



## EDWARD M. KENNEDY ORAL HISTORY PROJECT

### INTERVIEW WITH TERRY HARTLE

April 11, 2008  
Washington, D.C.

#### **Interviewer**

Janet Heininger

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TRANSCRIPT

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**Heininger:** This is an interview with Terry Hartle, on Friday, April 11, 2008, in Washington, D.C. Let's start at the beginning. Tell us when you first met Edward Kennedy.

**Hartle:** I met the Senator in early 1987, probably in January, when he interviewed me for a job on his Labor and Human Resources Committee staff.

**Heininger:** What were your first impressions of him?

**Hartle:** Well, it's always hard to know what to think when you're meeting with a political icon. It's hard to focus on exactly what you're there for, which in my case was a job interview. My interview was even more unusual because his son Patrick [Kennedy] was there.

**Heininger:** Really?

**Hartle:** The Senator said, "My son Patrick is a student at Providence. He's spending the week with me, following me around to see what I do as a Senator. If it's okay with you, I'd just as soon have him sit in on the interview." What was I going to say? *[laughs]* So I was interviewed by the Senator, with Patrick sitting there. In the interview, because I might mention a piece of legislation, he would often turn to Patrick and say, "Your uncle Bobby [Kennedy] was very involved in the creation of that legislation." So eventually I started talking to Patrick too. He became another fixture in the discussion.

The first impression was of being overwhelmed by the amount of history in his office and by the things on the wall that you want to stop and look at because they reflect something in his political career, which is, to some extent of course, America's political history over the last 40 years, at least at the time I was there. In the interview, I was struck by how engaged he was on the substantive issues and how much he wanted to talk about substance. It wasn't, "What is your experience with drafting legislation?" It wasn't, "Who do you think are the best people in education who we ought to be talking to?" It was much more, "We have to reauthorize the Elementary Secondary Education Act this Congress. What do you think we ought to do?" It was much more focused on the public-policy agenda before him than anything else.

**Heininger:** Did you have a sense, therefore, that you had been vetted, or that he was asking, assuming you answered the questions intelligently, “What are you going to do with this once you have the job?”

**Hartle:** Yes. There’s no question. I’d had a couple of interviews before I got to him. There’s no question that I had been vetted. On the other hand, I think the Senator often wanted to know about people’s ideas, and didn’t care a lot about their background. He wanted to know the quality of their ideas as they related to public policy, particularly if you were going to be working in an area that he was focused on. I think he wanted to find out what I thought about issues and public policy, and he wanted to determine whether they were ideas that he wanted to pursue. If I had had ideas that he thought were nuts or that he was not interested in, then I think it wouldn’t have gone any further than that. Fortunately he seemed to like what I said. It was more of a discussion about education policy and where it should go than anything else.

Remember that the [Ronald] Reagan administration had entered office with a commitment to abolish the U.S. Department of Education, but it was on the Reagan administration’s watch that the landmark report *A Nation at Risk* was released, which documented the sorry state of American schools. As a result, there was a very significant built-up demand to think about how the Federal Government could help local governments and states improve education. So I think the Senator, in the last two years of the Reagan administration, but now with the Democrats in control of Congress, was looking for ideas and testing out things that he thought were politically saleable and that would advance the nation’s education agenda.

**Heininger:** Where were you coming from at that point?

**Hartle:** At that point, I was coming from the American Enterprise Institute. I had been there for three years as a senior fellow. Before that, I had worked for Educational Testing Service for 10 years. In many ways, I was a very atypical senior staffer for a Member of Congress, because I hadn’t had any Capitol Hill experience. Many Senators and Congressmen want people with Congressional experience, legislative branch experience, and that’s the first thing that they’re looking for when they hire people. The Senator’s view always seemed to be, “I can teach you the legislative process. You’re smart. You’ll learn that. But if you don’t have the ideas, you won’t be able to help me.”

Dave Nixon, who was the Senator’s health-staff director, my counterpart in health on the Labor Committee, came to the Senator’s staff from the Office of Management and Budget, which is not often seen as a bastion of liberal thinking. My successors, Clayton Spencer and Mariana Pierce, both came to the Senator’s staff from higher-education positions in Massachusetts. So you’re looking at a very different way to think about getting ideas and putting them into the public-policy process.

**Heininger:** How did you get to the point of being interviewed by Kennedy?

**Hartle:** The American Enterprise Institute decided that it was going to take a fairly hard turn to the right. For a while in the 1980s, they had sought to generate a lot of new ideas in domestic policy, and they had built up a domestic-policy staff. Obviously their hope was to generate ideas in domestic social policy, the way they had in economic policy and foreign policy prior to the

Reagan administration. So they had a domestic-policy staff with about 12 or 14 people working on those issues. But they had suffered some financial difficulties. They were going to take a hard turn to the right, and I wasn't going to be particularly comfortable there as a Democrat, and they probably weren't going to be comfortable having me there. The Senator was looking for somebody at the time when I was very eager to find another opportunity.

**Heininger:** Was there someone who had recommended you to join his staff?

**Hartle:** Yes. The Senator had been using Jay Urwitz, a young man who was an attorney at Hale and Dorr and who had worked for the Senator on domestic-policy issues, particularly on education, in the 1970s. The Senator had called Jay and said, "I'm going to take the Labor Committee." The Senator could have chaired Judiciary or Labor and Human Resources, and he decided to take Labor and Human Resources. He called Jay and said, "I need a senior education person. I don't have one. I'd like you to give me some ideas." So Jay Urwitz started calling folks he knew, and a couple of people gave Jay my name. I had a conversation with Jay, and then the Kennedy staff started interviewing me.

**Heininger:** Who did you talk to on Kennedy's staff first?

**Hartle:** Tom Rollins, and later I talked to Ranny Cooper and Carey Parker.

**Heininger:** So before you got to Kennedy, you had been interviewed by all three of them?

**Hartle:** Yes.

**Heininger:** That's a full vetting.

**Hartle:** Yes. And of course Jay had talked to me before Tom, so about four people had talked to me. It was pretty clear that they were checking me out, because people I dealt with were saying, "I got a call from the Kennedy staff. They're trying to check you out, find out what your background is, and what your views are," and so on.

**Heininger:** All right, so he hires you. What did you start off doing?

**Hartle:** The first thing I remember was that I emptied out my office at the place I had been, and I drove over to drop off my books, my materials that I wanted to have with me. I got there at about 8:30 at night on a Tuesday or Wednesday night, and the entire staff was still there. So my first exposure to the Kennedy staff was that I was there at 8:00 or 8:30 at night and the whole staff was there. My thought was, *My God, what have I done?* Even the support-staff members were still there working.

The first six months of any Congress are very complicated and very busy because the new Congress is trying to figure out what priorities they're going to set, what things they're going to be involved in, where they're going to put their activities. It's like the finale of a Fourth of July fireworks display: you can't separate all of the fireworks going off in different corners, particularly so in 1987, because the Democrats had just taken back control. The leadership of all of the committees was changing—staff were leaving; staff were being hired. In the first couple of months, there was a great effort to do two things. One was to establish some issues that the

Senator wanted to work on and to move some things forward, and the other was simply to figure out who we were going to be working with.

The first issue was that the higher education technical amendments of 1987 had to be enacted. Congress had passed the higher education amendments of 1986, and it was a 400-page piece of legislation. There are always things that don't get done right in that sort of legislation. It might be that the I's are not dotted and the T's are not crossed; it might be misplaced reference numbers; it might be that the way something was drafted didn't accomplish what Congress wanted to do. So the first thing we worked on was related to the higher education technical amendments.

The big issue for that Congress, in terms of education policy, was the reauthorization of the Elementary and Secondary Education Act, which was created in 1965. Congress reauthorizes it on a fairly regular schedule, and it was simply up for reauthorization in '87/'88. There was a great deal of interest in this because it was the first chance to revisit elementary and secondary education since the *Nation at Risk* report had come out. In elementary and secondary education, to a certain extent the debate was always about the formula that distributes the funds to states and local school districts, unlike higher education, where the Federal Government basically gives the money to students and then students decide where to spend it. In elementary and secondary, the Federal Government gives the money to the states, the states give it to local education agencies, and sometimes it goes directly to local education agencies. So a lot of that was about the formula that people were going to put in place.

At that time, Bill Bennett was the Secretary of Education. Secretary Bennett had a lot of strongly held views about education policy, some of which were valuable and worthwhile, some of which were half baked. So the department had its ideas about education policies, the House and Senate had their ideas, and it was a process of assembling, first, a House bill and then a Senate bill and then conferencing the two bills. That was probably the big elementary and secondary issue of that tenure. In reality I think that the [Augustus] Hawkins-[Robert] Stafford legislation made some improvements in federal elementary and secondary policy, but they were narrow improvements. They were basically trying to refine the Elementary and Secondary Education Act of 1965 and to make that work better.

