

DOCUMENT RESUME

ED 061 874

HE 002 929

TITLE The Possible Dream: Meeting Student Financial Needs.

INSTITUTION College Entrance Examination Board, New York, N.Y.

PUB DATE 71

NOTE 34p.

AVAILABLE FROM Publications Order Office, College Entrance Examination Board, Box 592, Princeton, New Jersey 08540 (\$1.00)

EDRS PRICE MF-\$0.65 HC Not Available from EDRS.

DESCRIPTORS \*Educational Finance; \*Financial Support; \*Higher Education; \*Student Loan Programs; \*Tuition

ABSTRACT

In spring 1968 the College Scholarship Service of the College Entrance Examination Board decided the time had come for a thorough review of its system of analyzing the financial needs of applicants for admission to universities and colleges, particularly at the undergraduate level. Accordingly, the Panel on Student Financial Need Analysis was established and directed to: (1) review and evaluate the system, and (2) recommend changes that might make it more definitive and comprehensive. This document presents an abridged version of the original, rather lengthy report, New Approaches to Student Financial Aid. It is felt that the present report will be of interest and value to a broader audience than the original, because it sets aside many of the formulas and statistics and presents an examination of student financial aid in a societal framework and aims its recommendations at increasing the nation's thrust toward providing equal access to higher education for all who can benefit from it. (HS)

ED U61814

**The Possible Dream**  
**Meeting Student Financial Needs**

*A Digest of the Report of the Panel on Student Financial Need Analysis  
to the College Scholarship Service*

U.S. DEPARTMENT OF HEALTH,  
EDUCATION & WELFARE  
OFFICE OF EDUCATION  
THIS DOCUMENT HAS BEEN REPRO-  
DUCED EXACTLY AS RECEIVED FROM  
THE PERSON OR ORGANIZATION ORIG-  
INATING IT. POINTS OF VIEW OR OPIN-  
IONS STATED DO NOT NECESSARILY  
REPRESENT OFFICIAL OFFICE OF EDU-  
CATION POSITION OR POLICY.

PERMISSION TO REPRODUCE THIS COPY-  
RIGHTED MATERIAL BY MICROFICHE ONLY  
HAS BEEN GRANTED BY  
*College Entrance  
Examination Board*  
TO ERIC AND ORGANIZATIONS OPERATING  
UNDER AGREEMENTS WITH THE U.S. OFFICE  
OF EDUCATION. FURTHER REPRODUCTION  
OUTSIDE THE ERIC SYSTEM REQUIRES PER-  
MISSION OF THE COPYRIGHT OWNER.

HE002929

College Entrance Examination Board, New York  
1971

Copies of this booklet may be ordered from Publications Order Office, College Entrance Examination Board, Box 592, Princeton, New Jersey 08540. The price is \$1.

Editorial inquiries concerning this booklet should be directed to Editorial Office, College Entrance Examination Board, 888 Seventh Avenue, New York, New York 10019.

Copyright © 1971 by College Entrance Examination Board. All rights reserved.

Library of Congress Catalog Card Number: 78-186414

Printed in the United States of America

## Contents

|  |     |
|--|-----|
| Foreword . . . . .   | vii |
| Introduction . . . . .   | ix  |
| Myth and Reality . . . . .   | 1   |
| A Glance Backward . . . . .  | 3   |
| The System Today . . . . .   | 5   |
| Looking Ahead . . . . .  | 6   |
| Unequal Access . . . . .   | 10  |
| Special Needs . . . . .  | 10  |
| Institutional Practices . . . . .  | 14  |
| The National Patchwork . . . . .   | 16  |
| Recommendations . . . . .  | 17  |
| Improving Need Analysis . . . . .  | 17  |
| Improving Institutional Practices . . . . .                              | 21  |
| Developing National Policy . . . . .                                     | 23  |
| Appendix A. The Panel on Student Financial Need Analysis . . . . .       | 25  |
| Appendix B. Principles of Student Financial Aid Administration . . . . . | 27  |

## Foreword

The College Entrance Examination Board is pleased to make available a digest of the report of the Panel on Student Financial Need Analysis. This digest was prepared with the guidance of members of the panel and of the Board staff in an effort to focus wider attention on the highly significant recommendations contained in the full report, published as *New Approaches to Student Financial Aid*. This digest should be especially valuable to university and college presidents, legislators, and others in a position to influence the future of student financial aid programs.

The Board is particularly grateful to Allan Cartter, Chancellor of New York University and chairman of the panel, for the time and the contributions he made to this project during and after the panel had accomplished its mission. The panel labored diligently over a two-year period. Although agreement was not always unanimous, the panel achieved general consensus on both the long-range trends in financial aid programs and on the specific recommendations for immediate action. The result of their labors is a comprehensive and provocative report which is already having a considerable impact on the College Scholarship Service and on those concerned about the financing of higher education.

