

Welfare Capitalism, Policy Learning, Punctuated Equilibrium, and the Pell Grant

Program: An Evaluation of Higher Education Policy

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Introduction

The United States federal government has always valued higher education, creating policies and protections for higher education institutions as well as individuals seeking degrees. Educational policies are constantly being implemented, reevaluated, and reformed. These practices can be traced all the way back to the 19th century with the land grants of the Morrill Act of 1862, the first initiative to develop higher education institutions by setting aside land in each state to fund colleges (Cervantes et al., 2005, p. 6). Educational policy has gone through extensive reforms since this starting point, expanding to create various protections and support initiatives for those pursuing higher education. Specifically, the Higher Education Act of 1965 (HEA) developed an extensive network of provisions for developing institutions, strengthening programs, and increasing student assistance (Baum, 2015; Cervantes et al., 2005; Steinberg et al., 2009). Title IV, later known as the Pell Grant program, implemented the concept of “need-based aid that is intended to be the foundation for all federal need-based student aid awarded to undergraduates” (Dortch, 2021, p. 1). While the specifics of the policy have shifted throughout various reauthorizations of the Higher Education Act, Pell Grants remain “the single largest source of federal grant aid supporting postsecondary education students” (Dortch, 2021, p. 1). Without this policy, higher education institutions would be unable to serve diverse populations of students and, although Title IV specifically expanded support for under-represented students, it benefits all students in federal financial aid programs and marked a shift in support for all individuals pursuing higher education.

Within the Higher Education Act of 1965, Title IV and the Pell Grant program extended support for under-represented students, expanded access to higher education for individuals from diverse social and economic backgrounds, and benefitted all students seeking financial assistance

to pay for higher education. This policy marked a distinct shift in support for all individuals seeking continuing education and added a federally backed program into legislation that has had a lasting impact on students to this day. In 2021, it was reported that although over \$2 billion in student grants went unclaimed, 83.8% of students benefited from various forms of financial aid and the percentage of students who utilize financial assistance continues to increase each year (Hanson, 2021a). Pell Grants, which are awarded based on need, are distributed to 34% of undergraduate students, with over half of those funds going to “students whose families earn less than \$20,000 annually” (Hanson, 2021b). These policies from Title IV of the Higher Education Act of 1965 are directly connected to expanding access to individuals in need, and the development of these programs marks a policy shift in how education is viewed, the aid allotted to students, and the future outcomes of education across the country (Aschenbrener, 2016; Baum, 2015; Steinberg et al., 2009). Examining the historical context surrounding the implementation and expansion of Title IV of the Higher Education Act of 1965 shows that, although the theoretical approaches of punctuated equilibrium, welfare capitalism, and policy learning can all be applied to the policy creation and development, punctuated equilibrium is a stronger explanation for the massive shift in educational policies and procedures that stemmed from Title IV and the Pell Grant program.

Literature Review

The Higher Education Act of 1965 introduced a variety of policies into legislation that expanded support to more students in more ways as part of President Lyndon B. Johnson’s wave of Great Society legislation (Cervantes et al., 2005). Specific titles within the act covered various benefits and requirements institutions needed to follow, generally expanding access to higher education for diverse populations and individuals. In developing the policies that would guide

student financial aid, President Johnson created a task force to examine how the cost of higher education impacts the decision to attend college. In 1964, the task force discovered that, of the “students who did not attend college and who had families who could contribute only \$300 or less to their education, about 75 percent of the men and 55 percent of the women indicated that they would have attended college if they had had more money available” (Cervantes et al., 2005, p. 18). As a result of this task force, President Johnson reported that “the findings reflected a loss of human capital [and] taking away cost as a barrier to educational attainment would help the country increase educational attainment” (Cervantes et al., 2005, p. 18). In this way, creating a federally funded assistance program for individuals pursuing higher education became a central tenant of the Higher Education Act of 1965.