I think that some important steps were taken. That was the first time that the Federal Government started looking at standardized test scores and at enabling states to have better test data from the National Assessment of Educational Progress. There were lots of things going on like that. But it wasn't until the [William J.] Clinton administration, in 1994, that we saw a change of direction in elementary and secondary policy. Obviously, with the [George W.] Bush administration, *No Child Left Behind* was a radically different vision.

In 1987/88, a lot of the discussion was simply about whether the Federal Government should provide states with state-level data on the National Assessment of Educational Progress. By the first year of the Bush administration, 14, 15 years later, the question became whether the Federal Government should set up very strict standards that had to be followed by local schools and states. Over that 15-year period, I think we saw a dramatic expansion in the Federal Government's direct control of elementary and secondary schools. The philosophical framework that we were operating under in '87 made what happened a few years later unimaginable. So it

was an important piece of legislation that had to be done. There was a lot of interest in it. The President signed it, the administration supported it by the time we were finished with it, and it took most of the two-year term of that Congress—I guess it was the 99th or 100th Congress—to complete it.

**Heininger:** How much discussion was taking place on the reauthorization of the terms “standards and accountability” that subsequently came to be used?

**Hartle:** Relatively little.

**Heininger:** So this was before the development of the standards and accountability movement?

**Hartle:** Yes. One of the areas I worked on was the change in the National Assessment of Educational Progress. Obviously the Senator was interested in doing this. He’d heard from some Governors that they were interested in doing this, having data that would go out in order to see how their states were doing relative to the nation as a whole, because other than the SATs [Scholastic Aptitude Test], there wasn’t anything.

**Heininger:** Which only deals with students in their junior and senior years.

**Hartle:** Right, and people who were going to go to college. It’s a skewed sample, because it’s just people who are thinking about college, as opposed to all students. So the administration was interested, and there had been a blue-ribbon commission that had called for making state-level data available.

**Heininger:** Was this the Governors’ conference?

**Hartle:** Yes. There were a lot of reservations about it because there was, as there continues to be, some skepticism of standardized testing in the United States. There was a lot of it on Capitol Hill. Obviously there’s a lot less of it now than there used to be, because standardized testing has become a way of life in elementary and secondary schools. Many people think there is too much standardized testing. But at the time, there was a great reluctance to use standardized testing for any purpose that could be used to rank or identify how schools were performing.

Indeed, when Congress included that state-level national-assessment data in the 1988 Elementary and Secondary Education Act, the very strict proviso was that the data could not be broken down by individual school districts, that it clearly was just state-level data. It was fairly controversial. There were a lot of people who didn’t think that that was valuable information. It might be used to rank states; it might be used to rank schools. Now, of course, ranking is a very good idea. So it was an incremental change.

**Heininger:** But it would also reveal discrepancies between which states had higher performing students and which didn’t, which would have reflected on the quality of education being provided in the states.

**Hartle:** Yes, it would have reflected on that, but of course it also would have reflected on socioeconomic data as well.

**Heininger:** Right.

**Hartle:** There were a lot of reservations about what demons we would be letting out of the can if we did this, and the Congress agreed to a very modest phase-in of trying this out. We too often see public policy and think that there are revolutionary shifts in what happens. In fact, there were a lot of things that were tried out all the way along the line. This was one more step in the road. But even as we did that, there were Governors who were saying, “Look, I want data related to my local schools. It’s nice to know how my state does, but I want to know how school district A does against B does against C.” So even as Congress was sticking a toe in the water on assessment and measurement and on providing state and local-level data, there were people saying, “We need to push further.”

**Heininger:** Was the pressure then coming from the Governors but not from within Congress?

**Hartle:** No. There were people in Congress who wanted to do it; there were Governors who wanted to do it; there were people in Congress who wanted to do it because Governors wanted to do it; the administration wanted to do it. But there were people like Phyllis Schlafly, very conservative folks, who were saying, “This is federal control of education. You shouldn’t do this.” The usual political alignment didn’t automatically follow through. You had conservatives who were in favor and conservatives against; you had liberals who were for and liberals who were against. It was an odd situation.

I had worked at ETS [Educational Testing Service], as I mentioned, for 10 years, and ETS was the federal contractor on NAPE [National Assessment of Progress in Education]. I knew a considerable amount about the NAPE and what it could do and what it couldn’t do, and that probably gave us some insight into ways to address the concerns that people had, because we could say, “Okay, you’re concerned about X happening. What if we did it in this particular way?”

**Heininger:** Where had Kennedy been on education? Did you see a change in him during the [George H.W.] Bush administration?

**Hartle:** I think that the Senator had been intermittently involved in education in the 1980s. After the Democrats lost control of Congress, the Senator lost a large number of staff. They lost committee offices and committee chairmanships, so the Senator had to focus on a smaller number of items. He had always been interested in health, of course, and he had always been interested in labor. During the 1980s he had some activities in education policy but not a whole lot. So you go back to the 1970s and you can see evidence of some of the things that he was still working on in the 1980s and 1990s. There were seeds of ideas that became very powerful later on and that were enacted into law.

I think that the Senator had done some things in education, but I think, in truth, in the early 1980s up until he became chairman of the Labor Committee, it wasn’t at the top of his priority list. He was always interested in it. He was always a pretty reliable vote. He worked closely with Senator Claiborne Pell and Senator Bob Stafford, who were the chair and ranking member of the Education Subcommittee. Stafford, a Republican from Vermont, had chaired the subcommittee. Pell, a Democrat from Rhode Island, had been the ranking member. In ’87 they switched; Pell

became chairman and Stafford became the ranking member. I don't think Pell had staked out a lot of firm positions prior to becoming chair.

**Heininger:** By the time he became chair, how high a priority was education to him?

**Hartle:** It had become a very big priority, because we had the *Nation at Risk* report. There was a sense that the Federal Government was standing still on education and not doing anything. The Senator felt that under his chairmanship, he wanted to address a bunch of issues in elementary and secondary education and in higher education in order to get on top of some of these things.

There were two other things that went on in the first two years I worked for the Senator, in '87 and '88. First, it became clear that student-loan defaults were a problem. The Federal Student Loan Program at the time had a very simple model, which was that the Federal Government gives a subsidy to banks, banks make loans to students, and students repay the banks. If students don't repay the banks, they go into default and the Federal Government tries to collect from the students. The default rate in the Federal Student Loan Program peaked at about 21 or 22 percent in 1990 or 1991.

The reason was because the Reagan administration, being unable to kill the Department of Education, spent less time than it should have spent making sure that the laws were effectively administered. So a lot of schools that should not have been anywhere near the Federal Student Loan Program, a lot of schools that were more interested in tuition money than they were in providing an education, managed to get into the program, and default rates started to climb. The Department of Education didn't do a particularly good job of following up on defaulted loans. There wasn't a terribly big incentive for anybody to work on the problem.

In 1987, a small research organization that I think was connected with either the National Conference of State Legislatures or the National Governors Association pulled some numbers together to estimate default rates for every school participating in the Federal Student Loan Program. It created a huge controversy, in part because the data wasn't very good, but also because the data revealed that a lot of schools had default rates closing in on 60 to 70 percent, meaning that 60 to 70 percent of the students who got student loans at that school didn't repay them. This was not a good situation, because it suggested that either the students weren't told that they had to repay the loans, or that the schools weren't providing an education that equipped students to repay the loans, or that the Department of Education wasn't managing the program carefully. There were a lot of ideas about why this was, why we were seeing this result. In '87/'88, Congress first began to tighten eligibility in the Federal Student Loan Program.

**Heininger:** Eligibility for the institutions that participated?

**Hartle:** Yes. It was the first time that the Federal Government began to say to schools, "Default rates matter. You can't have high default rates." It was very controversial, in part because it was a substantial change in policy. The issue had been around. People had been saying, "Default rates are pretty high," but everybody would say, "Well, default rates don't measure the quality of an institution." Well, no, they don't. They measure lots of things, or they are potentially indicators of a lot of things. They don't measure the quality of the education provided. On the other hand, not many people would want to send their child to a school where 90 percent of the students got



loans and 90 percent of the borrowers defaulted on their loans. Something doesn't seem right in that scenario.

