among wealthy families (Wilkinson, 2005). Aid to poor students also resulted in differentiated services (i.e. lower-cost housing and dining facilities for poor students; higher-cost facilities for wealthy students) and dictated how curricula and programs were specialized according to socio-economic status (Wilkinson, 2005). Before the American colonies were established, a system of aid to students was well underway in Europe, providing a general pattern for American colonial colleges.

Financial Aid in Colonial America

The American system of higher education continued the tradition of sponsorship, charity, and patronage established by European universities. It was not until 1639, with the passing of Charlestown, MA minister John Harvard—who left New College his entire library and half of his wealth, or £780—that New College had sufficient means to hire faculty, erect buildings, and attract students. New College was rechristened as Harvard College in 1639 and Newtown was renamed Cambridge*,* after the English university John Harvard attended (Cobban, 2002).

Wealthy colonists played important philanthropic roles in sponsorship and patronage of grade schools and institutions of higher learning in the Colonies. Acts such as the Old Field School Laws established an overarching ethos of charity and support of schools as the standard way of life among wealthy colonists (Urban & Wagoner, 2008). While such laws and acts did not establish federal or state support of individual students, they did contribute to the general sense that supporting students in their educational pursuits was proper and advanced the vitality of the Colonies.

Cast in this context, wealthy patrons established endowed scholarships for students. By 1643, Harvard had received funds for its first endowed scholarship from Lady Anne Radcliffe Mowlson, who stipulated that interest on her donation of £100 be used to aid poor students' pursuit of education (Mowlson, 1643). Following Lady Mowlson's example, a host of Colonial elites made collegiate giving their primary philanthropic pursuit. As with many ideas in higher education, the concept of the philanthropic scholarship spread like wildfire from Cambridge. Scholarships were established by early benefactors at William and Mary, Yale, Princeton, and the University of Pennsylvania (Thelin, 2011).

During the Revolutionary War, colonists' philanthropic efforts were diverted from student aid toward military efforts. The general pattern of scholarships was well established before the United States of America even existed, and, as in England, was usually a matter of gifting between elite families (Wilkinson, 2005). Wilkinson noted that "the American Revolution did not revolutionize student aid" (p. 69). However, the Revolution did influence patterns of student lending in two indirect ways. First, the Revolution ushered in a burst of westward expansion, including the first colleges operating west of the former colonial territories (Wilkinson, 2005). To fund this expansion, colleges had to maintain reasonable costs and at least some form of charity or tuition aid to attract students. Second, the Revolution discredited hereditary privilege and aristocratic exclusiveness (Wilkinson, 2005). Instead, the new country's citizens favored a commitment to the idea of "an educated citizenry" (Wilkinson, 2005, p. 70) and believed supporting students' educational needs would reap societal benefits. As Wilkinson (2005) noted, "scholarship aid [following the American Revolution] was at least as important symbolically, aligning colleges with republican, antiaristocratic virtue, as for anything it did materially for students" (p. 70).

Financial Aid in the New and Industrializing Nation

Transformation of the American way of life was unbridled from the American Revolution through the conclusion of the War of 1812. Numerous changes in social, cultural, and industrial archetypes occurred, providing new pressures on higher education. In much the same way that the Revolution expanded higher education westward, so did the Louisiana Purchase of 1803 press the need for funds to support collegiate expansion. Financial aid efforts were critical in this funding effort (Wilkinson, 2005).

However, financial support of institutions was generally still a matter of philanthropic support from wealthy citizens devoted to supporting student needs (Thelin, 2011). While scholarships were prevalent, a cogent, centrally coordinated system of financial aid and a system to measure student merit had yet to develop. As such, a student's financial history remained the primary means of assessing their need for financial aid. Harvard was the first to develop a new system of financial aid that quickly advanced throughout the nation's institutions and eventually into the federal government.

In 1838, Harvard established a private student lending agency responsible for making zero-interest loans to students who could otherwise not afford to attend. The program, known commonly as the Harvard Loan Program, was a part of Harvard's General Beneficiary Fund raised by wealthy alumni and benefactors. Students seeking support through the loan fund had to make their petition for such support to the university president by the first day of classes, stating what forms of aid they already had or were expecting to receive from the University and, if under twenty-one years of age, provide a written approval for taking out the loan from their parents (Harvard University, 1874). Support of "young men of ability to [earn] an education, when their families are not able to help them, seems a peculiarly judicious and useful charity…" (Harvard University, 1874, p. 13). Similar loan programs spread from Harvard University to other Ivy League and state colleges in the mid- to late-1800s (Cohen & Kisker, 2009; Thelin, 2011).

Connections to Testing: The Harvard Scholarship Exams

The period from 1870 to 1945 was characterized by transformations in campus buildings and layouts, enrollment in higher education, and finance of educational endeavors (Cohen & Kisker, 2009). In 1870, approximately 63,000 students were enrolled at 250 institutions of higher education in America. By 1945, nearly 1.7 million students crowded into 1,768 colleges and universities (Synder, 1993). During this period, academic disciplines were also developing and focusing on new purposes for educating students. Industrialization in this period heightened the need for men skilled in scientific approaches to agriculture, military sciences, psychology, business, and education (Cohen & Kisker, 2009). This period also saw the professionalization of many disciplines such as psychology, chemistry, engineering, law, medicine, and education (Menand, 2001). Professional organizations and, in higher education, accreditation agencies, were founded and focused on admissions standards and criteria to determine who should be allowed to practice in the disciplines. Many professional agencies lacked a way to determine which students were intelligent enough to warrant education in U.S. universities and colleges. Drawing from experiences in military testing, psychology offered a solution that would eventually form the foundation for scholarship and admissions exams in American higher education.

