

SPECIAL REPORTS

The Gates Effect

The Bill & Melinda Gates Foundation has spent \$472-million (so far) on higher education. Why many in academe are not writing thank-you notes.



Leonardo Carrizo for The Chronicle

Terry Crosgrove, who works in an Ohio plant that makes Slim Jims, is studying for an associate degree through Southern New Hampshire U.'s competency-based program, which was begun with money from Gates.

By Marc Parry, Kelly Field, and Beckie Supiano | JULY 14, 2013

In Bill and Melinda Gates's vision for higher education, more students will get a college experience similar to Terry Crosgrove's.

Each morning, Mr. Crosgrove clocks in for the 5:30 a.m. shift packaging Slim Jims at a ConAgra plant in Troy, Ohio. On days off, he chips away at an associate degree offered through an experimental online program at

Southern New Hampshire University.

The low-cost, self-paced education lacks courses and traditional professors. Instead, students progress by showing mastery of 120 "competencies," such as "can use logic, reasoning, and analysis to address a business problem."

The program is an important guinea pig. The U.S. Department of Education recently allowed Southern New Hampshire to become the first university eligible to award federal aid for a program untethered from the credit hour, the time-

based unit that underlies courses and degrees. The move, wrote one advocate, "could signal a new era for higher education."

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The Gates Foundation's Higher-Education Footprint, 2006-11

Explore the breadth and quantity of money granted by the Bill & Melinda Gates Foundation to higher-education projects compared with the next two largest supporters of reform: the Lumina Foundation and the Kresge Foundation.

Table: Browse Gates, Lumina, and Kresge Higher-Education Grants, 2006-11

Disclosure

The Chronicle has received Gates Foundation money to support two Web sites. [Read More.](#)

The Bill & Melinda Gates Foundation, at \$36-billion the world's largest private grant-making foundation, has done much to orchestrate that new era. Its largess and sway helped get Southern New Hampshire's program off the ground, supported a key think-tank report that advocated moving beyond the credit hour, and helped persuade a risk-averse Education Department to open federal coffers to competency-based education.

The foundation wants nothing less than to overhaul higher education, changing how it is delivered, financed, and regulated. To that end, Gates has poured hundreds of millions of dollars into getting more students to and through college, in an effort to lift more Americans out of poverty.

Since 2006, Gates has spent \$472-million to remake U.S. higher education, according to a *Chronicle* analysis—\$343-million of that since January 2008, the year Gates announced a new focus on helping low-income young people earn credentials. The Lumina Foundation, another key player in the college-reform movement and the largest private foundation devoted solely to higher education, spent a little more than half that amount over the same period on a similar agenda.

Five years into an ambitious postsecondary program that is expected to last two decades, the avalanche of Gates cash has elevated the Seattle-based foundation to a central role in the national debate about reforming college, raising questions about the extent of its influence.

Gates's rise occurs as an unusual consensus has formed among the Obama White House, other private foundations, state lawmakers, and a range of policy advocates, all of whom have coalesced around the goal of graduating more students, more quickly, and at a lower cost, with little discussion of the alternatives. Gates hasn't just jumped on the bandwagon; it has worked to build that bandwagon, in ways that are not always obvious. To keep its reform goals on the national agenda, Gates has also supported news-media organizations that cover higher education. (Disclosure: *The Chronicle* has received money from the Gates foundation.)

The effect is an echo chamber of like-minded ideas, arising from research commissioned by Gates and advocated by staff members who move between the government and the foundation world.

Higher-education analysts who aren't on board, forced to compete with the din of Gates-financed advocacy and journalism, find themselves shut out of the conversation. Academic researchers who have spent years studying higher education see their expertise bypassed as Gates moves aggressively to develop strategies for reform.

Some experts have complained that the Gates foundation approaches higher education as an engineering problem to be solved.

Most important, some leaders and analysts are uneasy about the future that Gates is buying: a system of education designed for maximum measurability, delivered increasingly through technology, and—these critics say—narrowly focused on

equipping students for short-term employability.

Private foundations have shaped academe for decades. But Gates and its philanthropic partners, the Lumina and Kresge Foundations, are pioneering an activist approach to higher-education reform, one that emphasizes systemic change and demands quick, measurable results. This new approach has earned praise from some observers, who maintain that strategic, focused grant making is exactly what foundations should be doing.

But what if the focus is misguided? "College completion may be the wrong goal," says Stanley N. Katz, who directs the Center for Arts and Cultural Policy Studies at Princeton University and has written critically about foundations.