**Heininger:** Was the problem well beyond the for-profit proprietary trade schools?

**Hartle:** The problem was widespread. It was beyond the for-profit proprietary schools, although an awful lot of those schools were particularly egregious in their default rates. Some of those schools would come in and talk with the Senator and say "Look, we can't get our default rate below 30 percent. These are the people we're educating. They're leaving, they're getting good jobs, but they're still defaulting at a 30 percent rate." "Well, this doesn't make sense. If they're getting good jobs, why are they defaulting? Is it because you've told them they're getting grants and they don't realize it's a loan?" A lot of students at the time said, "I never knew it was a loan. They didn't tell me it was a loan."

We had a program that had started out fairly small. The student-loan program had always been seen as something to help middle-income families afford private colleges and universities for their children. Over time, it had become a much more important program to enable low-income students to access post-secondary education in general. The Department of Education was not controlling terribly well who got into the programs. The Department of Education didn't have the authority to force schools to tell students, "This is a loan. You have to repay it. You have to repay it even if you don't like the education, even if you don't get a job. If you don't repay it, we'll follow you to the ends of the Earth." And that essentially is what you want to tell somebody when they take out a student loan. A lot of students weren't hearing that. So there was a fair amount of fraud that was taking place in the industry. It was not a good situation.

Congress began, in '87/'88, the process of tightening up on the student-loan defaults. The process continued to play out all the way up through the higher-ed amendments in 1992. Eventually Congress got to a point where it said, "We will calculate default rates for institutions, and if your default rate is above 25 percent for three years in a row, you are ineligible to participate." That was a step that in '87/'88 would have been unimaginable for multiple reasons: default rates weren't accurate; nobody had paid attention to default rates before; schools claimed correctly that default rates weren't a measure of their quality; they claimed that they had no authority to force students to repay. But it got to the point where there was grave concern that the Federal Student Loan Program might disappear. It's not a very good idea to have a loan program with a 22 percent default rate.

**Heininger:** As I recall too, there was massive press on this. This was a big issue in the media.

**Hartle:** Yes, it was a big issue.

**Heininger:** Which is also a way that you bring pressure to bear.

**Hartle:** Yes. When we started out on this, the Senator initially was concerned that if we would do things that would make it hard for students to get loans, then we would deny them an education. For a while, I was more worried about this than other people in the office were. My thought was that this is the biggest federal student-aid program, and if defaults keep climbing, this will be a problem that will land on the Senator's desk, and this will be an embarrassment to the Senator. There's no way we can explain a huge default rate in this program. Indeed, for a

while, student-loan defaults, had they been a separate program, would have been the third-largest program at the U.S. Department of Education, just the amount of money being spent to pay off student-loan defaults.

The Senator fairly quickly realized that the people who were most likely to be harmed by defaulting on student loans were the low-income students he was most concerned about, because defaulting on a student loan is like defaulting on a car loan. You have a record. If you apply for a mortgage, they're going to ask you if you've ever defaulted on a student loan. It goes on your credit record. The Senator very quickly came to understand that letting people go to schools where they were going to get a student loan but weren't necessarily going to get an education that would equip them with skills to get a job was not doing anybody a favor. The risk we ran was undermining the Federal Student Loan Program. Those efforts began in the '87/'88 period. In '89/'90 Congress stepped in and said, "Okay, we will establish a default threshold, and if you go above this threshold, we will throw you out of the program."

**Heininger:** It was basically targeting the institutions, because in fact the institutions were responsible for making clear to students the necessity for repayment and for figuring out ways to repay.

**Hartle:** Right.

**Heininger:** Did anyone have the authority to garnish wages?

**Hartle:** Yes, and that would be done.

**Heininger:** But that wasn't being done?

**Hartle:** That was done before. Actually I think the IRS [Internal Revenue Service] income-tax refund offset, which is where the Federal Government seized income-tax refunds, came into place, I think, in '84 or '85. So you had these folks who had gone to school years before, had gotten a lousy education, but they'd had a loan, they defaulted on it, and all of a sudden they start losing their income-tax refunds. Again it comes back to who is the biggest loser if somebody gets a student loan and doesn't get a solid education? Well, it's the person with the student loan; it's not the institution. In '89/'90, following the big stock market crash in—when was the stock market crash?

**Heininger:** October.

**Hartle:** That was '87, though, so that wouldn't have been it. Obviously my mind is fuzzy on a lot of these details.

**Heininger:** It was '87?

**Hartle:** Yes. It was the fall of '87 when the stock market crashed. In '89/'90, Congress had to cut spending. We went through a budget-reconciliation process. Big savings were assigned to the Senate Labor and Human Resources Committee, now HELP [Health, Education, Labor, and Pensions]. The Labor and Human Resources Committee didn't have too many places to look for reconciliation savings, so we looked at student loans. That was all that was there. One of the

ways we saved money was by putting a default threshold in place. The House didn't like it. The House didn't do that in their bill, but when we got to conference, we convinced the House that this was the best thing to do.

**Heininger:** What was the House's approach?

**Hartle:** I'd have to go back and look. It's been so long, I've forgotten about it.

**Heininger:** They didn't want to target the institutions?

**Hartle:** They didn't want to target the institutions. They had been lobbied very heavily by proprietary schools not to do this. The Senator kept saying, "The people who lose when schools don't provide the education are the students. We ought to give the schools a pretty strong incentive to make sure that their students are getting an education and that the students understand that they have to repay the loan."

**Heininger:** So Kennedy was defining the problem by saying that there were institutions that were providing an education that left people either dissatisfied or whatever and that they weren't communicating the necessity of repayment.

**Hartle:** It was more that there were individuals who were getting a student loan but who were not necessarily getting an education that enabled them to repay it. His concern was for the individuals who were going to find themselves hounded by the Federal Government.

The other thing that happened, starting in '89/'90, was that Lamar Alexander became Secretary of Education. Lamar began to rebuild the Department of Education's student-loan management. The Reagan administration, as I mentioned, had entered office committed to killing the Department of Education. They hadn't been able to do that. It had become impossible after the *Nation at Risk* report, but they had starved it for resources. They hadn't paid much attention to the day-to-day business of running the government programs. And for a while when you do that, not much happens, but all of a sudden you look around and you have a big problem somewhere, and that's where it showed up, in the student-loan program. They lost lots of staff. They didn't take very strong action against banks or guarantee agencies that violated the program. Secretary Alexander, now Senator Alexander, came in and emphatically said, "We *will* run these programs appropriately," and that's what happened.

**Heininger:** Was he given a directive from Bush at that point? Was this a concern to Alexander or a concern to Bush or to both?

**Hartle:** I have no idea whether it was a concern to Bush. It was a concern to Alexander. Remember, he had been president of the University of Tennessee. He was aware of these debates. The Department of Education had been hammered about the head for not administering the student-loan programs carefully. There were lots of reasons why he was going to give it attention, and he did. Congress imposed some new laws, gave the Secretary of Education some authority, and things worked.

**Heininger:** And some tools.

**Hartle:** Yes, and the default rate in federal student loans went from, I think, 21 or 22 percent in 1990 to about 5 percent today. Within a decade the problem had been turned around.

**Heininger:** That's an extraordinary success rate.

**Hartle:** Yes, and it's not the sort of thing that the media ever picks up on. You don't see stories about how the Department of Education has managed to turn this program around, but that's what it is.

For a long time in the 1970s, the problem in the Federal Student Loan Program was not defaults; it was access to capital. The students were going to certain kinds of schools, and they couldn't get access to federal student loans. There were several reasons for it, but in the 1970s, Congress took steps to liberalize access to student loans in order to make sure that students could get student loans, and they went a little too far. They made it a little too easy to get loans. They made it a little too easy for schools to qualify. By the end of the next decade, '87/'88, we were looking at scandalous default rates. But default rates are always a lagging indicator, because you can't change the terms of a student loan after you've given the student the loan. It's a contract. Problems showed up several years after the fact.

**Heininger:** And they have to complete the education first in order to get to the time period, or then they have to start repaying.

**Hartle:** Right. On the other hand, you can take pretty stiff action, but it will be a while before you'll see the results, because it only applies to new loans. It doesn't apply to old loans. You can't say to a student who has taken out a loan and who has defaulted on it, "We're changing the terms of your loan." It doesn't work. You can't say the next day to a student who took out a loan yesterday, "We're changing the terms of your loan." It's a contract. It took a while for the results to show up, but when they showed up, they were quite powerful. That was another thing that happened in '87/'88. This issue that would be of great concern to federal policy makers throughout the 1990s first emerged.

Another issue that we dealt with in '87/'88 was whether we could create tax incentives for families to save money for a college education. In the late '80s, the public was very concerned about the rapidly rising price of a higher education. They were afraid that they wouldn't be able to afford it for their kids—not unlike what we still hear today. At the time, there were no mechanisms to encourage, in a tax-favored way, families to save for college, none. The states didn't have any; the Federal Government didn't have any. People were experimenting with them, but there wasn't much out there.