At the onset of federal financial aid policies, the assistance delivered to students has “grown and transformed into multiple programs” (Aschenbrener, 2016). Before the development of a comprehensive policy, higher education benefits and protections consisted of interrelated policies grouped together to create coverage for institutions and individuals. For example, before the HEA, “federal aid for students in higher education had been targeted to specific students (e.g., veterans, through the GI Bill) or specific areas of study (e.g., math and science, through the National Defense Education Act)” and “Title IV represented the first generally available aid program for postsecondary students” (Cervantes et al., 2005, p. 20).

Even after the Higher Education Act was established, financial aid policies were still only loosely defined within Title IV of the act. There was not a “unified or consistent financial aid policy” and student assistance “mushroomed into a complicated myriad of programs and options including loans to students and parents, grants, work-study, tax credits and other state programs” (Aschenbrener, 2016). As the Higher Education Act has been reauthorized over the years, there

have been adjustments to the central policies that offer more support to a larger group of students. These policies have been adjusted to fit the needs of an evolving population of students who are seeking federal support for the rising costs of attending higher education institutions.

Title IV and the Pell Grant Program of 1972

Every title within the Higher Education Act of 1965 has had a major impact on policy and decision making within colleges and universities in the United States. Title IV, or the expansion of student federal aid programs, has had a massive role in ensuring all students from all backgrounds have access to quality higher education by providing financial aid at the federal level. This includes various forms of aid such as loans, which need to be repaid, and grants, scholarships, and work study programs, which do not (Aschenbrener, 2016; Baum & Scott-Clayton, 2013) Although loans quickly became the “largest component of federal aid for all students regardless of their income background,” there have been a variety of addendums to Title IV that have expanded student aid beyond a single component (Cervantes et al., 2005, p. 20).

One of the most impactful changes to Title IV happened with the reauthorization of 1972 and the creation of the Basic Education Opportunity Grant. This later became known as the Pell Grant program, named for Senator Claiborne Pell who championed the expansion of federal financial aid for underrepresented and historically marginalized groups (Cervantes et al., 2005, p. 33). Although it was implemented years after the initial creation of the Higher Education Act, “the Pell Grant program soon became the core avenue for eliminating the financial barriers to postsecondary education facing low- and moderate-income students” (Baum, 2015, p. 32). Decisions surrounding federal financial aid have always circled back to the original goals developed by Title IV: ensuring that marginalized and underrepresented populations are not prevented from seeking a degree due to their income level or socioeconomic background.

Since the start of the Pell Grant program, the goal of connecting students to higher education has remained at the forefront of policy decisions surrounding federal financial aid. After the initial implementation of Title IV, policies surrounding student aid have “expanded dramatically in both size and scope, and now serves a much more diverse set of individuals in a much more diverse mix of programs and institutions” (Baum & Scott-Clayton, 2013, p. 5). Aside from the Violent Crime Control Act of 1994 removing Pell Grant eligibility for incarcerated individuals (which has since been rectified with the Second Change Pell Experiment and the FAFSA Simplification Act), the policy changes that have happened are generally focused on expanding the reach and impact of federal financial aid, reducing economic barriers, and increasing access for students of all backgrounds (Dortch, 2021; Tewksbury et al., 2000; U.S. Department of Education, 2022). Described at the time as the “most controversial of the HEA measures,” the federal financial aid program now generally receives unified bipartisan support for most of the policies, including federal loans and grant disbursement (Cervantes et al., 2005, p. 20). From the onset of the Higher Education Act, the policies surrounding student aid can be described by theoretical concepts like punctuated equilibrium, welfare capitalism, and policy learning.