"There is too much emphasis on getting people through the system, processing them," he says. "That needs to be seen in relation to what students are in fact learning. It's a big problem, and it's getting very little discussion."

The tactics of these foundations reflect broader trends that have transformed philanthropy in recent years. Since the 1990s, much of the foundation world has adopted elements of the "venture" or "catalytic" philanthropy model. The playbook? Be strategic. Tie everything to an overarching plan. Assess results rigorously. Cut losses quickly after failures.

And even the biggest of the foundations have come to feel, especially since the brutal recession, that the best way to make a difference is to tap into, or "leverage," government money, through federal and state advocacy. They have the ears of lawmakers and regulators, but they answer to neither voters nor shareholders.

"In a democracy, these are arguably the least democratic of institutions," says Scott L. Thomas, a scholar of higher education at Claremont Graduate University who has studied Gates and Lumina. "And they're having an outsized influence on

education policy."

That influence has yielded its biggest payoff at the state level. As states make deep cuts in higher-education budgets, Gates and Lumina have helped to rechannel the public dollars that states do spend into efforts to raise college completion. The hidden hand of these foundations, felt indirectly through grantees like Complete College America and Jobs for the Future, is pushing new state efforts to tie colleges' budgets to metrics like graduation rates. These efforts have been criticized for bypassing colleges and imposing top-down solutions.

In the nation's capital, the flow of Gates money indicates a desire to reroute another economic artery of higher education: federal financial aid. The foundation has paid millions to an array of groups that argue that the \$188-billion-a-year federal aid system is broken, that it should accommodate experimental programs like Southern New Hampshire's, and—most controversially—that it should be restructured to foster college completion.

The Gates foundation is so big that anything it does will be controversial, says Michael S. McPherson, president of the Spencer Foundation, which supports research about education. "I've sometimes said they're the only foundation you can see from space," he says.

The roots of the Gates foundation's higher-education reform effort go back to 2006, when a \$31-billion pledge from Warren Buffett doubled the size of the foundation and allowed it to expand its programs. The foundation hired Hilary Pennington, who had co-founded Jobs for the Future, to identify the most effective lever for increasing social mobility. She was struck by research that showed two things: (1) the upward mobility of children is affected by their parents' level of education; and (2) if a poor person fails to get a college degree by his mid-20s, his chance of ever getting one plummets.

Gates came up with a strategy to break the intergenerational cycle of poverty by doubling the number of low-income students who earn degrees or credentials with labor-market value by the age of 26. Ms. Pennington would lead it. Success would require an annual increase of some 250,000 graduates.

Anthony P. Carnevale, a Georgetown University scholar whose research on the work force has informed the foundation, says education posed one major advantage over other ways to fight poverty, such as strengthening the social safety net: Increasing college completion was politically feasible.

Bill Gates, a Harvard dropout who became the richest man in the world, believes that foundations can step in where markets fail. Higher education should cost less, produce more graduates, and better serve low-income students, the Gates thinking goes. Colleges cannot count on more public money to fix their problems. Instead, better data and openness are part of the solution, to do things like measure the "value" added by each institution. So is technology: Among the foundation's investments are projects to test how massive open online courses, or MOOCs, could change introductory and remedial classes.

"The education we're currently providing, or the way we're providing it, just isn't sustainable," Mr. Gates told the Association of Public and Land-Grant Universities last year. "Instead we have to ask, 'How can we use technology as a tool to recreate the entire college experience? How can we provide a better education to more people for less money?'"

But as Gates's higher-education activism grows, so does anxiety over the consequences.

Critics fear that the focus on quickly pumping more students through the system could encourage colleges to water down requirements or turn away applicants who might struggle. Already some feel it has prompted community colleges to

churn out too many graduates with short-term certificates that polish the colleges' completion numbers but offer dubious long-term value to students. Eventually, critics worry, the foundation's efforts to promote access and completion could actually increase social divisions by creating separate and unequal programs.

If philanthropic efforts like Gates's create public colleges that are just teaching to the job interview, the result could be "a better on-ramp for jobs but a worse one for real social mobility," says Robin Rogers, an associate professor of sociology at Queens College and the Graduate Center of the City University of New York, in an e-mail. Ms. Rogers, who is working on a book about the role of billionaire philanthropy in public policy, says "the leadership class of the United States could become one that students had to be born into or selected to be in"—through scholarships—"by the existing elite."

Gates also comes under attack for what critics describe as an overly prescriptive agenda.