Much has been said and written about the development of the field of psychological testing through U.S. Army intelligence testing and sorting programs (DuBois, 1970; Giardano, 2005; Gould, 1996; Gregory, 2004; Lemann, 2000). However, testing also holds importance in the history of financial aid as the nation's oldest admissions test, the Scholastic Aptitude Test, was first administered to identify the brightest entering students for scholarships (Lemann, 2000). In 1933, James Bryant Conant became the President of Harvard and almost immediately began a new scholarship program for academically gifted boys. He delegated Henry Chauncey, then an assistant dean at Harvard, the task of finding or creating an exam that could rank candidates' skills so that the most gifted students received these scholarships. Chauncey had served as an Army test administrator and had met one of the leading psychological measurement minds of his time, Carl Brigham, developer of the Army Mental Tests (Lemann, 2000). In 1934, Chauncey answered Conant's call and, together with Brigham, took a modified version of the Army Alpha Test and the Scholastic Aptitude Test (S.A.T.) to Conant as a method to select the brightest scholarship applicants at Harvard based upon the students' merits. In 1938, Chauncey convinced the College Board to offer the S.A.T. as a standardized exam for the purpose of identifying the brightest students for scholarships. By 1941, the S.A.T. was administered to all incoming Harvard students as a requirement of admission. By 1944, all Ivy League schools and many prestigious public institutions required minimum S.A.T. scores for admission and scholarship awards (Lemann, 2000, p. 8-9). With the development of admissions and scholarship examinations, measuring a student's abilities and merits became an alternative to need-based methods of awarding financial aid.

A Growing Sense of Governmental Provision

Concurrent with developing scholarship and loan systems, a system of military pensions was developing that influenced student financial aid by entrenching an ethos of governmental provision for individuals. Eventually this sense of provision set the stage for the government to play an increased role in providing financial assistance for soldiers' and citizens' higher education pursuits. Military pensions had been a part of America's history since the Revolutionary period. Even before George Washington was able to assemble and train American military men, Congress enacted the first American pension system to entice colonists to take up arms. However, early financial troubles resulted in the denial of many Revolutionary War and War of 1812 pension applications (Clark, Craig, & Wilson, 2003; Veterans' Administration, 1821). By the close of the Civil War, however, the pattern for military pensions was relatively set and stable with injured veterans, widows, and honorably discharged servicemen being eligible for long-term financial support.

Governmental pension plans for military men and their widows did more than pay soldiers for service to the country. They established a general sense that the government should, to a growing extent, provide for the financial well-being of its citizens, particularly its veterans. Nonetheless, government military pension programs have never been perfect. Protests over unpaid benefits have followed every American War, the most notable being the Bonus Expeditionary Force or Bonus Marchers from World War I. In the spring and summer of 1932, an estimated 43,000 marchers—World War I veterans and their families—occupied Washington, D.C. to protest the government's empty promises from the Bonus Act of 1924. Ultimately, military men and tanks under the command of Douglas MacArthur were mobilized to remove the veteran marchers and burn their camps, killing two protesting veterans. Many, including Franklin Roosevelt, criticized the fact that American troops were deployed against American veterans exercising their right to protest and assembly. This sentiment proved too steep for President Hoover to overcome and he lost reelection to Roosevelt in 1932.

Having seen the damage wrought upon the government by the events of 1932, President Roosevelt wanted to avoid a second Bonus March (Humes, 2006). Reliable access and expectations of pensions provided a direct motive for passing the Servicemen's Readjustment Act of 1944. The fact that servicemen were willing to march on the nation's capital to demand their pension payments indicates that pensions evolved from an individual benefit to collective entitlement by the start of the Second World War. First with veterans, and later with civilian citizens, the growing sense of financial support and entitlement would provide the foundation for financial aid in higher education that opened the campus gates and transformed American higher education forever.

Solidifying Aid Systems: The Servicemen's Readjustment Act of 1942

That the Servicemen's Readjustment Act of 1944, more commonly known as the G.I. Bill, was a transformative watershed moment in the history of higher education is an understatement. In the span of one decade after its implementation (1944 to 1954), enrollment in American higher education more than doubled from 1.15 million students to 2.45 million (Synder, 1993). The G.I. Bill positioned the federal government in the critical roles of financier and coordinator of higher education for millions of Americans. Perhaps the greatest irony of the G.I. Bill is that even though it made direct cash grant payments to veterans pursuing higher education, its housing loan program served as a more apt pattern for future student loan programs.

With images of the botched Bonus Act of 1924 on their minds, the Senate and House drafted a non-bonus-based bill that allowed servicemen to choose what and when to use three major benefits: (a) unemployment benefits; (b) low-interest rate, no down payment housing loans; and (c) stipends to support continued education and training. However, the Senate, House, and President Roosevelt disagreed on various employment and health care provisions discussed early in the Bill's creation. Part of the contention over employment was statistics for expected educational enrollment and homeownership were presented definitively as undesirable to most servicemen (Humes, 2006). In three different surveys between 1943 and 1945, the War Department sampled a cross-section of servicemen and determined that between seven and eight percent of servicemen planned to capitalize on the education benefits being considered (Army Service Forces, 1944; Olson, 1973). Policy makers and advisers also assumed most veterans would return to their previous place of residence and settle in apartment complexes in urban employment centers, making housing benefits moot. While education and housing benefits were presumed to be non-issues, the debate over guaranteed employment set the stage for a political battle that threatened the passage of the G.I. Bill altogether (Olson, 1973). Post-War America simply did not have enough jobs for millions of returning veterans.

Armed with survey data and stoked by heated debates in Congress, the government expected results. Instead, it got consequences. Before the war, college and homeownership were unattainable American Dreams and fewer than half of the Pre-World War II servicemen had even graduated from high school (Army Service Forces, 1944; Synder, 1993). By 1947, veterans accounted for half of the college admissions in America (U.S. Department of Veterans' Affairs, 2012). Between 1944 and 1952, the Department of Veterans Affairs had lent money on over 2.4 million guaranteed, no-interest home loans to veterans. Ironically, few veterans sought the employment provisions laid out in the Bill and less than 20% of the funds set aside for that program were used (United States Department of Veterans' Affairs, 2012). In contrast, by the end of the programs in 1956, 2.2 million servicemen had capitalized on the educational benefits offered by the Bill (Army Service Forces, 1944). The Depression era-boys that went to War against the Axis came out as family men, homeowners, and college graduates thanks to the massive federal investment in their future (Humes, 2006).