Theoretical Approaches

Throughout various discussions surrounding the Higher Education Act of 1965 and the Pell Grant program, there are common themes connected to the theoretical approaches of punctuated equilibrium, welfare capitalism, and policy learning. Punctuated equilibrium is a turning point moment of significant, impactful change that is often implemented when an incremental approach is ineffective. Welfare capitalism focuses on social policies that are enacted for the benefit of disenfranchised or marginalized individuals. Policy learning is the

process by which organizations strive for continuous problem solving and improvement, making changes based on the outcomes of previous policy iterations. Each of these theories impacts how policy makers approach initiating and evaluating changes or adjustments to higher education and financial aid policies. These different theoretical methodologies highlight key features of the policies and can each explain the development of the programs and the long-lasting impact of the HEA and the Pell Grant.

Punctuated Equilibrium

The initial development of the Higher Education Act of 1965 is a massive change point in the history of higher education policy, particularly within Title IV and the development of the Pell Grant program. This turning point can be described as a punctuated equilibrium that reimagined the future of federal financial aid policies for students across the country. Rather than continue with smaller, gradual changes surrounding higher education policy, President Johnson decided to develop the Higher Education Act as “a tipping point oriented toward sharp and explosive policy change. Policy patterns after positive feedback resulting in punctuation of equilibrium are then followed by a new pattern of long-term and relatively incremental policy change” (Givel, 2010, p. 189). When the HEA was being developed, President Johnson created a task force to circumvent the slow-paced, incremental changes that had previously been ineffective in introducing major policy changes. This task force was “designed to interrupt the normal bureaucratic flow and allow for innovation. Johnson made his task forces small and secretive so as to promote free thinking” (Cervantes et al., 2005, p. 17). This allowed for a group of policy makers to develop a point of punctuated equilibrium that changed the trajectory of higher education policy, particularly for financial aid.

The development of a federal financial aid policy with Title IV and the Pell Grant program started with the belief that “financial circumstances should not prevent people from getting an education and that the federal government has a significant role to play in realizing this ideal” (Baum, 2015, p. 23). While this has widespread support today, the initial authorization of the Higher Education Act was a turning point for access to higher education, and nearly every policy that has been developed since then has built on the core values of the HEA. Since this punctuated equilibrium, each reauthorization of the HEA has expanded the reach of Title IV and the Pell Grant program but kept the developmental beliefs of assisting students in financial need (Aschenbrener, 2016; Cervantes et al., 2005; Dortch, 2021). While policy changes since that point have been incremental, impactful, and necessary, the overall effect has not been as revolutionary as the initial authorization of the HEA.

Welfare Capitalism

The development of a federal financial aid program directly connects to the goals of welfare capitalism as a theoretical approach to policy making. Dortch (2021) argues that the Pell Grant program functions “as the foundation of federal need-based aid for financially needy undergraduates” (p. 1). This correlates to the idea that the “central role of the Pell program is to provide funds to students who lack them” (Baum, 2015, p. 26). Expanding on this idea, federally funded financial aid established the concept that “higher education should not be the domain of only those fortunate enough to be able to pay for it on their own” (Baum, 2015, p. 23). Title IV and the Pell Grant program create opportunities for individuals who would be unable to attend a higher education institution otherwise, therefore expanding the future options for students, particularly underrepresented and marginalized groups. The dedication to social policy changes directly connects to welfare capitalism.

Although welfare capitalism connects to the initial goals and policy decisions, it has not always been a guiding tenant of decision making surrounding federal Pell Grants. When incarcerated individuals were excluded from Pell Grant funding due to the Violent Crime Control Act of 1994, not only did this decrease access to education for those imprisoned, but it also “brought about significant decreases in curriculum diversity” which negatively impacts rehabilitation and decreases the important individual and societal benefits gained from education (Tewksbury et al., 2000, p. 46). Obtaining a higher education degree leads not only to higher earnings and better health for the graduate, but it also can cause “greater community involvement, reduced unemployment, reduced crime, and increased charitable contributions of time and money” (Steinberg et al., 2009, p. 236). While eliminating Pell Grant access for inmates goes against welfare capitalism, this decision was overturned in 2021 and those incarcerated will once again eligible to receive federal aid starting in 2023 (Collins & Dortch, 2022; Martinez-Hill & Delaney, 2021).