*Arland F. Christ-Janer*  
President  
College Entrance Examination Board

## Introduction

In spring 1968, the College Scholarship Service (CSS) of the College Entrance Examination Board decided the time had come for a thorough review of its system of analyzing the financial needs of applicants for admission to universities and colleges, particularly at the undergraduate level. Accordingly, the Panel on Student Financial Need Analysis was established and directed to:

- Review and evaluate the system.
- Recommend changes which might make it "more definitive and comprehensive."

Informally called the Cartter Panel after its chairman, Chancellor Allan M. Cartter of New York University, the 18-member group held numerous meetings over a two-year period beginning in April 1969. (See Appendix A for a roster of panel members.)

Early in the panel's deliberations, it became clear that a thorough review of the need analysis system would require a concurrent examination of the principles, procedures, and practices at work in the awarding of financial aid to college students across the nation. There was reason to question whether aid programs were being used to maximum effect in meeting student needs and supporting societal goals. Additionally, there were indications that the dramatic changes in higher education over the past two decades would be matched by changes in the years ahead.

The panel's report, therefore, encompassed far more than might have been anticipated on the basis of the original assignment. It is a lengthy document that examines in some detail the statistical evidence supporting the panel's findings, the rationale for the panel's recommendations, and the technical aspects of reshaping need analysis procedures. The report is oriented to guiding the CSS as it reevaluates its own role and adjusts its services to the postsecondary education community in the context of constant change. The full report now has been published (*New Approaches to Student Financial Aid*) and distributed to a limited audience of financial aid administrators.

The report contains, however, considerable information and insight that the CSS believes will be of interest and value to a broader audience. This is so because the panel examined student financial aid in a societal framework and aimed its recommendations at increasing the nation's thrust toward providing equal access to higher education for all who can benefit from it.

Therefore, the College Scholarship Service has commissioned this

interpretation of the panel's report, which sets aside many of the formulas and statistics to focus instead on the major social and economic aspects of financial aid programs. Most of the language here is not the panel's; the substance and the spirit are.

## Myth and Reality

Recent history has made it graphically clear that many Americans do not have the opportunities for personal fulfillment and economic reward bestowed at birth on a majority of their countrymen. The plight of persons born into racial and ethnic minority groups has been dramatized by the civil rights movements among first the blacks, then the Indians, the Mexican Americans, and the Puerto Ricans. Aside from being different from the majority, members of these groups frequently shared one other characteristic: poverty.

Gradually, the nation realized that the traditional American upward mobility was denied to millions who lived in poverty. Many of them were members of racial and ethnic minorities consigned to low-paying jobs or unemployment by rank discrimination. But many of them also were white, and poverty held them just as firmly in its grip.

Once it was understood that breaking the poverty cycle was the only way to eliminate the gap between the majority and the minorities, the nation undertook a reordering of priorities to insure equal opportunity for all citizens. Not surprisingly, "equal opportunity" became virtually synonymous with "equal educational opportunity," cited as a prime national goal by the last three United States presidents.

In the popular view, education has become the primary instrument of social and economic mobility, and a college degree is considered a passport to the good life. It is now recognized generally that to eliminate racial and ethnic divisions, and to enable the poor to share in a better tomorrow, it is essential to insure access to higher education for all Americans who can benefit from it.

Primarily, then, the problem is finding means of educating students who cannot pay their own way. Thus, financial aid programs, through which public agencies, private philanthropies, and colleges themselves provide grants, loans, and part-time employment to needy students, have become the principal vehicle for carrying the poor across the dollar barrier and onto the campus. Once there, of course, their success is not assured. But they do have a chance to succeed.

Accordingly, the principles and procedures for awarding aid have undergone profound changes in recent years. The chief principle has become to award aid solely on the basis of need and in an amount determined by the magnitude of need. Procedures have been developed by the College Scholarship Service, its member institutions, and others to translate this principle into practice. The effort has achieved considerable success, but the Panel on Student Financial Need Analysis

found that popular notions of the degree of success do not fully jibe with reality. In fact, aid programs tend to bypass the neediest students in order to spread limited resources among a greater number of applicants.