"They start with the assumption that something is broken," says Patricia A. McGuire, president of Trinity Washington University, which serves low-income women in the District of Columbia. "Then they take the next step of deciding what the fix is before they really understand the problem." Skeptics say such confidence is dangerous when dealing with complex social phenomena like education.

What's striking about these concerns is how rarely they are voiced in public. In elementary and secondary education, where Gates has a longer track record, the foundation's activities generate growing criticism. It comes from liberals (who say Gates is trying to privatize education and is attacking unions) as well as conservatives (who say Gates and President Obama are in cahoots to federalize education through the Common Core learning standards).

In higher education, many leaders and faculty members voice concerns about the Gates foundation's growing and disproportionate impact. Many private-college presidents, in particular, feel shut out of discussions about reform. Yet few of those critics speak out in public, and some higher-education leaders, researchers, and lobbyists were reluctant to talk on the record for this article. The reason? They didn't want to scotch their chances of winning Gates grants.

The silence extends to research. Mr. Thomas edits *The Journal of Higher Education*, one of the field's leading periodicals. During his two years as editor, he has yet to receive a well-developed manuscript on the role of philanthropy in academe—even as Gates and its allies wager enormous sums to alter the fundamentals of higher education.

For their part, foundation leaders bristle at the suggestion that they seek to shape public policy. In an interview, Daniel Greenstein, who now heads Gates's postsecondary program, emphasized that the foundation's role is to inform the legislative process, not to drive it.

Yet both Gates and Lumina have been candid about their plans to use their money and influence to push for policy change. In a 2008 speech at a Gates education forum, Mr. Greenstein's predecessor, Ms. Pennington, told the audience that the foundation would use its "strong and persuasive voice" and "join you in advocating for policy changes and investments proven to get results."

Rhetoric aside, one way to judge the criticisms of Gates is to take a closer look at how the foundation used its full playbook to help elevate a marginal movement—competency-based education—to the top of the country's education docket.

Had ConAgra not presented Mr. Crosgrove the chance to study in Southern New Hampshire's new, flexible online program, a venture called College for America, the financially struggling 54-year-old

would not be pursuing a degree today. Mr. Crosgrove, who goes to college while working full time and raising a family, says he studies largely for personal fulfillment.

But the prospect of a degree also has him dreaming of new possibilities, such as becoming a teacher of woodworking or geography. "Factory work is not the most exciting work you will find in your life," he says. "I feel like I'm using my brain again."

The Southern New Hampshire program that gave Mr. Crosgrove that opportunity got off the ground with help from a \$1-million grant from Next Generation Learning Challenges, an ambitious technology program that Gates established in collaboration with Educause, a higher-education-technology association, and other partners. In this grant round, the program sought innovators to take on a very specific challenge: delivering a college degree priced at no more than \$5,000 a year.

MOOCs have hogged much of the public conversation about remaking college. But the competency-based model of College for America may represent a more radical reform. It is education rethought from the ground up, designed to control costs by using computers where possible and humans where necessary.

Mr. Crosgrove and his classmates study clusters of curated online materials, such as the free "Smarthistory" videos presented by Khan Academy. They let students show mastery of competencies by completing "tasks." One task, for example, asks them to research potential works of art for a museum exhibit and to create a PowerPoint on their findings. The completed tasks are shipped out for evaluation to a pool of part-time adjunct professors, who assess the work and explain to students what they should do to improve.

A coach helps Mr. Crosgrove set goals, navigate materials, and handle problems. The faculty role in College for America involves curating the content for students and assessing tasks.

"The notion of the faculty member as the deliverer of learning—that's the piece that we pull out," says Paul J. LeBlanc, Southern New Hampshire's president.

In promoting this brand of education, Gates money went beyond seeding College for America. The competency campaign of Gates and its allies resembled a well-executed product rollout. And, as with many Gates ventures, one element of that rollout was the deployment of research that shaped how public officials and ordinary people viewed the issue.

Competency-based education, which has been around for years, gained fresh momentum from a report published in 2012 by the New America Foundation and Education Sector, two Washington-based think tanks. The Gates- and Lumina-financed paper, called "Cracking the Credit Hour," fingered the time-based credit hour as "the root of many problems plaguing America's higher-education system." It mapped various paths that would allow policy makers to experiment with awarding financial aid "based on learning rather than time," such as the Southern New Hampshire model.

Since 2006, Gates and Lumina have invested nearly \$4-million in New America's higher-education programs. Under the leadership of Kevin Carey, a prominent critic of academe in *The Chronicle* and elsewhere, the think tank's education-policy shop cultivates an environment hospitable to innovations like competency-based education.