In order to ensure that inmates are receiving quality education despite their circumstances, a Corrections Education Leadership Academy is being developed to close the gaps within racial equity in education (Martinez-Hill & Delaney, 2021). Despite the challenges with Pell Grant access, because of the central goal of increasing access to education, many individuals can seek out opportunities for self-improvement while incarcerated and welfare capitalism is a guiding principle of those policy decisions. Creating opportunities for incarcerated individuals to access higher education is “proven to reduce recidivism rates and is associated with higher employment rates, which will improve public safety and allow individuals to return home to their communities and contribute to society” (U.S. Department of Education, 2022). Because of this, the Second Chance Pell Experiment was established in 2015 and

expanded each subsequent year (U.S. Department of Education, 2022). This was the first step toward reestablishing federal aid for incarcerated individuals seeking education, and realigning the federal Pell Grant program with the goals of welfare capitalism.

Starting in mid-2023, the FAFSA Simplification Act (FSA) will make substantial adjustments to the financial aid process to make the requirements more accessible and aligned with welfare capitalism objectives. Within the upcoming amendment, there will be “a number of changes to specific factors and procedures, usually with an objective of simplifying calculations or expanding aid for lower-income students” (Collins & Dortch, 2022, p. 3). Modifying the financial aid process ensures that individuals, particularly from disenfranchised groups, do “not have to be born to affluent or educated parents in order to be able to expect a college education” (Baum, 2015, p. 23). These changes involve making the application more streamlined, clarifying information about eligibility, and offering direct assistance to students seeking financial aid and Pell Grants. Addressing concerns about the complexities of the FAFSA application by making the aid process more accessible, especially for lower income and minority students, exemplifies welfare capitalism and ensures the original values of the Higher Education Act are upheld within each reauthorization and policy adjustment.

Policy Learning

With each reauthorization of the Higher Education Act, policy makers work on improving the outcomes of the policies and procedures and creating a more impactful program overall. The focus on continuing to improve policies and making incremental enhancements is the basis of policy learning. Title IV and the Pell Grant program go through semiregular reauthorizations in which “some policies are new and innovative, while others are merely incremental refinements of earlier policies” (Bennett & Howlett, 1992, p. 275). In order to be

considered policy learning, there needs to be evidence of accountability, evaluation, and improvement (Bennett & Howlett, 1992; Sanderson, 2002). By consistently reevaluating policies surrounding federal financial aid awards and determining their overall impact, the Higher Education Act—specifically the Pell Grant program—can be modified and amended to benefit the continuously changing needs of individuals.

Title IV and the Pell Grant program tend to be updated by policy makers to align with the needs of individuals. According to Bennett and Howlett (1992), “Some see learning as culminating in organization change, some in program or instrument change, some in major paradigm shifts in how policy problems are viewed, and thus in what sorts of policies are preferred or supported - and which are not” (p. 289). The policy learning that happens within the Higher Education Act reauthorizations tends to be an example of paradigm and program shifts. For example, when the Violent Crime Control Act of 1994 eliminated Pell Grant eligibility for all state and federal inmates, the overall negative response and the lack of policy support allowed for the reinstatement of federal aid (Tewksbury et al., 2000). During the process, policy makers found that “the elimination of Pell Grant funding has affected PSCE (post-secondary correctional education) programs in the following areas: number of enrolled students, curriculum diversity, number of degrees offered, number of degrees conferred, and number of educational institutions operating within each system” (Tewksbury et al., 2000, p. 49). Not only did correctional facilities report these decreases almost universally across the board in every state, but they also found that removing Pell Grant funding takes away opportunities for rehabilitation of incarcerated individuals (Tewksbury et al., 2000). The evaluation of the impact of this policy directly led to a reevaluation and adjustment that would better align with Title IV and Pell Grant policy goals.