The G.I. Bill had three direct effects on the nature of financial aid in the United States. First, it formally established the now-familiar structure of federal student support of servicemen, which later provided a precedent for federal and private aid to non-enlisted citizens. In regards to student lending, the G.I. Bill established low-interest, no down payment housing loans, a precedent for low-interest student loans of latter decades. The G.I. Bill also cemented the federal government's role as co-signer on housing loans with veterans, fashioning the now-familiar guaranteed loan program associated with federal student loans. On a deeper level, the G.I. Bill solidified an approach to supporting higher education through students, rather than directly to institutions. This philosophy would direct most federal lending toward educational needs for the next two decades.

Second, the G.I. Bill established the policy of connecting institutional quality to financial support through professional self-regulation and accreditation. When the Bill was reauthorized in 1952 in preparation for returning Korean Conflict veterans, the federal government provided educational benefits only to veterans applying to high quality, accredited institutions.

Finally, the Bill transformed the nature and structure of higher education. Virtually overnight, institutions had to accommodate many more students from social classes that had previously been excluded from higher education. The G.I. Bill provided impetus for the professionalization of the student financial aid administrator's role. Institutions needed trained administrative professionals to manage the revenues and bureaucracy of the massive federal investment in higher education. America also needed a means of sorting the mass of students into appropriate programs and institutions. Scholarship and admissions exams stood ready to suit this need. As Cohen and Kisker (2009) noted, virtually every aspect of higher education was fundamentally transformed by the G.I. Bill.

Post-G.I. Bill Developments

Following the establishment of the G.I. Bill in 1944, the story of financial aid in the United States is mainly one of exponential growth in student enrollment and unprecedented fiscal investments in higher education. In addition to this tremendous growth, the transformative period following the Second World War also ushered in new discourses in quality and access to higher education through the federal government's investment in higher education. In each decade since the establishment of the G.I. Bill, the U.S. government produced commission reports, Acts, or mandates questioning the government's financial support of citizens' education. In many respects, the post-G.I. Bill history of financial aid is a story of growing societal discord with the cost and quality of a system of higher education thought by many to be on the government dole (Wilkinson, 2005).

The Higher Education for American Democracy Report and Senate Special Committee Investigation of National Defense Program (a.k.a. The Truman Commission Report) were two prominent reports that questioned the return on the government's investment in higher education and concerns of private profiteering, respectively. Both reports relied on site visits to highlight issues in educational and military organizations. Among many sweeping recommendations, the Truman Commission Report called for federal and nation-wide support of "scholarships, fellowships, and general aid" (Zook, 1947, p. 33) that were equitably distributed across the states and different racial subgroups. However, the Truman Commission Report did not offer or authorize specific frameworks for accomplishing this coordinated effort. Instead, it focused on the needs of racial minorities and poor students to obtain access to higher education.

Following the Trumann Commission's example, the Senate established a Special Committee on Labor and Public Welfare with a Select Committee to Investigate Educational, Training, and Loan Guaranty Programs under the G.I. Bill (U.S. Congress, 1951). This Select Committee sent investigators out to institutions across the United States in much the same way the Truman Commission Report did. Between 1950 and 1952, Select Committee investigators uncovered 258 institutions with problems, chief among these being apparent flaws in institutional quality, an inability to teach students anything of significance, and perhaps most egregiously, in the eyes of investigators, overcharging of students on federal aid (U.S. Congress, 1951, Appendix D). This Special Committee Report was the first of many arguing that federal lending and aid to students was increasing college costs as campus leaders realized the untapped potential of resources available through federal aid.

To counter this argument, the Veterans' Readjustment Assistance Act of 1952[1], a reauthorization of the Servicemen's Readjustment Act of 1944, offered a nuanced pattern for federal aid to Korean War Veterans. Rather than pay benefits directly to students enrolling at any institution as the original G.I. Bill did, the 1952 reauthorization provided educational benefits to students enrolling only at institutions that met specific quality criteria. Eligibility for federal educational assistance for veterans was limited to students enrolling in institutions accredited by an organization recognized by the U.S. Secretary of Education (Thelin, 2011). Rather than establish a federal ministry of education for higher education institutions, the 1952 Act established the federal government's reliance on accreditation agencies to determine quality. In doing so, the federal government established the current system of access to federal funds through self-governance and peer review while also balancing its distance from higher education oversight.

Similar provisions about institutional quality and access to federal funds through student intermediaries were outlined in the National Defense Education Act of 1958 [NDEA], an Act that invested $575 million in accredited higher education institutions (Archibald, 2002; Cohen & Kisker, 2009). The NDEA also established the National Defense Student Loan System, later named the National Direct Loan System and, eventually, the Perkins Loan program. These loans were made directly from the federal government to civilian and military graduate and undergraduate students in areas supporting national defense on a basis of financial need. Fleming (1960), however, noted many of the loans were awarded to students in military sciences, engineering, science, math, and education regardless of student financial need. As a revolving loan program, states were obligated to deposit $405 million into loan accounts over the course of the program, allowing future students to benefit after the NDEA concluded. Individually, these loans ranged from approximately $1,000 to $5,000 and were to be repaid after graduation through a ten-year term and with a 3% interest rate.