For example, suppose a financial aid officer has \$2,000 of aid available, and he has narrowed the competition to four students. One student needs the full \$2,000; another needs \$1,000; and the remaining two need \$500 each. The aid officer must decide whether to assist the neediest applicant or use the same amount of money to assist three applicants. He is most likely to assist the three and reject the one, and for compelling reasons. In the first place, the needs of all four students have been documented, and none of them can afford to enroll without the designated amount of aid. Should one student be turned away—or three? Another factor the aid officer is certain to consider is the college's operating budget. Assume that the \$2,000 equals the minimum student expense budget for a year. The neediest student and his family cannot afford to make any contribution toward college costs. The other three students and their parents can, and altogether they will contribute another \$4,000, tripling the \$2,000 seed money and increasing the amount flowing into the operating budget through tuition and fees. That settles it. The three applicants with lesser needs will share the available aid, and the fourth will be turned away. He will get no assistance precisely because he needs more assistance. And there it is: the dollar barrier.

While this example is oversimplified, it is not atypical, and it does expose as a myth the belief that all aid is awarded on the basis of relative need. It also implies the underlying problem: There simply is not enough aid money available. The panel concluded that the only solution, if higher education is to be equally accessible to all, is to reshape the financial structure of higher education so as to develop resources that equal needs.

Two means of accomplishing this reshaping immediately were examined by the panel. One is to increase dramatically the commitment of public resources to the support of universities and colleges and their students. This solution, while considered desirable by the panel, is felt to be unlikely in the near future. It would require society to give a higher priority to posthigh school education than seems feasible in the light of other pressing needs, such as saving the nation's cities, cleansing the environment, and providing adequate health care.

The second possibility is to make better use of existing resources. If the entire financial structure of higher education were reconstituted,

all student financial need probably could be met with existing government appropriations and unused parental resources. About 55 percent of the direct cost of higher education currently is subsidized either by public agencies or private philanthropies. Another 10 to 15 percent comes from student financial aid programs. Thus, 65 to 70 percent of the money now being used to support higher education is drawn from subsidies rather than from student tuition and fees. If charges to the students were raised sufficiently to pay the direct costs of their education, existing subsidies could be diverted entirely into student aid programs. If that were to happen, the panel believes these aid programs would be sufficient to meet all legitimate demands for assistance, including the needs arising from the increased tuition. This approach, however, would require a sharp break with tradition and is not politically possible in the immediate future.

Still, in the long run, the panel believes the financing of higher education will be forced to move in this direction. It is the only direction that appears compatible with achieving the goal of equal access to higher education in the face of all the other demands on the tax dollar.

This change in patterns of financing will be part cause, and part effect, of other changes altering the entire structure of higher education. It was in recognition of this likelihood that the panel undertook its assignment with some uneasiness. The assignment was to examine the student financial aid picture and the CSS role within the existing framework, which places the emphasis on parental responsibility for paying their children's college costs. The panel is convinced that the likely changes of the next 15 years may render that approach inadequate.

In the end, however, the panel agreed that over the immediate future the wisest course would be to correct as many inequities as possible within the present framework, adapting to change as it occurs, and developing policies to suit the evolving financial structure of higher education.

### **A Glance Backward**

By the mid-'50s, financial aid had become a reward for achievement, bestowed upon students who excelled in scholarship, sports, or other endeavors. Higher education was the province of the few, and while demonstrated ability did bring scholarships to some students who otherwise could not have attended college, the prime thrust of aid programs was to give the donor-institution an edge in recruiting the most promising students.

Following World War II, this tradition was challenged, first by the GI Bill which sent thousands of veterans to college at government expense, and second by the sustained prosperity that altered the basic character of higher education by making it accessible to a larger share of the population. Both the college-age population and the percentage of it entering college grew. Campuses were crowded, and they multiplied. There were greater numbers of students with limited funds, and meeting their financial needs became a factor of considerable weight in awarding scholarships. At the same time, competition for students of outstanding promise intensified, particularly among prestigious private universities.

In the early 1950s, concern about the administration of aid programs was deepening. Competitive bidding for top students was getting out of hand, and many believed that the limited aid funds available were not being spent wisely. Additionally, there was no standard method for computing how much aid a student required. It was generally accepted that "need" was the amount by which college costs exceeded the ability of the student and his parents to pay. But determining how much parents were able to contribute was a haphazard procedure at best.

It was with the hope of eliminating wasteful competition for students and deriving standard methods of computing parental contributions that a number of member institutions requested help from the College Entrance Examination Board. The Board responded by establishing the College Scholarship Service in 1954. Specifically, the CSS was charged with developing a standard need analysis system and collateral services that would provide:

- A standard form for gathering data about a family's ability to contribute toward its children's college costs.
- A rationale for analyzing the data to determine the level of need.
- Central collection of this information, and its distribution to institutions designated by the student.
- Agreement among participating institutions on policies for distributing funds on the basis of actual student need rather than competitive bidding.