The driving force behind New America's credit-hour work is Amy Laitinen, a former higher-education-policy adviser in the Department of Education and the White House, who now serves as the organization's deputy director for higher

education. It was Ms. Laitinen who spread the word about an obscure provision in the Higher Education Act that allows colleges to award aid based on the "direct assessment" of student learning rather than on seat time. She's how Mr. LeBlanc realized that there was a path to obtain federal funds for a program not tied to the credit hour.

The Southern New Hampshire president submitted an application to the Education Department in October and met with agency leaders for a status check in early January. Two days later, representatives of Gates and Lumina met with the department to talk about competency-based education.

On March 19, the department issued a "Dear Colleague" letter inviting colleges to apply for student aid for competency-based programs. The following month, in Washington, Gates and Lumina held an invitation-only "convening"—foundation-speak for a meeting—of the department, colleges, accreditors, and state agencies. The competency-focused event was closed to the press, and a skeletal, draft agenda said "Do not share" at the top.

David Bergeron, the top official who drafted the "Dear Colleague" letter for the department, hesitates to give foundations too much credit for the policy shift. But he acknowledges that foundations helped the department see the promise in competency-based education, not just the peril.

The closed convening allowed colleges and accreditors to have a "very frank and open conversation about the barriers to innovation that the institutions perceive accreditors are putting in place," adds Mr. Bergeron, a 35-year department veteran who joined the Center for American Progress this year. "That's an awkward conversation to have with press in the room."

Convenings, which can be open or closed to the public, have become a popular tool of foundations. A spokeswoman for Lumina, which hired a director of convening strategy in 2010, says they can provide a "safe space" for lawmakers and stakeholders to discuss ideas.

But the secrecy and exclusivity surrounding the convening on competency-based programs ruffled some feathers. At the Council for Higher Education Accreditation's annual meeting, in late January, Jan Friis, the association's lobbyist, grumbled that foundations were having private meetings with the department. He pointed out that Ms. Laitinen's credit-hour report had been financed by foundations, and he urged the audience of accreditors to "not be left out" of the coming convening. (They weren't.)

Still, his comments reflect the deep suspicion that traditional college lobbyists hold toward megafoundations like Gates. Most wouldn't comment on the record about Gates, perhaps because nearly all of the major college associations have received grants from the foundation. But privately, some complain that the reform-minded foundations and their allies are excluding establishment groups from the conversation.

One lobbyist, a member of the "Big Six" college associations that education reformers dismiss as "the blob," says Gates and other foundations have created a "new blob."

"I call it the 'impenetrable cluster,'" says the lobbyist. "They've locked out practitioners in favor of those with no hands-on experience or responsibility to students."

Gates defenders counter that the college lobby is more interested in preserving the status quo than pursuing meaningful change.

What has emerged from all this new advocacy is a higher-education discussion colored—some say skewed—by the Gates foundation's vast wealth. Siva Vaidhyanathan, chair of the media-studies department at the University of Virginia, is a frequent combatant in debates about reforming college. As he sees it, Gates holds such a powerful megaphone that it drowns out "real" education researchers.

"When we have public debates about the needs of higher education—the future of higher education—not coincidentally they track with the agendas and recommendations set forth by the Gates foundation, by McKinsey & Company, by the New America Foundation," he says. "These are considered independent resources, but basically they're putting out PowerPoint presentations—and the rest of us have to scuttle to react to their pronouncements. And so what we're not having in this country is serious scholarly deliberation about these issues, because there's so much money flowing at the punditry about higher education."

Two Gates-backed financial-aid projects illustrate what critics see as a flawed research strategy that bypasses university-based scholars in favor of outside groups with different methods and incentives.

In the first project, called "Reimagining Aid Design and Delivery," or RADD, the Gates foundation paid 16 think tanks, associations, and other groups to produce white papers floating ideas for reform. The money—approximately \$3.5-million for that first round—focused on a specific change: using aid as a lever to improve student success. (A second round of the RADD project is under way.)

The project showcases the foundation's power to create a consensus by enlisting a variety of organizations, some well known, to release reports that all begin from the same predetermined position.

In RADD, Gates takes as a given two premises that are far from settled among financial-aid experts. The first is that the federal financial-aid system is in need of reform. Few would argue that the current system couldn't be improved. But not everyone thinks it should be overhauled—especially at a time when Congress might be tempted to see any program change as an opportunity to save money.