The National Defense Student Loan System also formalized a loan forgiveness clause, the first of its kind for federal aid. To support growth in education jobs, pre-service teaching students received a 15% reduction in their loan payments for each year that they taught in a school. As one of the early major federal attempts to lend civilians dollars for school attendance, the National Defense Student Loan System was successful in opening the doors of higher education for many students previously unable to attend college. In 1940, roughly 500,000 college-aged students—or 15% of their age group—attended college. Thanks to the G.I. Bill and later the NDEA and its Loan System, the percentage of college-aged students attending college in 1960 had swelled to 30% or four million enrolled students (Fleming, 1960; Synder, 1993). The NDEA also marked the beginning of the federal government's role in shaping the kinds of students entering and graduating from colleges and universities, thus, signaling the emergence of a priority- or agenda-based philosophy of aid to students aimed at ensuring economic vitality and national security through financial aid policy.

Developments in the private sector also refined the U.S. system of student aid following the enactment of the G.I. Bill. In 1954, the College Board's College Scholarship Service opened with the aim of providing low income and minority students with funds to pursue higher education (College Board, 2012). Applicants with financial need could complete a profile form and staff at the College Scholarship Service would play match-maker by providing information to colleges looking for such candidates. This approach has been considered a precursor to the present Free Application for Federal Student Aid (FAFSA), the primary means of measuring student financial need. The College Scholarship Service was also an early attempt to expand student aid to new sectors of society, namely, low-income and minority students. Nonetheless, societal attitudes had shifted and questions over access and affordability for a wider array of students were common political discourses by the 1950s and 1960s (Wilkinson, 2005). Political discourses about national security, Communism, and economic vitality coupled with discourses on the new role of the government in student lending and the government began a focus on using financial aid policy to advance political agendas.

Concerns Over Price Fixing: The Overlap Group of 1958

The College Scholarship Service also encouraged the creation of cooperative relationships between institutions to aid in identifying the widest array of students in need of financial assistance. Wilkinson (2005) noted that by the mid-1970s at least 150 institutions were participating in twenty-four collaborative groups supported by the College Scholarship Service. The extent of the collaborations ranged from setting common financial aid policies to setting equal prices for financial aid offers to students (Wilkinson, 2005). The most enduring of such groups was *The Overlap Group* formed in 1958 by agreements between nine Ivy League and fourteen other private and public institutions (Wilkinson, 2005). The group's purpose was to limit the number of need-based scholarships offered among partnering institutions and "neutralize the effect of financial aid so that a student may choose among Ivy Group institutions for non-financial reasons" (*United States v. Brown University,* 1993, 292-293). Institutional representatives on the Overlap Group met annually to set the prices of tuition and fees for students admitted to multiple institutions. The Ivy League institutions saw this effort as a means of distributing scholarship dollars among the greatest number of needy students by ensuring that no one institution would offer more money to students with the highest test scores. For three decades, the Overlap Group set prices for mutually-accepted students (Browning, 1992; Kreisler, 1991; Matlock, 1994).

The 1980s saw eroding public sentiment for rising college costs. Beginning in 1989, the Justice Department began investigating financial aid practices of Overlap Group institutions and, in 1991, filed a complaint alleging the institutions colluded in fixing tuition prices, a violation of the Sherman Anti-Trust Act. The Justice Department filed their complaint against the nine Ivy League institutions. The U.S. Court of Appeals for the Third Circuit ultimately found that an anti-trust violation had indeed occurred. The court's reasoning was founded upon the belief that the Overlap Group's efforts to set prices at standard rates across all institutions eliminated price competition for outstanding needy students, allowing Overlap Group institutions to set whatever tuition and fee prices they wanted.

Eight of the nine institutions involved in the Overlap Group reached a pre-trial settlement wherein they would not meet to set prices of tuition or discuss financial aid of mutually-admitted students (Browning, 1992). However, the Massachusetts Institute of Technology refused to settle and, thus, faced a ten-day court hearing, which they ultimately lost. As a result of this case, institutions would be allowed to share limited financial information but would not be allowed to set prices for mutually-admitted students or engage in other actions that effectively eliminated price competition.

The Overlap Group ceased to meet in 1991 and the practice of setting standardized tuition and fee costs through similar groups discontinued shortly thereafter. In 1992, President George H. W. Bush signed a reauthorization of a longstanding Act, allowing a two-year window for institutions to establish information sharing consortia that would discuss student financial aid on the basis of documented financial need only. Institutions were not authorized to adjust prices based upon these discussions and could not discuss individual students' cases. The bill President Bush reauthorized was not even in existence in 1958 when the Overlap Group was formed. It has, however, been the most far-reaching piece of legislation guiding contemporary American higher education and student financial aid: The Higher Education Act of 1965.

The Higher Education Act of 1965

The Higher Education Act of 1965 was a highlight in President Lyndon Johnson's legislative accomplishments and stands out as one of the seminal moments in American higher education history (Cohen & Kisker, 2009; Thelin, 2011). The Act cemented the federal government's involvement in higher education and permanently established a philosophy of higher education as an issue of national interest. The Higher Education Act also established nine titles outlining the administrative structure for a variety of programs in higher education, while also requiring institutions accepting Title IV funds through students to adhere to recognized accreditation standards and report data on institutional quality and operations. Title IV of the Higher Education Act of 1965 provided for a guaranteed loan program by backing the loans between student and private lenders with the full faith of the federal government. Under early direct loan programs, students borrowing money were doing so by borrowing U.S. Treasury funds. In contrast, the 1965 act established a guaranteed loan program that carried with it the full promise of the U.S. government to repay private lenders if a student defaulted on their loan (Zumeta, 2001).

In the 1972 re-authorization of the Act, the institution-based philosophy of supporting higher education was critically challenged and the student-based *intermediary model of lending* became prevalent. The 1972 reauthorization established the Educational Opportunity Grants designed to support access to higher education to students with the greatest financial need, and the Guaranteed Student Loan Program, later known as the Stafford Loan, through which the federal government paid interest payments for students while they were enrolled in college. The 1972 reauthorization also initiated the State Student Incentive Grant Program, offering matching funds to state governments to encourage locally-meaningful, need-based aid programs. Within three years all fifty states actively participated in this program (Archibald, 2002).