From the outset, the College Scholarship Service both served institutional purposes and provided access to higher education for many students by helping to stop some unreasonable practices, by increasing the efficiency of aid disbursement, and by influencing the philosophy of student financial assistance both within the educational community and beyond.

Through the years, the CSS has changed, reflecting the transformation of higher education from a selective system for the few to a diversified system for the many. From a handful of universities, mostly private, CSS membership has grown to more than a thousand universities and colleges of all types, and CSS services are used by an additional 3,000 institutions and scholarship-granting agencies. Periodically the CSS system for analyzing need has been revised in response to social and economic developments. Notable among such developments have been:

- The rising costs of operating and attending colleges.
- The growing inadequacy of financial support from traditional sources.
- The heightened significance of higher education to the individual and to society in an era of unparalleled technological advance.
- The realization that equal access to higher education is essential to insuring equal opportunity for all citizens.

Taken together, these factors have had profound effects on the prevailing philosophy of student financial aid. In theory, if not always in practice, the prime criterion for awarding aid has become student need. Measured ability, talent, and promise remain significant as entrees to the college of choice, but economic need determines, or is supposed to determine, whether a student receives financial assistance, how much, and in what form.

### **The System Today**

At the heart of the present College Scholarship Service need analysis system is the conviction that the student and his parents are obligated to pay as much as they reasonably can toward his higher education. The amount the family is considered unable to pay is designated as the student's need. The family contribution is determined on the basis of data supplied to the CSS on the standard Parents' Confidential Statement form. In 1970, approximately 950,000 of these forms were submitted to the CSS for analysis, and the results were relayed to universities and colleges designated by the aid-seeking students.

Need analysis is a complex process. In the first place, the CSS attempts to take into account all of a family's current resources, as well as its special handicaps. Thus, both estimated income and accumulated assets are considered. So is the student's own ability to contribute from savings or earnings or both. Weighed against these factors are the family's living expenses, debts, and so on. In simple terms, the process involves assessing the family's financial resources, deducting

its necessary expenses, and deriving its discretionary income. A rate schedule is then used to determine what the family should contribute toward college costs.

When the CSS forwards the Financial Need Analysis Report to the designated institutions, the difficult task of awarding aid begins. Usually, it falls to the financial aid officer, but some institutions reserve final decisions for faculty committees.

Selecting recipients is a matter of judgment. The aid officer has, on the one hand, a number of applicants with legitimate, documented needs, and on the other, limited financial assistance to distribute. Resources rarely, if ever, equal needs.

The aid officer also must determine how the awards are to be packaged. This means deciding whether an applicant should get a grant, a loan, a job, or some combination of the three. A proper package must be fashioned to fit each student's personal, financial, social, and academic characteristics.

Clearly complex, the aid officer's task is complicated further by the jumble of guidelines, regulations, and criteria within which he must operate. Much of the aid disbursed by a university or college is drawn from public agencies and private foundations, and is governed by *their* rules rather than the institution's. This factor contributes to the difficulty of treating aid applicants equitably.

### Looking Ahead

Incredible as it may seem, higher education faces changes in the next two decades that appear certain to eclipse those of the past two decades. The percentage of high school graduates enrolling in college will continue to increase, but population growth will slow markedly and combine with already severe financial strains to force more profound changes in higher education than ever in its history.

In 1955, the college-age population was roughly the same size it had been 30 years earlier. By 1970, it was 70 percent greater. Bureau of the Census projections indicate, however, that by the late 1980s there will be several hundred thousand fewer Americans in the 18 to 21 age group than there are today. The bureau's figures show that for the years 1955-60 the college-age population grew 12.2 percent; for 1960-65, 28.7 percent; and for 1965-70, 18.3 percent. In the current five-year period, there will be a college-age population growth rate of 12.8 percent. But between 1975 and 1980, this rate will drop to 5.1 percent, and in the 1980s there will be a sharp decline, with the growth rate becoming *minus* 9.3 percent in 1980-85 and *minus* 6.2 percent in 1985-90.

College enrollments will continue to increase despite this decline in the college-age population, because the percentage of that age group actually enrolling in college will keep climbing. It now stands at more than 50 percent and shows every indication of moving to 75 percent or higher. With the population shrinkage, however, the annual enrollment increases will become progressively smaller.

Meanwhile, the planned expansion of college facilities continues. The combination of this expansion and a declining rate of enrollment growth forebodes a startling reversal in the fortunes of universities and colleges. Whereas they have been plagued by *excess demand* for years, the time is approaching when at least some institutions and some disciplines will be suffering from *excess capacity*. In fact, this trend will be evident in many regions within this decade. Nationwide, it already has begun at the graduate level in arts and sciences and in engineering. If the various states proceed with current plans for expansion, it is quite probable that undergraduate capacity will exceed demand within a few years.