**Heininger:** Was this because it was not viewed as a federal responsibility?

**Hartle:** Well, no. It was more because the control of this issue was in the hands of the Finance Committee and the Ways and Means Committee. It wasn't a Labor Committee issue; it was a tax issue. The Senator was quite interested in this, Massachusetts being home to a fair number of the world's most expensive colleges, even then. We came up with a neat little idea. We said, "If you buy a U.S. savings bond and you use the proceeds to pay for an education, the interest earned on the savings bond is tax free." The way the savings bond works is that it's like buying a zero-coupon bond. You give them a certain amount of money, and a number of years later, the savings

bond matures at a higher level. The amount that you have gained during the period you've held the bond is taxable income. We basically said, "U.S. savings bonds for college, tax free."

To me it was, as we came up with it, a nice, simple little idea. But I didn't realize how easy it would be to communicate it with the public, because everybody knows what savings bonds are. It's very popular. They were more popular then than they are now because of the proliferation of financial instruments that are available. But that was our proposal, and we drafted some legislation and introduced it. Senator Pell and Senator Stafford both cosponsored it.

**Heininger:** But again, this is a taxing issue. Didn't it have to go through Ways and Means and through Finance?

**Hartle:** It sure did. The Senator sold it to Lloyd Bentsen.

**Heininger:** Is this the same time period when you are getting the development of the Roth IRAs [Individual Retirement Accounts]?

**Hartle:** That all came later.

**Heininger:** Okay. So this is the beginning of using the tax code for designated purposes.

**Hartle:** Well, the tax code had been used for designated purposes for centuries.

**Heininger:** Yes.

**Hartle:** It was the first time that Congress said, "It's a reasonable thing for us to create incentives, using the tax code, to help people save money for college." So the Roth IRA, the 529 plans, all of that stuff came afterward. Senator Kennedy's initiative said, "We want to help families save for college. It's in our interest that they do that. It will help relieve some of the anxiety they feel, so we ought to have this particular plan to do it." That was a very interesting process because we didn't control that at all. That was all going through the Finance Committee. All we could do was talk to the Senate Finance Committee staff. The Senator could talk to the Senate Finance members.

There was a tax bill. I think it was the Miscellaneous Revenue Act of 1988. They called us the day before the bill went to the floor and asked, "Do you want to add your amendment?" "Hell, yes, we do." I think we were the first amendment that was offered up, and it stayed in the bill through the conference committee, and it was the last piece of legislation that Congress passed before adjourning in September or October of '88. We were working late. Congress, at the end of the session, was doing it at 2:00 in the morning.

Ranny Cooper sent me over to the floor and said, "I want you to go over to the floor, and I want you to *make sure* that that provision is in the bill. I want you to see it with your own eyes." So I was sitting on the floor waiting, because the House had passed the tax bill, and they were going to bring it over, and then they'd lay it on the desk, and the Senate would pass it, and everybody would go home. I went over and sat in the staff benches to wait so that I could be there when they came. Well, they brought it in on a litter. It was 3,000 pages long.

I went into the cloakroom and said to Ranny, “I don’t know how to tell you this, but (a) it’s down in the well—” and staff couldn’t go down into the well— “and (b) it’s 3,000 pages long. Got any ideas?” So Dave Smith, who was and is Ranny’s partner and who was the Senator’s chief economist, said, “Look, everything we’ve heard is that it’s in there. It’s fine. You can’t send him down there to the well. Just let it be.” But that was my experience with the closing of a Congress: being over on the floor, told to go look at something. Of course I wouldn’t have had any idea where to look.

**Heininger:** Particularly in a tax bill.

**Hartle:** Yes. *[laughter]*

**Heininger:** Impenetrable.

**Hartle:** Yes.

**Heininger:** As far as you know, there had been no corresponding effort to insert something like this on the House side.

**Hartle:** We knew there hadn’t been.

**Heininger:** So this was Kennedy, pure and simple.

**Hartle:** Completely.

**Heininger:** Selling it to Finance, getting it put in. Then it managed to wend its way through conference.

**Hartle:** With the help of Lloyd Bentsen, or actually with the help of Max Baucus mostly. What made it work was that Bentsen wanted to do an education-tax measure. Bentsen was obviously extraordinarily influential on any finance matters—a very dignified, gentlemanly guy. He never cosponsored tax bills. His view was, “I’m chairman of the Senate Finance Committee. It’s a bad idea for me to sponsor tax bills, because if I start doing that, then everybody will want me to sponsor tax bills.” He cosponsored Senator Kennedy’s proposal because he was interested in trying to do something, and he thought that the Senator’s proposal was pretty simple but elegant.

**Heininger:** There are a few schools in Texas too.

**Hartle:** But in the fall of ’88, remember, he was running for Vice President. He was Michael Dukakis’ Vice-Presidential candidate. So Max Baucus was chairing the Senate Finance Committee for the purposes of the conference. The Senator met with Max Baucus half a dozen times and said, “Max, this is a good idea. We want it. It’s good for Democrats.” Even the administration wanted it, so it stuck in the bill.

**Heininger:** How did you get from there, that first wedge of using the Federal Government to encourage people to save for college, into the much bigger program that we have now? Did that simply crack the dam open?

**Hartle:** College prices continued to go up, and the issue continues to—

**Heininger:** Yes, they continue to go up today.

**Hartle:** Yes. I had spent a fair amount of time explaining that. I think that Members of Congress continue to be concerned about it, and there was a willingness to look at it. The first proposal was simply to say, “You can use the proceeds of your IRA, tax free, for college if you want to.” Then we had the creation of the Roth IRA. So it unleashed a flurry of activities. In 1986 Congress had passed tax reform, and the goal there was simplification—stripping out all of the deductions. When I got to the Hill, there were no provisions in the tax code to help families save for college or to help families pay for college once their students were there. There was no tax deductibility of interest on student loans.

Starting with the Senator’s savings-bond proposal, we have seen a great uptick in things to help families save for, pay for, and pay off a college education. We now have open lifetime-learning tax credits. We now have all of these different ways to help families pay for college. We had the \$10,000 above-line tuition deduction, and interest paid on student loans is tax deductible. None of that was there 20 years ago.

**Heininger:** When did the 529 come?

**Hartle:** I’d have go back and look. I don’t want to guess because I’ll give you a wrong answer.

**Heininger:** Were these basically done at the federal level and then implemented by the states, or were the states doing them first?

**Hartle:** The states were interested in doing it, but the states needed some tax authority to make it happen. I think the issue was that the internal buildup of funds had to be determined to be tax free. The feds made 529 plans possible by saying, “The internal buildup of funds will be tax free if it’s used for an educational purpose.”

**Heininger:** So from the standpoint of Federal Government involvement in higher education, this is a huge sea change, because there aren’t many mechanisms for the Federal Government to be involved in higher education. The start of this process in the Bush administration was almost like—

**Hartle:** In retrospect it was. At the time—

**Heininger:** It wasn’t viewed that way?

**Hartle:** At the time, nobody thought, *Oh yes, Kennedy’s now cracked open the door, and we’re going to be spending gobs of money through the tax code to help families pay for college.* It was seen as a significant change, but it was not seen as heralding a new era in financing higher education. But having established the principle that the tax code was an appropriate and important way to help families pay for college, it made lots of other ideas possible.

**Heininger:** Beware of the dam breaking. The finger in the dike gets pulled out. At the same time, there was an issue of the Federal Government getting access to graduation rates.

**Hartle:** That came in 1990. The issue there was that proprietary schools had long complained that they had higher graduation rates than traditional colleges and universities, but nobody knew. They were focused on graduation and placement; colleges and universities weren't. Proprietary schools insisted they had higher graduation rates, but nobody knew if it was true. There was no way to figure it out.

At the same time, Senator Bill Bradley and Congressman Ed Towns, both former college athletes—and in the case of Senator Bradley, a Hall of Fame professional basketball player—became concerned about the graduation rate of college athletes. There was lots of evidence that college athletes got scholarships, went to school for a couple of years, and never got their degree. So Bradley and Towns developed a bill that would require the publication of graduation rates of student athletes. We concluded in the Kennedy office that this was just a little part of the equation. Graduation rates of student athletes are fine, but they don't mean anything unless you have something to compare them to, and what you had better compare them to is the graduation rate of everybody. But there was no way to calculate graduation rates. Colleges and universities didn't calculate graduation rates.