Though the pattern for the federal, state, and institutional lending relationship was relatively set by 1972, later reauthorizations did offer equally important changes. The Higher Education Act has faced reauthorization in 1968, 1971, 1972, 1976, 1980, 1986, 1992, 1998, and 2008, with its latest reauthorization expiring in 2013 and expected to be reauthorized in 2015 (American Association of State Colleges and Universities State Relations and Policy Analysis Team, 2014). However, scholars have generally acknowledged that the 1972 reauthorization cemented the "basic charter of today's federal student aid system" (Gladieux & Hauptman, 1995, p. 16), with students as the intermediaries of funds between the federal government and institutions.

The 1980 reauthorization saw the proposal of a new form of federal aid as a part of the Basic Educational Opportunity Grants Program. Unlike federal lending programs, this student-based grant program, ultimately named after Senator Claiborne Pell, did not require repayment and was a substantial investment in the educational futures of low- and middle-income students. In 1980, Pell Grant recipients had to have total family income of less than $25,000 annually, and nearly 2.7 million students took advantage of this need-based grant program (Gladieux & Hauptman, 1995).

By 1980, institutions and students had a variety of choices in federal financial aid. In 1988, Congress renamed the Federal Guaranteed Student Loan program, which had grown to the largest loan program offered by the federal government, to honor Vermont Senator Robert Stafford. The Stafford Loan Program has been the major federal lending program almost since its inception. In 1989, just one year after its re-designation as the

Stafford Loan Program, 26.8% of federal loans offered by the federal government were Stafford Loans (Wei & Skomsvold, 2010). Moreover, the prevalence of Stafford Loans as a portion of federal lending has steadily grown throughout the program's existence. In 1989-1990 the Stafford Loan Program accounted for 26.8% of all federal loans. By 2007-2008, the percentage jumped to 45.5% (Wei & Skomsvold, 2010). This growth was driven by rising costs in tuition and fees throughout the 1980s and 1990s. Moreover, Wei & Skomsvold (2010) note a striking and historically persistent characteristic of the Stafford Loan program: A tendency for students to take out loans at the maximum allowable amount. In any given year, about sixty percent of students taking out Stafford Loans take out the maximum amount they can (Wei & Skomsvold, 2010).

The Pell Grant and Stafford Loan programs solidified the federal government's role in aid to students, ensuring access to higher education, establishing expectations for institutional quality, and solidifying a loan-based approach to federal aid. However, throughout the 1970s and 1980s, politicians and their constituents began questioning why federal resources were not supporting the education of middle- and upper-class students (Zumeta, 2001). The Middle-Income Assistance Act of 1978 widened the availability of Pell Grant and Stafford Loan program eligibility to more middle class families (U.S. Congress, 1978). However, a gap between student aid for the middle class and college affordability was widening as the cost of tuition began a decade-long period of triple digit percentage increases (Zumeta, 2001). As the 1980s began, Ronald Reagan promised to reduce college costs and financial aid policies would be the tools for achieving this goal.

The Bennett Hypothesis

President Regan's Secretary of Education, William J. Bennett, was perhaps the most vocal opponent of college spending and argued that colleges and universities were—and had been for some time—increasing tuition simply because federal student aid was readily available. Much like Truman's Commission Report, which highlighted profiteering in higher education in the 1950s, Bennett (1986, 1987) argued that higher education institutions hiked tuition costs by 6-to-8 percent each year for nearly a decade simply because financial aid was available for the taking. Bennett further decried institutional leaders who asserted that tuition costs were a result of reductions in state support of higher education. Naming specific, high-profile presidents, Bennett questioned the data campus presidents had access to, calling such claims of failing state support fallacies, myth, and lies (Bennett, 1987).

Nonetheless, Bennett's arguments and rhetoric struck a nerve with many political leaders, media outlets, and general citizens in the 1980s and 1990s and fueled a growing societal distrust of higher education costs (Zumeta, 2001). Academic, political, and popular press outlets pushed Bennett's argument and the notion that more federal aid led to increased tuition costs has since been referred to as the *Bennett Hypothesis*. Since the 1980s, educational researchers have sought to confirm or refute the Bennett Hypothesis. Researchers have either found no relationship between increasing federal support and increasing college tuition (Hoxby, 2004;

Singell & Stone, 2003), a delayed relationship between increased federal aid and increased tuition (Smart, 2007), an immediate positive correlation between federal aid and increasing tuition (McPherson & Schapiro, 1991), or, in some instances, a direct, negative correlation between federal aid and rising tuition costs (Singell & Stone, 2003). Zumeta (2001) offers a clear synopsis on the matter, claiming that the Bennett Hypothesis does hold some valid logic when viewed through traditional microeconomic theories, though the scholarly literature and empirical evidence is divided on the matter.

As the 1980s ended, much of the populist political rhetoric tarnishing big government had abated (Zumeta, 2001). In the wake of Reagan's call for smaller, leaner, more fiscally conservative government, many social welfare and mental health programs were severely limited or cut altogether. However, many New Deal-era programs—in particular, the G.I. Bill—were preserved, despite the calls for small government. Though student financial aid was cut under Reagan, it was not cut as harshly as other programs or as promised during the 1980 campaign (Roemer, 1985). Reagan's 1982 and 1986 fiscal budget proposals both called for budget reductions of $2.3 billion of funds available for federal student lending programs (Roemer, 1985). However, Reagan's 1980 promise to completely abolish the Department of Education was not realized and federal student aid programs—especially the Stafford and Perkins Loan Programs—enjoyed marginal but stable growth in terms of the number of students receiving aid and dollars appropriated throughout the 1980s and early 1990s (Zumeta, 2001). Nonetheless, the Bennett Hypothesis remains a popular idea—especially in legislative and popular media circles—despite a lack of evidence supporting it (Hoxby, 2004), furthering the idea that government agendas have surpassed student merit or needs as important in financial aid policy.