This turnabout will place unbearable strains on the dual system of higher education. The effects on private institutions will be particularly devastating. It is likely that financially weaker private colleges and universities will have to become wards of the state or simply close their doors.

For the remaining private institutions, public money from both federal and state governments will provide an increasing share of necessary support. The panel believes that within the present decade both levels of government will sharply increase their support of private institutions, and that the support will come both as broad institutional aid and as aid to individual students, regardless of college choice. The federal government already is moving in this direction and, except for refusing on constitutional grounds to support sectarian programs in church-related institutions, makes no distinction between public and private institutions. State aid for private institutions is traditional in Pennsylvania, and New York has begun the practice. Other states, including California, Illinois, Massachusetts, and Texas, are contemplating similar action.

Among public institutions, the problem will be less one of survival than one of meeting rising costs. The answer, the panel believes, will be the raising of tuition to cover a major share of the direct costs of education.

Pressures to raise tuition will spring primarily from two growing needs: the need to relieve the overburdened taxpayer, and the need to

provide aid for students from low-income families. Low-tuition public systems of higher education were feasible when only 10 to 20 percent of the college-age population was involved in the enterprise. As systems have expanded to encompass a larger share of that age group, however, the burden on the taxpayers has grown disproportionately. In part, this is because state and local tax structures, which pay a major share of the bill, are not as progressive as the federal tax structure. Therefore, when education taxes increase, they have considerable impact on middle- and lower-income families. The prime reason that the low-tuition system is becoming unsupportable, however, is simply that college enrollments—and costs—have increased much faster than state and local tax bases. In addition, in the 15 years from 1960 to 1975, the college-age group will have expanded considerably faster than the total labor force.

Higher tuition also will be sought as a means of releasing tax revenues for use in expanded programs of financial assistance to low-income youth. Here, the rationale is that higher tuition will produce more revenue for college operations, thus reducing the necessary appropriations for institutional support and permitting states to divert funds into aid programs. In effect, this approach would mean higher tuition for those who can pay it and financial assistance from public funds for those who cannot. There is, of course, the danger that the released operating funds might be diverted by the state to noneducational purposes, effectively narrowing rather than expanding access to higher education.

While forecasting is hazardous, the panel nonetheless believes that, in the next 15 years, the following tuition patterns will emerge in public higher education: Community colleges will continue to charge relatively low tuition; universities and four-year colleges will charge tuition approaching the direct costs of undergraduate instruction; and students from out of state will be charged tuition comparable to that of private institutions.

These anticipated trends represent more than marginal shifts in a system adjusting to new circumstances. They challenge comfortable and traditional assumptions regarding both who should pay for higher education and who should participate in it. In summary, this is the emerging picture:

- Divisions between public and private higher education will become increasingly blurred because public institutions will raise student charges and private institutions will receive greater government support.

- Excess capacity will strengthen the nation's resolve to insure equal access to anyone who seeks higher education and qualifies for it.
- The pivotal concept of parental responsibility for paying student costs will receive greater emphasis at public institutions, but only for those parents who can afford the higher costs.
- Parents who cannot meet this responsibility, especially those who live in poverty, will get relief from vastly expanded federal and state student aid programs.
- More states will make aid available directly to students regardless of whether they attend public or private institutions.
- Experiments with other financial arrangements, such as deferred-tuition loan plans and state voucher systems, will proliferate.

Ultimately, the panel believes these developments will lead to a new financial structure for higher education in which primary responsibility for student support will shift from parents to society in general, through aid programs, and to students themselves, through loan and work-study programs. In the immediate future, however, it appears the current trend toward increased parental responsibility will accelerate. This trend, while thought to be transitional, will necessitate the refinement of CSS financial need analysis procedures and institutional practices in the administration of aid programs.

## Unequal Access

Until its financial structure is reshaped so that aid resources equal student needs, higher education obviously cannot become equally accessible to all. The panel believes, however, that the present system can be improved significantly, and without undue delay, by instituting reforms in three major areas.

- First, it is necessary to modify the CSS method of analyzing financial need so that the special problems facing certain groups of students are taken more fully into account. Foremost among these groups are the poor and those from racial and ethnic minorities, but increased attention also must be given to self-supporting students and those pursuing graduate and professional studies.

- Second, there is an urgent need for participating universities and colleges to revise their practices to conform with the CSS principles they have endorsed. While there are reasonable explanations for many deviations, it is nonetheless true that some common practices perpetuate inequities and serve institutional rather than individual or societal needs.