**Heininger:** And this is pre-*US News & World Report*?

**Hartle:** *US News & World Report* came in at about this time, but even so, there were no graduation rates unless *US News & World Report* said to the campuses, "Tell us your graduation rate." There was no federal standard. So we talked with the Senator about using the Bradley-Towns interest in graduation rates for student athletes to begin calculating the graduation rates for everybody. The Senator was pretty interested in this, so we developed a piece of legislation, the Student Right to Know Act, and we started moving it through committee. There was not a lot of objection to it, but there was not overwhelming enthusiasm for it. The focus was always on student athletes and on these universities getting low-income students to come in and play football for two years, and then we wash our hands of them. Even Carey Parker said, "I don't understand why we're doing this. This doesn't seem like a particularly big idea to me—" until the *New York Times* ran a front-page story about it, and all of a sudden Carey was quite interested. [laughter]

**Heininger:** Yes.

**Hartle:** And at the same time, there were concerns about campus safety. There had been a very highly publicized rape/murder on the Lehigh University campus in Bethlehem, Pennsylvania. The parents of the young woman who had been killed—her name was Jeanne Clery—had a settlement with the university. It was a situation where there was a door that was supposed to be self-locking, but students had propped it open with a pizza box, and the school knew that students were propping that door open with a pizza box and never did anything about it, and somebody snuck into the back of the dorm, broke into the girl's room, and raped and murdered her. It was a terrible tragedy.

The parents got a settlement with the university, and they used the money to set up a firm called Security on Campus, which was designed to advocate for campus-safety laws. They started out trying to do it in each of the 50 states, and eventually they found their way to Washington. There was interest in Washington in taking this up, because of a thought that if we're going to do this,



we probably ought to have one national standard. We shouldn't have different crime rates for each of the 50 states. You would have had them depending on how it was defined. Obviously the Clerys were all too happy to do it at the federal level as opposed to doing it at the state level.

The way it worked was that the Kennedy office indicated to the Clerys and to the House that we would be interested in the campus-security legislation if it came over. Congressman Bill Goodling, who would later become chair of the House Education and the Workforce Committee, being from Pennsylvania, was very anxious to work with the Clerys. The Senate passed the Student Right to Know Act, and the House passed the Campus Security Act, and we combined the two measures in a conference. Both of them have proven challenging in terms of their administration. The Campus Crime Act is fairly detailed. The requirements on colleges and universities are very elaborate. There have been numerous changes to it since it was enacted in 1990. Indeed I think that the Campus Crime Act has been the most frequently altered part of the Higher Education Act over the last 15 years.

The fact is, every time there is a new campus crime that seems to be outside the realm of the Clery Act, there's always an amendment to try to close that barn door. Colleges initially didn't take it as seriously as they should have, and some schools didn't do a very good job of implementing it. Over the last decade, since the late 1990s, more and more schools have professionalized their campus-security operations. In many cases, certainly here in Washington at Georgetown, GW [George Washington University], and American, they have fairly significant campus-security operations, and the campus-security officers are sworn law-enforcement officers, so they work hand-in-glove with the local police. We have seen a great professionalization of campus-security activities over the last 20 years.

There is a lot of interest in the campus-crime data, but it still creates reporting challenges because sometimes schools make mistakes. Critics think that schools are trying to hide the data. I think it's more that schools don't necessarily pay as much attention to it as they should. Some schools continue to do incredibly stupid things, like the case in Michigan where the student was murdered in her dorm room and the administration didn't tell the student's parents how she died. So there are a few bad cases, but every time we have a tragedy on campus, we see further expansion of this Clery legislation. The Virginia Tech shooting. There's now an effort underway to require, under federal law, that colleges and universities notify students within 30 minutes of the outbreak of an emergency. So we're seeing much more detailed and specific federal regulations.

Graduation rates turned out to be more difficult than we thought, because when we designed the legislation, we were thinking in terms of the traditional 18- to 22-year-old student who enrolls full-time and lives on campus. The graduation rate applies to students who enter full-time and graduate within six years. If you go part-time, you're not covered, and if you take more than six years, you're not covered. As enrollment patterns have changed, as more and more students go part-time, as more and more older students take longer and longer to go to school, the graduation rates have become increasingly inaccurate. The current federal definition might be pretty good for selective institutions where you see a traditional-aged student population that tends to go full-time and finish up. It doesn't work at all for community colleges.

Ironically, despite the shortcomings of the data, which are widely known, there are folks who would like to make more use of the data, even with the errors in it, including Senator Kennedy. His staff, as part of the higher-ed reauthorization, is pushing a proposal to require a greater breakdown of the graduation rate. So instead of having one rate for each campus, you would have up to 48 rates. I've said to them, "You don't get very far by taking an inaccurate number and making more use of it or by breaking it down into finer gradations," but they're interested in doing this. My view is, this is sort of silly but harmless. Nobody in their right mind will see it as anything other than an inaccurate number, and it may not require too much work for campuses to comply with it, so there we have it.

**Heininger:** Let's talk a little bit about the development of the standards and accountability movement. How did it come about? Looking at it in the broad picture, starting with *A Nation at Risk*, how do you get from there to what happens when Clinton comes in?

**Hartle:** Well, in 1991/'92, we started thinking about the next reauthorization of the ESEA [Elementary and Secondary Education Act], which would occur in '93/'94. I was not there for that. After *A Nation at Risk*, because the Reagan administration had been so anti-putting money into education, there was an inclination to think that what schools needed was more money to do a better job. So for much of the 1980s, the question was, Can we put more money into elementary and secondary education so that schools can do more things and provide a better education?

**Heininger:** Which I would assume Kennedy would have been in favor of.

**Hartle:** Oh very much. When George H.W. Bush became President, he wanted to have a conference with the Governors about educational goals. He wanted to develop educational goals, so they held a conference in Charlottesville. I think it was only the second time that the President had asked for a meeting with all of the Governors. They worked out seven or eight goals for education. The goals were basically things that everybody would approve of: "Every student will start school ready to learn" and so on and so forth.

As time went by, more and more people started asking, "We keep putting more money into the system. How do we know what the system is putting out?" Over time, the interest in accountability, outcome, student achievement, grew. I don't think there was any landmark development. I think it grew throughout the '80s and particularly into the '90s. Remember when I was talking about the effort to get state-level data on the National Assessment of Educational Progress. The fact that that was a policy controversy seems almost laughable now, given how elementary and secondary policy has evolved in the days since then.

**Heininger:** How did Kennedy's views evolve? You would think, knowing what his traditional values are, that an approach of throwing money at the problem would have been—if you were to ask, How do you improve schools in lower-income areas, in major urban areas? that he would think that it takes more money. Did he become disenchanted with that?

**Hartle:** No, he didn't. One of the things that I think people never realized about the Senator was that for as long as I worked for him, he was always asking, "What are we getting for this money? Are we sure this is working?" He wasn't comfortable with people saying, "Oh, yes. Trust me,

we're doing fine." The day we marked up the higher education reauthorization in committee, in 1992, Bob Samuelson ran a column in the *Washington Post* that basically said, "We should give everybody a test before we let them have federal student aid." The Senator intuitively liked the idea and thought, *Shouldn't we make sure that people can do college work before we give them money to go to college?*

This was an anathema on several levels to lots of Democrats and Republicans, but the Senator was very much interested in it. The Senator was very enthusiastic about calculating graduation rates. This is not the sort of thing that people immediately thought the Senator would be excited about. Obviously I had said to him, "One of the things we could do here, Senator, is something like this." And man, he was on it like white on rice. He was eager to start looking at some of the ways to do this stuff. I think that the nation's interest and the center of the public-policy debate about elementary and secondary education gradually shifted more in the direction of accountability. What is the money buying? How do we know that schools are teaching students anything?

**Heininger:** But he was, in many ways, an early convert to asking what's the outcome of what we're doing?

**Hartle:** I wouldn't say that he was an early convert as much as he was always asking questions. It wasn't as if he was down on the Senate floor pounding his lectern and asking, "How do we know that these kids are learning?" But he was always pushing his staff. When Samuelson wrote that column in the *Washington Post* saying we ought to give students a test, I had gone out to the house that morning to brief the Senator for the markup, to tell him what amendments we expected and so on, and while riding in the car, he kept asking me, "What are we going to say about this? What should I say about that if somebody raises it?" I said, "Oh, I don't think anybody will raise it, Senator." Well, of course, Senator [Nancy] Kassebaum said, "I want to call your attention to Bob Samuelson's column—" and the Senator was saying, "See, I told you!" His view that we have to make sure we're giving people something that's truly helping them, and sensing the way the political winds were blowing, I think those things, taken together, were very much in his mind.