Fragmented Programs of the 1990s

The slow growth of federal student aid during the Reagan administration was erased by unprecedented growth in lending during the 1990s. The 1990s were unique in that they began with the Presidency of Republican George H.W. Bush, ended with the Presidency of Democrat Bill Clinton, and were typified by periods of House and Senate majority opposition to the President (Fiorina & Abrams, 2008; Hibbing & Theiss-Morse, 1995). With each change in political philosophy, political parties fashioned federal student aid programs based upon their political agendas. In 1993, Congress and President George H.W. Bush increased a variety of federal loan programs' borrowing limits and implemented unsubsidized loans for students with no demonstrated financial need. By 1990, an estimated 17% more students had borrowed the maximum amount of their loan compared to 1980 (Wei & Skomsvold, 2010, p. 6). Thus, while enrollments did increase into and throughout the 1990s (Synder, 1993), students were borrowing the maximum allowable amount to finance their wider participation in vocational, technical, traditional, and professional education (Wei & Skomsvold, 2010, p. 6). While only 43% of students borrowed the maximum amount allowed under the Stafford Loan program in 1990, 51% of students borrowed the maximum amount in 1998 (Wei & Skomsvold, 2010, p. 6). This increase in both the maximum allowable loan limits and the volume of loans being made led to a startling 22.5% default rate for college loans in the 1990s, the highest of any decade since data began being recorded (Austin, 2012; Gross, Cekic, & Hillman, 2009; Roots, 2000).

George H. W. Bush's Presidency was also characterized by a series of economic and federal spending policy changes that had secondary effects on student lending and grant programs. Chief among these were efforts to reduce student loan default rates and redirect an increasingly complex and out-of-control system of federal loans, two societal concerns of the time (Zumeta, 2001). First, the Omnibus Budget Reconciliation Act of 1990 redesigned how federal loans (including federally guaranteed student loans) were accounted and required a more clearly measured "cost" for the federal subsidy of higher education. This provided new data and perspectives for political discourse and policies in Washington, D.C. Immediately, Congressional leaders recognized that the federal system of guaranteeing loans made by private lenders to students—rather than directly lending money to students—was costly and burdensome. With the 1992 reauthorization of the Higher Education Act, Congress and President Bush established a pilot program of direct lending to students. Congress set its sights on a conversion of the federal government's guaranteed loans to direct lending programs. Ultimately, President Bush did not win reelection and this conversion was left to his successor, President Bill Clinton.

President Clinton aggressively pursued a complete overhaul of the federal financial aid system early in his first term. However, the process was overwhelming and new phases of the program intended to pursue long-range reform were lost to downsizing when the Republican Party took control of Congress during the midterm election of 1994 (Fiorina & Abrams, 2008). In 1993, the newly-elected President signed the Student Loan Reform Act of 1993, establishing a target for the conversion of 60% of federally guaranteed student loans to direct loans across the next five years. The Act also amended the Higher Education Act to ease the loan repayment process and reduce paperwork for students. Though some have called the conversion to a direct lending program Clinton's greatest success, the Clinton administration was also able to reduce the interest rates on student loans and, in 1997, enact tax credits for college expenses (Wei & Skomsvold, 2010), equally impressive accomplishments.

The years following the enactment of most federal student loan changes are characterized by increased participation in loan programs (Wei & Skomsvold, 2010, p. 6). The Clinton era laws were not unique in this regard. They were, however, unique in the sheer number of students who took out loans directly from the federal government. Student and parent borrowing jumped by almost $10 billion between 1993 and 1995—nearly a two-thirds increase in the dollars available for federal lending in just two years (Gladieux & Hauptman, 1995).

While the 1990s would seem to be the decade of loan expansion, there were also significant developments in college savings plans. For a considerable period of time prior to the 1990s, financial institutions and banks had been offering long-term savings and investment products aimed at helping families pay for growing costs of college. In 1996, section 529 of the Internal Revenue Code of 1986 was authored to exempt qualified tuition programs and college savings plans from taxation (Internal Revenue Service, 2011). State and private programs were partnering with the federal government, which offered tax abatements for programs that promoted saving for college. The implied message of offering tax abatements for savings at a time when loan programs were growing exponentially seems duplicitous. The result, however, was profound. Prior to 1996, one state (Michigan) had a tuition savings plan, and even it was questioned as a tax-exempt entity in the judicial system. Between 1996 and 2000, thirty states developed college tuition savings plans (Dynarski, 2004). Today all fifty states have partnered with the federal government to offer college savings plans. These plans eventually came to be known by the section of the tax code which afforded them tax-exempt status: 529 College Savings Plans. The 1990s were a watershed moment in the history of financial aid not only because of the precipitous increase in the number of students taking federal student aid but also because of the increasingly complex federal role in regulating and expanding financial aid and the increased need to save for college years in advance.

Current Developments and Discourses in Student Aid

Influences of the political and economic atmosphere of the past decade have been reviewed by scholars such as Eaton (2010), Hoxby (2004), Singell and Stone (2003), and Smart (2007). The federal government continued its tinkering or tuning approach with financial aid through reauthorizations of the Higher Education Act. The Higher Education Act was reauthorized in 2008, under the name The Higher Education Opportunity Act of 2008, and reinforced the government's and society's discontent with increasing college costs. The Act directed the Department of Education to report the top five percent of institutions with the highest tuition and fees and the highest net cost, and required institutions with the highest increase in costs to report on how their leaders plan to cut costs. To address the political agenda of limiting college costs and increasing transparency, the 2008 reauthorization implemented institutional requirements for a net-price calculator, simplified lending and loan consolidation practices, introduced new loan repayment and forgiveness opportunities, and coordinated efforts of the Federal Family Educational Loan Program and the Ensuring Continued Access to Student Loans Act of 2008. [For an explanation of the impact of the Higher Education Opportunity Act of 2008 on financial aid, see the Council for Higher Education Accreditation (2008) or Eaton (2010)]. Despite an increasingly complex and detailed legislative history, the pattern of increased lending and maximum loan awards remained constant following the 2008 reauthorization. Response to the 2008 legislation—and to the economic recession of 2008-2009—was an increase in both the number of students on federal aid and the average loan amount taken out (Wei & Skomsvold, 2010; Zumeta, 2001).