- Third, efforts must be mounted to overcome the myriad differences in aid programs and their administration across the nation. Amounts and types of aid available to applicants vary markedly from campus to campus, state to state, and region to region. Regulations governing aid disbursement also vary greatly from campus to campus and from donor to donor.

These areas of weakness combine to prevent the most efficient and equitable use of the limited aid resources that are available. An example is provided by the panel's finding that more than half the institutions responding to a CSS survey reported unused student capacity in 1969-70, and they attributed it to a lack of either aid resources or applicants for admission. That space was available and qualified students failed to apply for admission, or were turned away because of the shortage of aid, is deplorable.

### Special Needs

If income variations were the only differences between families with college-age children, the CSS system of need analysis would be adequate. But there are other differences to contend with.

*Low-income students.* Youths from low-income families have special problems, whether they are black or white, whether they live in city slums or country shacks. There frequently is little in their homes and

communities to inspire ambition or to encourage them to go to college. Often, their families live in fear of eviction, unemployment, credit foreclosure, and unexpected illness. If they do go to college, they are depriving their families of whatever earnings they might be able to contribute, and this loss can have devastating consequences for their families.

Once enrolled in college, low-income students face "hidden costs," expenses for clothing and entertainment that are not adequately covered in student budgets prepared by the institutions, but are essential to minimal participation in normal student life. For these reasons, low-income youths require special encouragement and attention from aid officers, as well as greater financial assistance than family income alone would indicate.

*Minority group students.* Suddenly, being black has become an advantage in seeking admission to a university or college. The CSS survey showed that being black raised an applicant's probability of admission from 15 to 50 percentage points at six of the seven responding private institutions that identified applicants by race.

But the significance of racial difference virtually vanished among students with high financial need. For blacks as well as for whites, poverty closed the college door. It has become a cliché to mention that a disproportionate share of the Negro population lives in poverty. It remains true, however, that for many blacks the racial barrier has tumbled only to reveal the dollar barrier beyond.

It is simplistic, however, to say that the problems of black students – and Indian, Mexican American, and Puerto Rican students – are entirely economic. Being poor is not, in itself, an insurmountable obstacle. When, however, it is coupled with the effects of racial and ethnic discrimination, the result can be crippling, particularly for impressionable young people. And not all the effects are emotional; some can be measured in dollars and cents. The panel believes corrective action should be undertaken in at least four such areas:

- The minority student faces "hidden costs" because circumstances often force him to pay more than a white fellow student for like goods and services. He may feel – or actually be – unwelcome in the community surrounding the predominantly white college he attends. So he may live elsewhere, and housing may cost him more; certainly, his transportation costs will rise. If he buys goods and services in a segregated area, they will cost him more. Luxuries are not at issue, but the standard goods and services in a typical student's budget.

- Frequently, the minority student's family lives in a segregated

neighborhood, where food, housing, and various services are overpriced. While this problem is most critical for urban ghetto dwellers, a cost-of-living differential tends to operate against ethnic minorities even when they live in middle- and upper-income neighborhoods. This differential obviously affects the ability of a family to contribute to college costs.

- The CSS formula for calculating total family contribution anticipates that the student will contribute from his summer earnings. Yet, as Department of Labor data indicate, unemployment rates for nonwhites aged 18 to 21 are considerably higher than for that age group as a whole, and the problem is even more severe in the case of temporary summer jobs. Institutional expectations are frequently unrealistic regarding summer earnings.

- In most cases, the head of a minority family will earn appreciably less in his lifetime than will a white in a similar occupation. Yet the CSS system of financial need analysis would ask the same contribution from both, provided their current incomes, discretionary assets, and other factors are equal. No allowance is made for the very real differential in their earning potential. If the contribution to college costs is regarded as a slice of lifetime earnings, as the panel believes appropriate, it is clear that the impact is greater and more lasting on the family with lower expectations of future earnings.

*Self-supporting students.* Some parents cannot provide any funds to assist their college-bound offspring. Some can afford to assist, but refuse. And some students reject any form of parental support. In all these cases, the students consider themselves to be self-supporting, and they create several problems in the area of financial aid.

Present practices are a hodgepodge, largely because categories have not been defined uniformly, if at all. For instance, some self-supporting students are minors, others are adults; some are married, others single; some are undergraduates, others pursuing graduate or professional studies. There is no clear picture of who among them should and should not receive financial aid. One thorny problem is establishing criteria by which a student proves he is truly independent of his parents. Another thorny problem is drawing the line between those who are independent by choice and those who are independent of necessity.