The second assumption is that student aid should be restructured to promote timely completion, by creating incentives that nudge students toward a diploma or reward colleges for graduating them. This could mean, for example, that a student is awarded a larger Pell Grant if she signs up for additional credits beyond the minimum she must take to qualify as a full-time student. Or, on the college side, the level of support for campus-based aid programs, like federal work-study, could be pegged to how well those colleges do at graduating students.

Last June, Bill Gates challenged colleges to go beyond asking the government for more money. "Aid should be structured to provide incentives—for institutions and students—to raise college-completion rates," Mr. Gates said in his speech to the Association of Public and Land-Grant Universities. His bottom line: "We cannot be agnostic about whether aid subsidizes failure or success."

But Mark Kantrowitz, a financial-aid expert and publisher of *Edvisors*, worries that asking students to do more to earn their aid will hinder the system's historic mission of providing college access to those who cannot otherwise pay.

Ms. McGuire, of Trinity Washington, raises similar concerns. "The assumptions that drive the conversation are elitist," she says. "This is not about a lack of smarts; the foundations have some of the smartest people. The problem is, they live in a bubble. They cannot imagine a student who has to decide between buying books and buying dinner, and the pressures that force them to take time off. The institutions that are being labeled wrongly [as failures] are the very ones that take the risk to enroll such students."

Colleges have two easy ways to raise graduation rates. They can make passing so easy that no one will fail. Or they can restrict admission to those who are unlikely to fail. If aid is tied to success, critics worry, that may preclude institutions from giving a chance to marginal students who might benefit from college and fare quite well. (Those misgivings are familiar to Mr. Gates, whose call for linking aid to completion included this proviso: "without creaming the most-prepared students and without sacrificing quality.")

Another concern: RADD aims to improve a system that is little understood in its present form. Andrew P. Kelly, a research fellow at the American Enterprise Institute who helped with one RADD grantee's project, wrote a *Chronicle* commentary pointing out that "current research doesn't answer basic questions about how changes in financial-aid programs would affect student behavior."

In the second Gates-backed aid project, researchers are testing the possibility of hastening degree progress by paying extra scholarship money directly to students, on top of their other aid, so long as they take a certain number of credits and earn passing grades. These "performance-based scholarship" studies are being done by MDRC, a nonprofit research group known for its work on welfare issues. MDRC had begun the financial-aid effort in a pilot program and got \$15.3-million from Gates, the largest supporter, to scale it up.

Like academic researchers, MDRC seeks grant support, but it operates rather differently. The research shop seeks to build a receptive audience for its work, setting up meetings with government officials, key advocacy groups, and Congressional staff to fill them in—even before results are available. These meetings raise awareness about MDRC's research, says Robert J. Ivry, a senior vice president, and also ensure that its work is relevant. "Just doing high quality research," Mr. Ivry says, "is not enough to change the system."

So far, based on short-term results, MDRC describes the Gates-backed performance-based scholarships as having "modest but positive effects."

But Sara Goldrick-Rab, a member of a team contracted by the Department of Education to review one of the MDRC studies, says the research group cherry-picked which findings to highlight in its report and overstates its results in public discussions. That worries her all the more because policy makers might be inclined to see the MDRC work as an argument for making the Pell Grant, the federal government's biggest grant for needy students, performance-based.

The Gates foundation is "following a model of decision making that feels a bit impetuous," says Ms. Goldrick-Rab, an associate professor of educational-policy studies and sociology at the University of Wisconsin at Madison, who has observed Gates from the inside as one of its grantees. "They're acting like an adolescent."

"But many people have told them to act like an adult," she says. "Do your research. Make careful, considered investments. And for God's sake, be patient. We don't make good, positive changes overnight. We make big mistakes quickly."

At MDRC, Mr. Ivry dismisses the idea that his group's scholarship work is ultimately about the Pell Grant. After all, he says, the experiments test a different way of distributing additional aid, not existing aid. MDRC, he adds, has earned a reputation for being "independent and objective."

Daniel Greenstein, the postsecondary leader at Gates, rejects the notion that his foundation brings precooked theses to problems like financial aid. He describes RADD as soliciting "key stakeholders who have a real interest and expertise in this area" and asking, "What are some ideas that you would bring to the table?"

Mr. Greenstein points out that Gates also supports deep, long-term academic research. He cites developmental-education studies by the Community College Research Center at Columbia University's Teachers College, for example.