The analogy would probably be health, and there were lots of things the Senator did in health care that involved providing better information to consumers about how things were going. The health staff always seemed to be working on a new Patients' Bill of Rights or on collecting data about the efficacy of operations. There's an agency in HRSA [Health Resources and Services Administration] that does studies comparing different treatment options.

**Heininger:** The outcomes data.

**Hartle:** Right.

**Heininger:** This was all coming at the same time.

**Hartle:** Right, and it's all stuff that the Senator was right in the middle of. Whereas we were compartmentalized on the Labor Committee staff—I didn't go in for the health briefings, and the health guys didn't come in for me—the Senator was hearing similar things in some of these

briefings, and he was putting it together as he was saying. “We need to know that the money we’re spending is making a difference and that it’s helping people.”

**Heininger:** Okay. The third leg of this is—you have higher education, where there’s an expansion of the federal role. You have elementary and secondary education, where there are clearly inroads in expanding the federal role. What about the Head Start piece, because you had to deal with the Head Start reauthorization, and what about Smart Start? What were his views on what needed to be done with Head Start?

**Hartle:** I was not the principal staffer on those. You ought to talk to Shirley Sagawa. She can talk to you about those. She can talk to you about national service as well. A lot of the Senator’s interest in this came from his deep, personal commitment to kids. As anybody who has spent any time with him knows, the Senator loves young kids. He likes being around them. He’d have a Christmas party every year on the Cape for the local Head Start program, and he was deeply interested in this issue.

I think that the Ypsilanti study was released in ’86, and it compared a group of preschoolers that got access to high-quality preschool education with a control group that didn’t get any access to that. The differences between what happened to the students who got the high-quality preschool and those who didn’t get the treatment were profound. I mean, they were take-your-breath-away differences. A lot of people thought, *This is what we get with preschool education*. Well, the Ypsilanti thing was a very-high-quality program, and it was a 3-to-1 teacher-to-pupil ratio, and most of the teachers had masters’ degrees in human development. This was not your typical Head Start program. But people used that as the basis for saying, “Early education pays off, and it has to have an educational component.”

The background from Smart Start was that the Senator intuitively bought into the Ypsilanti thing: earlier is better in social policy. That’s sort of a mantra of the Kennedy staff, “Start sooner, greater success.” So he was intuitively interested in that, but people were connecting the Ypsilanti study with Head Start, which wasn’t a fair connection because Head Start was not intended to be a high-quality, structured, pre-academic activity. It was a broad-based social-services program that included education as one of the things they were trying to do. They were doing health care screening and all of this other stuff. So the Senator concluded—and this was where Smart Start came from—that maybe we ought to have a preschool education program like Head Start but with a greater academic dimension. The staff director of the Labor Committee at the time, a guy named Tom Rollins, could see that we ought to do it, and he assigned my colleague to work on it. So I can give you the background, but I can’t give you much more than that.

The other thing I worked on when I was with the Senator was the higher education reauthorization of 1992, and this was a fairly significant reauthorization. Congress had done some things on the default side of the equation prior to 1991/’92—this was a regular reauthorization coming up on schedule—but there was a lot of interest in asking some basic questions about how the federal student-aid policies work. What should we be doing? So we had to do a lot of things on student-loan defaults, even in the ’92 reauthorization.

Senator Sam Nunn, chair of the Permanent Subcommittee on Investigations of the Government Operations Committee, had done an extensive series of hearings about student-loan defaults, most of which focused on proprietary schools and the way they might not be treating students fairly. But he made it pretty clear that the Federal Government wasn't particularly in control of this program. As part of the reauthorization, the first thing we had to do was take the Nunn committee report—and I still have it—look at the 25 recommendations he laid out, and make sure that we could point to each of those recommendations and say to Senator Nunn, “There is something in the bill that addresses point six, point seven, point eight, point nine.” We literally had a meeting with Senator Nunn’s staff to go through the bill, to go through their recommendations and say, “Here’s where we have it.” That was the first thing we had to do.

The other thing we did was, we decided to increase loan limits in the Federal Student Loan Program. This was very important to the private colleges of Massachusetts. Loan limits had been set in 1972, when the program was created. They had been adjusted slightly in 1986, and it wasn't clear when they would be adjusted again. So the big question for us in the reauthorization was, can we increase the loan limits? We increased the loan limits substantially, and as a result, students started borrowing more money. I mean, there was a downside to it.

**Heininger:** Well, there's a lot of money that goes out initially, and it takes a long time for it to be repaid.

**Hartle:** Yes, absolutely, but if you tell students that they can borrow \$7,000 for their education, they will borrow \$7,000. If you tell them that they can borrow \$23,000, they will borrow \$23,000. We told them that they could borrow \$23,000, and the amount of money being borrowed by students climbed. At one level that's a good thing because if students are going to borrow money, you want them to borrow it from the Federal Government. The Federal Student Loan Program is the best loan you're ever going to get, unless you get a loan from mom and dad. It has very generous terms and conditions. We increased the Federal Student Loan Program fairly substantially.

At one point the amount of money going out every year from the Federal Government, in student loans and Pell Grants, was roughly equal, but student loans had started to outpace Pell Grants by the late 1980s, and we inadvertently made it possible for it to continue to do that. It used to be that loans were about 50 percent of total federal financial aid; grants were another 50 percent. I can look it up and tell you what it is now, but the Federal Government, I think, makes about \$60 billion in loans available now, versus \$13 billion in Pell Grants.

**Heininger:** Well, the Pell Grants are still very small in terms of the amount of money per student.

**Hartle:** You can get up to \$4,050. Now, fifty percent of college students pay less than \$2,500 a year in tuition fees. Sixty percent pay less than \$4,500. I think that the maximum Pell Grant ought to be much higher. That's one of our continual advocacy goals here at the American Council on Education. The trouble is, it costs a lot of money to increase the maximum Pell Grant. To increase the maximum Pell Grant now, in 2008, by \$100, it costs about \$400 million, because there are so many people getting Pell Grants. It's a lot cheaper for the Federal Government to let people borrow money than it is to give them the money as a grant. It is better

for the individuals to get the money as a grant without a requirement to repay it, but it is much more expensive for the government to do it that way.

Looking back on the reauthorization, one of the big things we did in '92—and it wasn't commented on all that much at the time—was that we increased loan limits, and we saw a surge in borrowing over the next five years. The third thing that happened in the '92 reauthorization that has had a lasting effect is that we started playing around with the idea of direct loans.

**Heininger:** So that predated Clinton?

**Hartle:** Oh, yes. In fact the initial interest in it came from somebody working in the George H.W. Bush White House. Under the Federal Student Loan Program, the Federal Government pays a subsidy to the banks, the banks make a loan to the students, the loans are guaranteed by state agencies, and the students repay the banks. If the student defaults on the loan, the bank tries to collect the money. If they can't collect it, the state guarantee agency tries to collect it, and if they can't collect it, it goes back to the Federal Government. In the basic model of the Federal Student Loan Program, you have many layers of actors. The model of direct lending was very different. It basically asked, "Why don't we give the money directly to the students and have them repay us?"

**Heininger:** Because there were fees involved all along for each of these institutions, and the layers weren't there.

**Hartle:** Well, that was right. That was part of it. The other part of it was that the cost of capitalizing a Federal Student Loan Program was enormous. It didn't need just the subsidy amount every year; you needed the total amount every year. So if you were going to lend \$20 billion in loans and the subsidy rate is 20 percent, which is about right, you needed \$4 billion to lend \$20 billion. In a direct-loan program, you need \$20 billion.

**Heininger:** So you're basically reducing the cost for the Federal Government if you go to direct lending.

**Hartle:** Well, you're reducing the long-term cost because you are not paying the subsidies to all of the middle men.

**Heininger:** Right.

**Hartle:** What made direct lending possible was a change in federal law in 1990 that said, "In calculating the cost of government programs, you look at the net present value over the life of the program." You weren't looking just at the amount of money you needed up front; you were focusing on the value of the money over time. In that sense, direct lending was a much better deal because direct lending required a lot more money up front, but the Federal Government owned the loan.

**Heininger:** And they were also being repaid with interest.

**Hartle:** Right. So direct lending was a big winner.

**Heininger:** When they were run through the banks and the state agencies, the interest repayments were being held by the bank.

**Hartle:** It goes to the bank. It's the bank's money, whereas in direct lending, the Federal Government gets the interest. Around 1991/'92, there was a growing interest in direct lending and whether this was a model for making federal student loans that would save the taxpayers money. Personally I loved the simplicity of direct lending. The Federal Government was ultimately responsible for the loans, so we might as well give them the loans from the start. The Department of Education is never going to collect this stuff; they're going to hire contractors to do it. You can hire contractors to do it much cheaper than you can give a subsidy to the banks, right? Because with contractors you have competitive bidding. With subsidies to the bank, you're guessing what the subsidy has to be. On the other hand, remember that this was only at a 22 percent default rate, the Federal Student Loan Program, so the notion of giving the Department of Education a big portfolio of federal student loans was a risky proposition. One of the questions was whether we could do this.