In addition, at public institutions, the question of state residency becomes crucial for students who claim to be self-supporting. Granting resident status is equivalent to providing financial aid because out-of-state students generally pay much higher tuition than do resi-

dents. States have widely varying regulations for establishing both residency and self-supporting status.

A special CSS aid application form for married students, self-supporting students, and graduate and professional students has been developed in recent years, but numerous ambiguities surround the whole question of aid for self-supporting students.

*Graduate and professional students.* At most institutions, ability has been, and remains, the dominant criterion for awarding financial aid to graduate and professional students. The underlying philosophy has been that, at this level, society should invest in the development of exceptional talent in order to insure the continuing intellectual and scientific advancement of the nation. This philosophy has been reinforced by:

- National and regional competitions to select recipients of major externally funded fellowships, such as the National Science Foundation and Woodrow Wilson grants.

- Federal guidelines stressing scholarly merit for fellowships and traineeships under the National Defense Education Act and the National Endowment for the Humanities.

- The prime role of expected performance in the selection of students for teaching and research assistantships, which provide the bulk of financial support for graduate students.

In short, the undergraduate shift to student need as the basic criterion for awarding aid has had limited effect at the graduate level. In the past year or two, however, there has been a marked change in attitude among graduate deans, and need is becoming more significant in determining the amount and form of aid a student should receive.

Thus, need analysis is becoming essential at the graduate and professional level. Three major graduate schools of arts and sciences (at Columbia, Princeton, and Yale) have developed and partially implemented a need analysis system of their own. The American Association of Law Schools is using the undergraduate CSS need analysis system on an experimental basis. The CSS, in cooperation with the Association of American Medical Colleges and the American Association of Dental Schools has designed a need analysis system that is now available for use by these member schools. It seems probable, too, that more federal programs will incorporate need into the determination of stipends.

While the panel believes need analysis will continue to increase in importance for graduate and professional students throughout the decade, it is likely that the resulting system will differ significantly

from that at the undergraduate level. For one thing, the role of parental responsibility is more apt to be supplemental than primary because of the age and independence of graduate and professional students. For another, the types of aid suitable and available in different academic fields vary significantly. For instance, in some fields, notably medicine and dentistry, the student's schedule is so demanding that loans are the only practical means of self-help; on the other hand, in law, business, engineering, journalism, and public administration, there are sometimes opportunities for students to combine work and study. Additionally, in social work and, to a lesser degree, business and engineering, employers are willing to help finance work toward advanced degrees. In the arts and sciences, more than half the full-time graduate students have been fully supported by fellowships and assistantships during the past decade.

Rational and equitable patterns of analyzing need and supplying support for graduate and professional students must be developed in the years ahead. Only in this way can higher education respond to the highest aspirations of individual students and to the most crucial manpower needs of society as a whole. The growing shortage of trained professionals in the health fields is indication enough.

### **Institutional Practices**

While many practices governing aid disbursement are shaped by forces beyond institutional control, there are areas in which institutions have the power to improve performance.

*Adhering to principles.* The principles enunciated by the CSS (see Appendix B) have been endorsed by its 1,000 member institutions, which award a major share of the nation's financial aid to students. Yet a survey conducted for the panel revealed that participating institutions deviate significantly, some of them routinely, from CSS principles. The net result is to perpetuate, rather than help eliminate, inequality of access to higher education. Briefly, the survey yielded these results:

- A consistently negative relationship was found between student financial need and the probability of admission. For a typical aid applicant, that is, one with a need of \$1,000, need reduced the probability of admission 11 percent at private institutions and 7 percent at public institutions.
- Among students who were accepted, the proportion of need met by the aid package declined as the need itself increased.
- An analysis of packaging revealed that the institutions generally

awarded larger portions in the form of grants to students of high ability rather than students with high need, an indication that the use of aid for recruiting purposes continues. Only a weak association between need and the grant share of the package was established, but there was a positive correlation between grant share and high ability.

A substantial majority of the financial aid officers polled in a separate survey endorsed the rationale for the CSS need analysis system as very appropriate. They did, however, identify certain areas as troublesome. Forty-one percent of the respondents believed the system does not properly serve low-income and minority families, and nearly the same percentage was dissatisfied with the way in which the system treats assets.

While the panel agrees with the financial aid officers who felt that the CSS system does not serve low-income and minority families adequately, it is also evident that institutional practices tend to underscore rather than counteract the weaknesses. These practices may be defensible at particular times and places, but when they are widespread and frequent, they thwart progress toward the goal of equal access.

*Service to applicants.* Two areas of service to students require additional attention from universities and colleges. One is insuring that information about the availability of aid and how to apply for it is widely disseminated to potential applicants, and the other is making the application process as pleasant and painless as possible for the students and their families.