Policy learning can explain not only making incarcerated individuals eligible for Pell Grants again, but also the development of the Second Chance Pell Experiment and the FAFSA Simplification Act. The Second Chance Pell Experiment was established in 2015 and allowed incarcerated individuals from select correctional facilities to receive Pell Grant aid once again (U.S. Department of Education, 2022). After seeing the impact of investing in education to avoid the re-incarceration costs, the program expanded to additional facilities until finally the FAFSA Simplification Act fully reinstated federal financial aid for incarcerated individuals starting in 2023 (U.S. Department of Education, 2022). Policy learning is happening for individuals in correctional facilities, but the FAFSA Simplification Act will also benefit anyone applying for federal financial aid. As the financial aid process has become more challenging, “research strongly indicates that the complexity of the application process creates barriers to student access” (Baum, 2015, p. 28). Not only does it create barriers, but it might also “discourage postsecondary educational access and attainment” (Collins & Dortch, 2022, p. 1). After years of advocates voicing concerns surrounding the impact of the complexity and length of the FAFSA application, policy makers will be introducing new changes to streamline and simplify the entire federal financial aid process.

Which Theory Explains It Better?

Since the initial development of Title IV of the Higher Education Act of 1965, the Pell Grant program has remained largely consistent with the original design and intentions of the policy: providing financial assistance to students in order to increase access to higher education for a diverse group of individuals (Aschenbrener, 2016; Baum, 2015; Steinberg et al., 2009). Each of the three theories discussed previously could explain the long-lasting impact of Title IV and the Pell Grant program. As a massive change point in higher education policy, the HEA is

certainly a punctuated equilibrium event (Givel, 2010). No other public policy has had as much of an impact on higher education access and affordability. However, along those same lines, Title IV and the Pell Grant program are directly connected to welfare capitalism as “the federal Pell Grant remains the one form of grant aid guaranteed to low-income students” (Steinberg et al., 2009, p. 239). Even though punctuated equilibrium and welfare capitalism are both valuable theories that can explain the value of Title IV and the Pell Grant program, policy learning is currently the best theory to explain the evolution of the Higher Education Act and predict the future policies surrounding federal financial aid as policy makers are evaluating and adjusting policies based on their efficacy and impact (Aschenbrener, 2016; Cervantes et al., 2005; Sanderson, 2002). This ability to change based on the needs of individuals seeking higher education is what makes policy learning a vital theory when considering Title IV and the Pell Grant program. Although a punctuated equilibrium guided by welfare capitalism was necessary to get the HEA started, policy learning is the current guiding principle when it comes to any decision with future authorizations and modifications.

What Comes Next?

With the assumption that policies stemming from Title IV and the Pell Grant program will continue to focus on welfare capitalism and policy learning working together, there are certain expectations for the future of the Higher Education Act. Policies surrounding who receives federal financial aid, how they apply, and how much they receive are already shifting to better connect those in need with the available assistance (Collins & Dortch, 2022; U.S. Department of Education, 2022). The FAFSA Simplification Act will begin phased implementation starting in 2023 and will make the overall process of applying for and receiving financial aid more straightforward, as well as increasing access to Pell Grants (Collins & Dortch,

2022). Not only will more students have access to Pell Grants, but there have also been discussions surrounding expanding, or even doubling, future Pell Grant awards, with has “strong bipartisan support” (Powers, 2021). In addition to strengthening impact of the Pell Grant program, there is also an increase in student loan forgiveness eligibility as that program has also been expanding each year (Hanson, 2021c). With all of these potential policy changes gaining traction among policy makers, there is the opportunity for another massive change in the Higher Education Act as each reauthorization “provides an opportunity to consider whether the structure of the program could be modified in ways that would support not only access, but also college completion for participants” (Baum, 2015, p. 27). The only way to move forward with improving Title IV and the Pell Grant program is by examining the impact of policy changes while keeping the original goals of the HEA in mind: helping as many students as possible access higher education by removing the financial barriers that would predominantly prevent diverse, underrepresented individuals from pursuing a higher education degree.

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