The desire to leave a mark on higher education and student aid was not exclusive to legislators. In September 2005, U.S. Department of Education Secretary Margaret Spellings announced the creation of The Commission on the Future of Higher Education. Secretary Spellings cited challenges she had in finding information on tuition and costs for her daughter's upcoming college attendance to a private liberal arts college (Spellings, 2005). The Commission, which came to bear Spellings' name, worked for eleven months interviewing legislators, constituency groups, and a select group of elite college presidents before authoring a report that outlined five areas for improvement in higher education. The value of higher education, affordability, access, accountability, and financial aid were the primary areas the Spellings Commission targeted for further reform (The Commission on the Future of Higher Education, 2006). Ruben, Lewis, & Sandmeyer (2008) contended the recommendations in affordability, access, and financial aid had the most lasting effects on higher education because they provided a foundation for the principals underlying current higher education policy discourse. Ruben, Lewis, & Sandmeyer (2008) and Lederman (2007) argue that the Spellings Commission was an attempt to change the political agenda—and less successfully, the actions—of higher education in America. In contrast, Robert Zemsky (2011), himself a member of the Commission, opined that the Spelling Commission was "a grand adventure that ended with little more than a whimper" (para. 1). Ultimately, time will tell if the Spellings Commission will serve as a pattern for priorities in higher education.

George W. Bush-era financial aid policies also were marked by two programs that, though short-lived, further underscored governmental focus on national security and economic competitiveness agendas. In 2006, the U.S. Department of Education began offering Academic Competitiveness Grants (ACG) and the National Science and Mathematics Access to Retain Talent (SMART) Grant Programs. These programs were designed to meet the nation's need for improved math and science instruction. The Academic Competitiveness Grant program was targeted at Pell Grant eligible students in their first and second year of college who completed challenging courses in high school. In comparison, the SMART Grant program was targeted at Pell-eligible students who took challenging courses in high school and who were in their third and fourth year of college and pursued majors in science, technology, engineering, mathematics, and specific foreign languages. The SMART Grant program again opened the door to a major-based focus on federal aid first used in the loans made to pre-service teachers through the National Defense Education Act of 1958. The SMART Grant program's focus was on supporting students entering into majors that would hone America's competitiveness in a global economy. Though this renewed academic major-focused approach to federal grants was short-lived, it did represent a contemporary attempt by the federal government to influence the political agenda of national economic viability through financial aid policy. In June 2011, the U.S. Department of Education discontinued the ACG and the SMART Grant programs (U.S. Department of Education, 2013a). Nonetheless, the notion that federal aid programs should address employment needs in specific majors had been renewed and may continue to dominate future political discourses in higher education.

Loan Forgiveness and Predatory Lending

Loan repayment programs were not created in the new millennium. States had offered programs whereby veterans or professionals working for a certain number of years in public service fields could have a certain percentage of their loan debt expunged. The College Cost Reduction and

Access Act of 2007 reflected this sentiment by establishing a public service loan forgiveness program that discontinued any remaining debt after ten years of full-time employment in public service positions such as education, emergency personnel and law enforcement services, military service, and government positions (U.S. Department of Education, 2013b). Such efforts are reflections of the NDEA and governmental efforts to shape the educated citizenry to respond to political priorities.

However, contemporary discourses on loan forgiveness have evolved to be less focused on *qualified* repayment through professional service and more akin to an entitlement program expected for all students (Toby, 2010). In 2012, the New York Times and other media outlets reported that student loan debt had surpassed the one trillion dollar mark and began speaking of higher education as a new sub-prime lending market or "the next bubble" (Schlesinger, 2012). These notions were fed by fears of another discourse unique to the 21st Century: predatory lending in higher education. Rapid growth in for-profit education and questionable recruitment and lending practices in that sector were the subject of intense congressional scrutiny in 2010 (Committee on Health, Education, Labor, and Pensions, 2012). Sen. Tom Harkin of Iowa led a Senate Sub-Committee investigating allegations of predatory lending and tuition which increased dramatically as students neared completion of their degree. The Committee's report found that admissions officers at specific for-profit institutions had promised potential students employment, licensure, and other returns on investment in exchange for relatively high costs of attendance. The report also notes for-profit institutions gladly took federal student aid dollars and devoted a disproportionate share of their budgets to advertising and recruitment. Criticism has also focused on practices that targeted low-income, underprepared high school graduates or GED recipients in an effort to capitalize on federal aid targeted at these special populations.

These discourses and the U.S. housing market collapse of 2008-2009 fueled concerns that higher education was leading the country toward another recession, or at least not contributing to economic recovery (Schlesinger, 2012). Politicians were intent on avoiding the economic calamities of the housing collapse. Moreover, the established precedence of two major stimulus packages had many students wondering when they would receive their "bailout" for student loans they had accrued during a period when the value of higher education was under intense scrutiny while the cost was high (Adamson, 2009). With the growth of student loan debt past one trillion dollars, policy makers began arguing that this level of debt had saddled young Americans with unrealistic levels of debt or had shifted the nation's sub-prime loan problems from one industry [housing] to another [higher education] (Austin, 2012; Schlesinger, 2012). These discourses have had deep and immediate impacts on student lending and bolstered enthusiasm for a "student loan bailout" and across-the-board loan forgiveness programs.