Others agree. Gates has supported some of the most "cutting edge" work done in higher-education economics and financial aid, says the Spencer Foundation's Mr. McPherson. Examples include an experiment that tested the effect of having tax-preparation workers at H&R Block help families apply for financial aid, as well as research on why high-achieving, low-income students do not attend the same kinds of colleges that their wealthier peers do.

And where Mr. Vaidhyathan sees an education debate distorted by Gates, Mr. Carey, of New America, sees a level playing field.

"If the public conversation around higher education in any way reflects our views and ideas," he says, "that's evidence that our ideas are persuasive and compelling, not anything else."

For those who worry about Gates's influence, the concern isn't just about the foundation's ideas. It's the feeling that Gates operates as a de facto lobbying group, one with a direct pipeline to the Department of Education.

In part, that perception reflects the fact that more employees have been moving between foundations and the federal government in recent years. The new education counsel on the Senate education committee came directly from Gates, and Lumina recently recruited a pair of top Democratic higher-education aides to lead its new Washington office.

Ethics rules issued under President Obama prohibit all political appointees from working on matters affecting their former employer. But the rules contain a waiver for employees focused on "public interest" issues, such as national

security and the economy. At least two former Gates employees—Margot Rogers, former senior counselor to the secretary of education, and James H. Shelton III, assistant deputy secretary for innovation and improvement at the Education Department—were granted such waivers, allowing them to work with the foundation.

The influx of foundation veterans and their grantees has led to increased collaboration between foundations and the Obama administration, says Daniel T. Madzellan, who retired in 2012 after more than 30 years at the Education Department. "Before the current administration came on board, none of us thought about foundations," he says.

Obama and the foundations share some objectives. Like Lumina, the president has set a goal for leading the world in college completion; like many Gates grantees, he supports the expansion of state data systems for tracking student progress. The president has also toyed with performance-based financing for colleges, suggesting in several budgets that some campus-based aid go to institutions that provide "good value" and serve low-income students effectively. He has even appeared to embrace competency-based learning, calling on Congress to consider creating "a new alternative system of accreditation" that would allow colleges to receive aid "based on performance and results."

Even so, foundations and the department aren't always in agreement. In 2011 the Gates foundation sent a letter to the secretary of education warning that a proposed rule defining the "credit hour" would discourage its grantees' experiments with competency-based learning. The department never responded, and the rule took effect last year. Still, the department did later agree to award student aid based on measured "competencies," not just credit hours.

While tax law bars foundations from engaging in campaign and other political activity, a foundation can conduct some "issue" lobbying, so long as that does not constitute a "substantial part" of its work. But foundations face an excise tax so large "that it generally acts as a lobbying prohibition," according to the IRS Web site. The lobbying limitations don't apply to meetings with agencies and the White House.

Gates and Lumina leave advocacy mostly to their grantees. Congressional aides say they rarely hear from the foundations but are in frequent contact with grantees like New America, Education Trust, and the Institute for College Access and Success.

New America holds regular background briefings for Capitol Hill aides, bringing in experts to discuss higher-education topics through its Gates-financed Postsecondary National Policy Institute, which is headed by two former Senate aides.

In the RADD project, the foundation made clear that it expected grantees to do more than just issue reports. Its grant to the Alliance for Excellent Education lists as its purpose "to employ its network of education stakeholders to make the case that the nation's federal student-aid system is in urgent need of reform." The Institute for Higher Education Policy, another grantee, was "to build a coalition of voices calling for broader student-aid reform." The Institute for a Competitive Workforce, at the U.S. Chamber of Commerce, was expected to "engage the business community ... and build a larger constituency for reform."

The foundations themselves tend to play down the impact they are having in Washington.

Ms. Pennington, the first leader of Gates's postsecondary-success program, scoffs at the idea that foundations can "shape public policy."

"When you put all their resources together, they're a rounding error," she says. "There's a huge amount of money at federal and college levels—foundations' budgets are pretty small in the context of that."

Still, she adds, "I think foundations have an ability to set an agenda, to help clarify an agenda and rally momentum around an agenda."

And Gates is just getting started, with 15 years to go on its investment in higher education. One former program officer says Gates has deliberately gone slow at the start of its postsecondary push, to avoid repeating mistakes it made at the elementary and secondary level.

"They didn't want to develop a policy agenda without understanding the nuances of the space, because that's where you can do damage," the former officer says.

The first five years, the officer says, were about learning. It's the next five that will be the most telling.

Ben Gose, Joshua Hatch, Katherine Mangan, and Jennifer Ruark contributed to this article.

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