Senator Paul Simon was the most vigorous proponent of direct lending, and he argued for it pretty vigorously. Nick Littlefield, to whom you have talked, on the Kennedy staff, was the most vigorous. I was in many ways the most reluctant, because I didn't know if the Department of Education could do it, and I didn't want to be put in a position where the Senator rolled out direct lending, or where we did direct lending, and then the Department of Education proved they couldn't do it and we had a collapse in the student-loan program.

The compromise was that we put a direct-loan demonstration program in place. This was the last item that was resolved in the 1992 reauthorization conference. Some of the key conferees sat in a meeting with Tom Scully, who was then the Deputy Director of the Office of Management and Budget, and we said, "This is what we want to do." He said, "I will take it back to my boss. I don't think he will take it." Then he went out and made a phone call, came back in and said, "Okay, we'll take it." So we wrote a direct-loan demonstration program into the 1992 reauthorization. The Department of Education was pretty excited intellectually at this idea, so they moved pretty quickly to implement the demonstration program.

Before they got too far, the '92 election gave the White House to Bill Clinton. Bill Clinton looked at direct lending and concluded, based on CBO [Congressional Budget Office] scoring, that the Federal Government could save \$6 billion over five years if it went to direct lending. He proposed, as part of his economic package in 1993, a universal direct-loan program. In other words, take the banks out of it altogether; take the guarantee out of it altogether. "Thanks very much. It's our program now." Congress, within eight or nine months of us putting a direct-loan demonstration program in place, was considering throwing the banks out altogether. At the end of the day—I was no longer there, but the Senator brokered this compromise—a direct-loan program was created; the bank-based program remained in existence; schools had the choice of which program they wanted to participate in. It worked a lot better than anybody could have anticipated.

The Department of Education proved able to run the program, in part because they were contracting it out. The banks, who had heretofore been remarkably unwilling to think about customer service in the Federal Student Loan Program, suddenly became very anxious to take

care of their schools, because if they didn't, their schools had another option behind door number two. So the competition that was unleashed by the creation of direct lending in the Clinton administration, which had started in the George H.W. Bush administration, I think revolutionized the nature and quality of customer service in the Federal Student Loan Program. As I said, it started out small and got very big.

In 1976, Jay Urwitz, the chap who helped find me for the Senator, had developed for the Senator a direct-loan program. The Senator had pushed the direct-loan program. "It will be a lot simpler, a lot cheaper. We'll go right through the Federal Government to make these loans directly. We don't need the middlemen. We don't have to pay the middlemen." The idea that the Senator pushed forward died as part of the 1980 Presidential campaign. It was a specific proposal. I think it was S. 1600. The specific proposal didn't die. It came back a few years later in a somewhat different form, and it has now become an important part of the student-loan program.

Ironically, you might have been reading stories about concerns that there might not be federal student loans available this year because banks are cutting back and so on and so forth. The backstop that schools are looking at is the Federal Direct Loan Program. If the banks walk away, the Federal Government can lend the money directly to students, which is something that, had the Clinton administration not pushed direct lending, wouldn't have been there.

We tend to think of revolutionary changes in public policy. In fact it's more evolutionary than anything else. The original idea had been floating around since 1980. There was a change in federal accounting procedures in the late '80s that made it a much more viable idea, and Congress was willing to try it as a demonstration program. We had a new President who looked at it and said, "I like this because it saves \$6 billion." It wasn't because he simply said, "This is better education policy." They might have believed that, but it also saved \$6 billion. The program is still there today, and it is still operating fairly successfully.

**Heininger:** If you go back to elementary and secondary education for a minute, what was being done to try to improve school facilities, and what federal program had there been for the modernization of school facilities, either in higher education or in elementary and secondary education?

**Hartle:** There wasn't anything in elementary and secondary education. Construction, renovation, repair of local elementary and secondary schools has always been a state and local matter. There wasn't anything in there to help with that, even though it's incontrovertible that there are a lot of inner-city schools that desperately need to be renovated.

When I worked for the Senator, he put a program in place called the Academic Facilities Modernization Act. In 1963, President [John] Kennedy had called for the creation of a Higher Education Facilities Act that would provide grants and loans to colleges and universities to build academic facilities. Remember, the 1960s was a time of burgeoning enrollments in higher education, and President Kennedy, realizing that the nation needed more colleges, wanted to provide funding to help institutions build. The Higher Education Facilities Act was created in December of 1963. It was created after President Kennedy was assassinated, and in some ways it was a memorial to him. That had provided a great amount of money throughout the '60s and had been used to build lots of facilities on lots of college and university campuses.



By '87/'88, some of the facilities that had been built with this federal money needed renovation and repair, and at the same time, many colleges and universities wanted to build buildings as a way of expanding their research portfolio so that they could be more competitive in applying for NIH [National Institutes of Health] grants and NSF [National Science Foundation] grants. At the Senator's direction, we created something called the Academic Facilities Modernization Act of 1988. It was part of the 1988 NSF reauthorization, another piece of legislation I worked on, that distributed money through competitive grants. It was an NSF-based program that distributed money through competitive grants to colleges and universities for facility reconstruction, renovation, and repair.

**Heininger:** And the facilities are limited to science and technology facilities.

**Hartle:** Yes. That was clearly the focus coming out of NSF. Part of the challenge in drafting the legislation was writing it in a way that made all types of schools eligible for the money so that not all of the money was sucked up by the big research universities who wanted to build high-end research facilities.

One of the things we hear a lot about now in federal policy is earmarks. I think that the lack of a federal facilities program has made earmarks increasingly necessary to campuses. The Facilities Modernization Act continued until the end of the 1990s, when funding for it evaporated. Congress stopped putting money into it. Of course that happened at about the time that funding for earmarks started to climb fairly dramatically. If you're a Member of Congress, I think that earmarks are a lot more fun because you can take credit for them directly, as opposed to something that the bureaucrats at the National Science Foundation have decided to do. I believe that one reason why there is so much interest in earmarks is because there's not a higher-education facilities program that would give people a reasonable source of funding to apply to.

**Heininger:** Why did it stop being funded?

**Hartle:** I don't know exactly why it stopped being funded. I'd have to go back and look. I think it was a question of competing items in the budget. We've gone through periods where the Federal Budget has huge deficits, so we fund some things and we don't fund others.

**Heininger:** Do you think this was part of the [Newton] Gingrich revolution?

**Hartle:** I assume that's when it went away, but I'm not absolutely certain. Again, I would have to go back and look, but it was there for about 10 years.

**Heininger:** And the net result was that it catalyzed the development of educational earmarks, or accentuated it or accelerated it.

**Hartle:** I'm not sure it did any of those things. The growth in earmarks started in the mid to late 1990s. I think that the absence of a facilities program that provides a reasonable shot for all institutions has increased the desire of many institutions to get earmarks, because there is no place in the Federal Government where they can turn now, except to an earmark.

**Heininger:** What was Kennedy's attitude about earmarks?

**Hartle:** He loved them.

**Heininger:** He could take credit for them.

**Hartle:** Right. In the Senator's view, this was always about providing assistance to institutions in Massachusetts, and helping them do good things, and helping them educate more students, and enhancing their research portfolios. The Senator loved earmarks—still does.

**Heininger:** Do Harvard and MIT [Massachusetts Institute of Technology] gobble up most of the money, or does it get spread throughout the state?

**Hartle:** Harvard and MIT have a point of pride that they don't take earmarks. They don't ask for them; they don't take them. There were a lot of schools that were more than happy to fill in for them: Boston College, Boston University under John Silber, and Northeastern were all very interested in earmarks, in part because they didn't have the huge endowments of MIT and Harvard, and this was a way for them to build modern facilities very quickly. The Senator was committed to doing this. He also thought that having a facilities program was a very good idea, because if you did that, then when people came to you, you could also point them to the NSF thing, because every Senator, particularly Senator Kennedy, gets a lot more earmark requests than he can possibly accommodate, so he has to prioritize them. The Senator would obviously like to help everybody, and if there were a facilities program, as there was at NSF for a decade, he had something else he could point them toward.

**Heininger:** Tell me about the dealings that you had with Massachusetts education officials and that Kennedy had with Massachusetts education officials, both at the local and state college levels.