Sensing growing concerns, Michigan Representative Hansen Clarke sponsored the Student Loan Forgiveness Act of 2012 (H.B. 4170). The Act introduced a loan program known as the "10/10 forgiveness plan," wherein a loan holder who had made 120 payments in the first ten years of their loan would be forgiven the rest of their loan through cancellation or federal backing of the remainder. Under the Act, loan forgiveness would not be affected by student need, merit, or profession. The proposed act also took strides to cap federal student loan interest rates, and offer borrowers new avenues for refinancing student loans. However, the Act has not gained bipartisan support as Republicans in the House oppose the Democratically-introduced bill. Opposition to the bill noted the difficulty of any student to make all 120 scheduled payments on their loan, further citing that in 2012, 9.1% of students with federal loan debt defaulted on their loans within two years (U.S. Department of Education, 2012; Wei & Skomsvold, 2010). Opponents also note the likelihood that forgiving loans without stifling the availability of future federal lending would only allow students to further rack up debt. The Student Loan Forgiveness Act of 2012 has been under review with the House Committee on Higher Education and Workforce Training since March 2012. However, no additional action is expected as the Bill's sponsor, Clarke, faced re-districting, lost re-election in his primary election, and left Congress in January 2013. Still, the ideals of loan forgiveness enjoy widespread support from college students and in social and political media and will likely be a mainstay in political discourse for years to come. The fact that loan forgiveness is being considered devoid of student need or merit, signal a departure from prior discourses in financial aid and suggests that loan forgiveness has become a political agenda of considerable clout.

Conclusion

As Adamson (2009) argued, "Of all the transformations that have taken place in the American university…, perhaps the most radical is the shift toward financing higher education through borrowed money" (p. 97). The aforementioned historical episodes demonstrate how aid to students shifted from local, philanthropic efforts, to a complex federal system of oversight that is as much a reflection on societal and political realities as it is student need. In its present form, the federal approach to student financial aid is "an amalgam of state programs, federal programs and tax credits, practices of private institutions, and programs of some private foundations and charities" (Archibald, 2002, p. 46). One consequence of this complex structure is "a bewildering maze of programs and options that, due to…inefficiencies, is predisposed to under-perform in meeting students' needs" (p. 46). For most citizens outside the echelons of higher education, this situation begs for reform.

Higher education and societal leaders have been engaged in an argumentative pattern about the types of reforms necessary for student aid programs since the earliest days of concerted aid programs. These arguments have focused on the appropriateness of student need and merit in the aiding students. As the history of financial aid evolved to be increasingly driven by the federal government, so did the philosophy of using financial aid to respond to specific political agendas, such as national security and economic viability. Prior to the enactment of the G.I. Bill, financial aid was primarily a local matter supported through philanthropy and an occasional institutionally-generated loan program aimed at supporting student needs and later, student merit. Contemporary higher education leaders face politically-motivated challenges to demonstrate the return on massive federal investments in higher education since the passing of the G.I. Bill in 1944 while also having to contend with the pragmatic and symbolic ramifications of decreasing state support of higher education. Prior to the Second World War, students were primarily responsible for charting and paying for their own future. Contemporary contexts are such that most students are primarily responsible for securing federal aid prior to pursuing education and that financial aid policy is directly influenced by political agendas and legislative priorities. In light of such massive federal involvement in student lending, higher education leaders are now faced with new challenges in describing nuanced, innovative, and tangible benefits of earning a college degree.

Across the history of financial aid, one sees an evolution away from local, citizen-initiated philanthropy, to moderate government control and coordination, and, finally, to full federal oversight and financing of a massive and complex system of financial aid. Paralleling this shift is an evolution in the philosophy of aiding students based upon their need, their merit, and ultimately the political agendas of the day. This system has indeed opened the campus gates to millions of Americans. The tradeoff of this access has been increased student debt, increased competition for jobs, and an entrenched sense of entitlement to financial aid. As a result, the current system of higher education has become a complex system seeking to provide for the needs of all students and politicians; a task that would seem foreign and impossible to college students, their parents, and social leaders of a few generations ago. This evolution has also made financial aid policies susceptible to political and societal shifts and has made for an unstable reality and ever-growing malaise of seemingly spur of the moment policy changes. Institutions have seen the erosion of their autonomy and public faith. Simultaneously, institutions face a quandary about how to finance quality education and remain competitive in such a complex and increasingly expensive world. The evolution of financial aid from a local philanthropic system that services student needs to a federal system serving political agendas is a story of students, parents, citizens, lawmakers, and higher education leaders responding to societal, political, and personal contexts. Financial aid will continue to be driven by these contexts and will be a defining factor of future higher education discourses. Developments in financial aid will not only influence patterns in debt and enrollment, but will also influence institutional quality, leadership, organizational structure, physical environment, and many social economic phenomena. Those involved in financial aid will continue to face ever-changing programs and complex political realities as they strive to support students in their pursuit of higher education.

Nexus: Connecting Research to Practice

- Financial aid in the US owes its beginnings to European models, with local and philanthropic roots. Yet, in the United States financial aid evolved from local citizen-led charity, to moderate government oversight, to strong federal oversight. For practitioners this historical context helps explain the sometimes competing purposes of financial aid as well as the complex interplay of local, institutional, state, and federal programs.
- Military pensions would influence latter developments in financing civilian students' education. Moreover, the forms of accountability and bureaucracy associated with financing soldiers' education was a pattern for civilian students' aid programs as well. For practitioners this means that the historical evolution of financial aid has been about opening educational doors for targeted groups (e.g., veterans, People of Color, women).
- The historical development of a federal financial aid system helped open the doors of higher education for many, but also required significant bureaucracy. Practitioners navigate federal financial aid laws every day, but should remain cognizant of the trade off.

Endnote

[1] The Veterans' Readjustment Assistance Act of 1952 §3695 *Pub. L. 550*. 38 U.S.C. §3695.

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