Case 35

Federal College Scholarships for America’s Needy Students

Carnegie Corporation of New York, 1967

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Background. In 1965, upon John Gardner’s appointment by President Johnson to the post of Secretary of Housing, Education, and Welfare, Alan Pifer filled Gardner’s vacancy as the president of the Carnegie Corporation of New York. Pifer’s approach to philanthropy demonstrated his deeply rooted liberalism. The problems of poverty and unequal opportunity in America became primary targets of Pifer’s Carnegie Corporation. The Carnegie Corporation focused on these issues prior to Pifer’s leadership, but not with the degree of importance and urgency that Pifer brought to bear. That is partially because Pifer believed foundations to be well positioned to bring different stakeholders and constituencies together to seek to solve public policy questions. “Equal opportunity in education would be one of Pifer’s early endeavors.

Strategy. In 1967, the Carnegie Corporation, employing its familiar strategy of convening and sponsoring a blue ribbon commission to solve major dilemmas, established the Carnegie Commission on Higher Education. The Commission was financed by the Carnegie Corporation and sponsored by the Carnegie Foundation for the Advancement of Teaching. Both foundations agreed that such a commission was needed to find ways to knock down the barriers that prevented some high-achieving students from pursuing higher education. Earlier, in 1966, a Corporation memo to Pifer maintained that the higher education system, particular the financing of higher education, was ripe for analysis and reform in light of the pressures simultaneously mounting in the 1960s. In December of 1966, Foundation representatives approached Clark Kerr, president of the University of California, to gauge whether he might serve as chairman of the commission. Shortly thereafter, when the Board of Regents of the University of California fired Kerr for his perceived leadership shortcomings during campus uprisings at Berkeley in the 1960s, Kerr agreed to chair the Commission. Fourteen members joined Kerr on the Commission to “study the future structure and financing of U.S. higher education.”

The Commission released its first report, Quality and Equality: New Levels of Federal Responsibility for Higher Education, in December 1968. “The report’s recommendations included a Civilian Educational Bill of Rights, seeking to eliminate financial need as a barrier to higher education. The report called for dramatically increased federal aid to higher education, replacing federal student aid programs with educational opportunity grants, work-study programs, and loans. The Commission noted that the recommended educational opportunity grants would aid a high percentage of African American students, students who were otherwise significantly underrepresented at higher education institutions. It also noted that only 7 percent of the college-age students in the lowest quarter of income-earning families attended college, further justification for its need-based grant recommendation. Finally, the Commission expressed the hope that students with federal grants would attract recruiters for higher education interested in cashing in on the grants, which would in turn lead to an increase in educational quality.”

Impact. In 1969, Congressman Ogden R. Reid proposed a bill in the House of Representatives embodying much of what the Carnegie Commission on Higher Education recommended, but that bill was not immediately acted upon. “The following year, the Commission issued a second interim report focusing on the institutional hurdles blocking ethnic minorities and the economically disadvantaged from access to higher education.”

In 1971, the Nixon administration and Congress considered alternatives to the Commission proposal, with the administration proposing loan guarantees to students along with direct grants to
institutions. Representative Edith Green proposed a bill giving grants to institutions on a per student basis, with the grants weighted in favor of smaller institutions whose financial challenges were more dire. Supporters of her bill criticized the Commission’s plan for failing to provide adequate funding to the smaller institutions that could not attract students, but others noted that this built-in reward to institutions who could attract the most students was a virtuous characteristic of the plan. A supporter of the Commission’s plan in Congress, Representative John Brademas, noted that the Commission’s plan both maximized a student’s choice over which college to attend and rewarded colleges for attracting low-income students. Meanwhile, in the Senate, Claiborne Pell sponsored legislation for higher education institutions that embodied the funding recommendation of the Carnegie Commission on Higher Education. In August 1971, Pell’s legislation passed the Senate, and in September, Green’s legislation, which allocated only one-third of its funding in accordance with the Carnegie Commission’s recommendation, passed the House of Representatives. President Nixon’s budget for 1973, however, included no funding for higher education.

In June 1972, the House of Representatives approved the compromise that had already been passed by the Senate. The compromise legislation established the Basic Educational Opportunity Grant (BEOG), a federal scholarship program under which a student received an allowance for higher education reduced by parental capacity for contribution as determined by a formula. While the grant was a step in the direction of eliminating financial barriers for students as advocated by the Carnegie Commission, Congress initially failed to fund the scholarship program. President Nixon included $959 million in funding for the program in his fiscal year 1974 budget.

Notes

549. Ibid., 227–28.
550. Ibid., 229.