**Hartle:** I spent an awful lot of time in Massachusetts, particularly visiting colleges and universities. The Senator was always willing and anxious to see folks from Massachusetts educational institutions, whether they were elementary and secondary schools, or colleges and universities. The general procedure was that if somebody was coming to town and they asked to see the Senator, you would take a look at the Senator's schedule. If the answer was, "I'm sorry. He's going to be on the floor managing the minimum-wage bill," then you said, "We can't do it." If the Senator was going to be around, you would ask for time for a meeting for the Senator to do a meet-and-greet with folks. Sometimes they would have a specific request; other times they wouldn't. But it was very much a part of the agenda. The Senator has always been focused on taking care of Massachusetts, and it was a value that was impressed on the staff from the start.

**Heininger:** How much did you deal with the House, and how much did Kennedy deal with the House?

**Hartle:** The House and Senate are two separate chambers. You deal with the House when you need to deal with the House to get something done. You wouldn't necessarily call up the House and say, "We're thinking about introducing a bill that would do X, Y, or Z. What do you think of that idea?" unless you thought that there was somebody there who was particularly interested in that idea. You might call them up and say, "Look, I want to give you a heads up. The Senator is introducing a bill next week that will do A, B, and C."

Mostly we dealt with the House in one of two circumstances. One was when we either were getting in or getting ready to go to a conference on a major piece of legislation. Second was when there was a Massachusetts interest that needed to be addressed, and then it was all for one, one for all. The differences in party lines tended to evaporate, but of course there weren't too many Republicans anyway. I think that I probably, on the education side, dealt with Congressman [Silvio] Conte's office more than any of the other offices on the House side, with the possible exception of Joe Kennedy's [II] office, during the period when he was in Congress. Obviously the Senator was very close to him, and he often wanted to know what Joe thought about an issue.

One time we did a hearing in Massachusetts. It was the Senator's hearing. It was a Labor Committee, but Joe showed up for it, and we actually held it in Joe's district. Even though it was a Senate hearing, he came to be part of it. When I went to work for the Senator, Tip [Thomas P.] O'Neill was the Speaker, so it was a—

**Heininger:** Massachusetts operation.

**Hartle:** Yes. With Sil Conte and the Senator, Massachusetts had enormous clout. [Edward] Markey was there running the Rules Committee, so it was a very senior, very established delegation.

**Heininger:** And it all goes away.

**Hartle:** Well, all things change.

**Heininger:** How would you characterize the differences between the House's approach to education policy in the years you were there as compared to the Senate's approach? It became very marked once you got to Clinton's second term, with Gingrich, or after '94, but were there as many differences when you were there?

**Hartle:** No, I don't think so. One of the things I notice now is that when I worked on Capitol Hill, the key House staffers were very established, very senior people who had worked there for 15 or 20 years—the same in the Senate. There has been an enormous amount of turnover in the staff who handle educational issues, and that's natural. It happens. But one of the drawbacks with it is that you lose a lot of institutional memory. You lose people who remember why you did something a certain way. Even now I find myself having to say, "No, don't do that. We tried it 15 years ago, and it was a disaster." Or I say to them, "This idea has been floated before, and here's why it never worked in the past." I didn't see as much of a difference between the House and the Senate when I was there. They were two separate chambers. They would pass their bills, we'd meet in the middle, and we'd conference it. I see the differences between then and now much more clearly than I could see differences between the two chambers at that time.

**Heininger:** Tell me how you've seen Kennedy's views on education policy change, because you've watched him both when you were there and subsequently. What are his chief priorities, and how have those changed or stayed the same, and how has his role changed or stayed the same?

**Hartle:** I think his chief priority has always been to help low-income individuals, both at the elementary and secondary level and at the post-secondary level. What's the best way to help, and what's the most effective way to help them? I think the Senator has always been concerned about what the Federal Government is getting for its money. I think he's been much more concerned and focused on that than the caricatures of him might lead people to believe. I think the change we've seen in federal education policy, both in elementary and secondary and in higher education, is that the Federal Government is now much more involved in the day-to-day operation of running school districts and of running colleges and universities than it was before.

A lot of the things that the Federal Government does now would have been incomprehensible to me when I worked on Capitol Hill. I think the Senator is willing to use the power of the Federal Government to push educational institutions further in the name of providing more education or giving better services. The change I've seen since I stopped working with the Senator 15 years ago is in a willingness to give the Federal Government, the Department of Education, authority. That would have been a nonstarter in 1990.

**Heininger:** Have you stayed in touch with his office and staff?

**Hartle:** Oh, sure. In my job now, I'm sort of the center of advocacy activities for higher education, and the Senator is obviously at the center of public policy for higher education—period. So yes, I talk with them quite regularly, and I talk with the Senator with some regularity. It's like the Hotel California: you can check out, but you can never leave.

**Heininger:** Another way I've heard that phrased is, "Always on staff, regardless of payroll."  
[laughter]

**Hartle:** Yes.

**Heininger:** Is there anything else we should cover?

**Hartle:** No. My professional life is divided into stages: before I worked for the Senator and after I worked for the Senator. I had always admired Senator Kennedy, and particularly Senator Robert Kennedy, because that's what encouraged me to think about a career in public service. So it was an extraordinary honor to have a chance to work for the Senator.

What I didn't count on was how much I would come to like him personally. The Senator was a very good boss for a Senator. Senators can be unfairly demanding. They can be mean spirited. Anybody who's a Senator has an ego. If they don't have an ego, they're not a Senator. But not all Senators say thank you. Not all Senators call you and say, "I really appreciate the job you did." Senator Kennedy did that often, and there's nothing like getting a call like that from the boss to make you want to go back in for another six hours of work.

His capacity for hard work is extraordinary. One time, when I worked for him in '87, there was a major piece of omnibus legislation—it was called the Trade Bill—that had been taken to the floor. The Trade Bill was written because we had a big trade deficit, and everybody wanted to reduce the trade deficit. So we took all of these ideas and cranked them into a program, and one title was labor and one title was health and one was education and one was transportation. The

way they managed it on the floor was by having whichever chairman of the committee who had put that particular title in place—they took the titles in order.

We were on the floor with the education title. We had worked late. The Senator needed to be briefed. They had sent out for Chinese food in the office. It was about 8:30 at night. The staff was still sitting around eating Chinese food, and a call came in that the Senator had been in an accident on the GW [George Washington] Parkway going home. A tree had fallen just as his car was driving underneath it, and the Senator was bruised and shaken up. His driver went to the hospital. The car was totaled.

**Heininger:** Oh, my God.

**Hartle:** The Senator was on the floor at 8:00 the next morning, ready to manage the Trade Bill. At that time, I had been there probably four months, and I knew that the staff worked hard, and that's when I learned that the Senator works hard, and just how hard the Senator works. When he went away and we had a recess, he went away, but when we were in session, he worked very hard, and he drove the staff very hard. The old adage is that the Senator treated staff the way the Pony Express treated horses: you ride one until it drops, and then you get a new horse. There's some truth to that. If you were going to work for Senator Kennedy, you were going to work very hard. If you weren't going to work very hard, you weren't going to be there very long.

**Heininger:** Why did you leave?

**Hartle:** I had worked for the Senator for about six years. I was physically tired. They are very demanding jobs, they are wonderful jobs, but I had used up a lot of my human capital. As I said, the Senator is interested in people who bring ideas to the table and who can help him advance social policy as it benefits low- and middle-income Americans. So it was partly battle fatigue. The other part of it was that this job opened up. This is historically the most visible job in American higher-education advocacy and public affairs. My predecessor had been in it for 18 years, and I figured, *Well, that would be a terrific job.* I told the Senator that I was interested in the job, and the only thing he said was, "How can I help?" He said, "I don't want you to leave, but if you want to leave and if this is the right thing for you, tell me how I can help." So that's how I left.

**Heininger:** Did you handle elementary and secondary education as well as higher education when you were there? That became bifurcated in the Clinton administration.

**Hartle:** It did. I was nominally in charge of all of it, but in fact, Ellen Guiney came. I'm going to get the year wrong now. I think Ellen came in '91. Maybe in '90. She had so much background in elementary and secondary education, and it was a godsend for me to turn it over to her, because the '92 reauthorization of the Higher Education Act was all consuming. The current reauthorization of the Higher Education Act will take about five-and-a-half years before they finish it. We did it in two. So I was so glad to diminish my responsibility for elementary and secondary education. I know that Ellen would be the best person to talk to about how things started and evolved from there. She knew everybody in elementary and secondary education, and in higher education, in Massachusetts. I knew most people in higher education. It was a godsend to have her there.

**Heininger:** This has been terrific. Thank you very much.