An informal survey of summer students at New York University, Rutgers University, the University of North Carolina, and the University of Wisconsin revealed a general lack of information about student financial aid. Some even indicated they did not know where to go to find out about it. Of those who had had contact with high school counselors and college aid officers, a disturbing number characterized the contacts as "unpleasant."

It is not easy to ask for financial help, particularly when it involves disclosure not only of one's personal predicament but of his family's inability to help. This factor makes many students reluctant to seek aid, and those most reluctant are often those who most need assistance, young people from low-income and minority families. Certainly they should be informed fully of the aid programs, and they should be encouraged to apply.

### **The National Patchwork**

There is no single nationwide system of measuring student financial need or of awarding aid. Aside from the College Scholarship Service, the American College Testing Program is the only agency offering central processing of aid applications. Several states have developed their own need analysis systems, often based on the CSS system, to govern the disbursement of state financial aid to students.

While the CSS provides a meeting ground for institutions desiring to strive for shared goals and to employ common methods of measuring need, it is an entirely voluntary association with no regulatory authority. The practices of member institutions vary greatly. Additionally, although users of the College Scholarship Service disburse a major share of the nation's student aid, many institutions are nonusers. The result is a proliferation of policies, procedures, and practices that are not coordinated and do not move higher education as a whole toward its goal of providing equal access to all.

Further clouding the picture is the irregular pattern of distribution of aid resources among institutions. Frequently the relatively prosperous student attending a high-cost institution receives more financial assistance than his less well-to-do counterpart at a low-cost institution, even counting subsidies as an indirect form of aid.

In addition, the mix of types of aid available varies from campus to campus, state to state, and region to region. This lack of uniformity is compounded by the fact that aid funds are drawn from various sources, public and private, and their use often is governed by guidelines and regulations established by the funding agency, organization, or individual. While the institutions are responsible for channeling most of this aid to students, they have little control over its use. If all the aid programs are considered—the GI Bill, social security, athletic grants, and scholarships from restricted funds—the greater part of the nation's financial aid is beyond institutional control.

Data from one major university, examined by the panel, indicated that only 20 percent of all its aid funds came from sources under its control. The same was true of less than one-third of the grant funds received by students at that institution. A significant proportion of the aid administered by the university was disbursed according to guidelines from external agencies. This situation presents the aid officer with the impossible task of packaging aid to meet student needs, constrained at every turn by irregular and often incompatible mandates. It is to the credit of the college financial aid officers that the system works as well as it does.

## **Recommendations**

Three basic points have been made thus far. First, the nation remains far from its goal of providing equal access to higher education for all Americans. Second, the inequities operating in student financial aid programs result partially from shortcomings in the CSS need analysis system; partially from institutional misuse of the system; partially from institutional practices that tend to serve interests other than those of the needy student; and partially from the lack of national standards and institutional control. Third, higher education must work to eliminate aid inequities and achieve the goal of equal access during a period of turbulent change and mounting financial crisis.

The panel believes the next 15 to 20 years will be a period of transition from which new patterns of support for both institutions and students will emerge. For this reason, the panel recommends immediate reforms that will move higher education toward the goal of equal access and, at the same time, lay foundations for the long-range future.

### **Improving Need Analysis**

To make the need analysis system more equitable and more responsive to the financial problems of students and their families, the panel recommends that the CSS:

- Use future lifetime earnings as well as current income to determine parents' ability to contribute toward college costs, and explore thoroughly ways of accomplishing this change by means of the "present value, total resources" (PVTR) approach.
- Make the family contribution rate schedule more progressive, so that those with the lowest need are expected to contribute more, and those with the highest need, less.
- Consider extending the rate schedule downward sufficiently to provide for a "negative contribution" in the case of a family with income below the low-budget standard set by the Bureau of Labor Statistics.
- Develop a liquidity index to determine a family's ability to pay immediately, and use lack of liquidity as a basis for providing loans, not for reducing the expected contribution.
- Give continuing attention to the special problems related to financial aid for self-supporting students, and develop model policies and procedures to guide aid officers at member institutions.
- Continue to help develop need analysis procedures for use at the

graduate and professional level, and emphasize basing this aid primarily on need rather than on scholarly or professional potential.

The first four of the above recommendations would work together, the panel believes, to provide a more accurate measure of parents' relative ability to pay, and to insure more equitable distribution of the financial aid available. For that reason, further explanation of these proposals is offered.

*The PVTR approach.* The CSS system of need analysis relies heavily on a family's present economic condition as a measure of its ability to contribute toward college costs for its children. The panel believes a more accurate and equitable measurement would result if it was based on a comprehensive profile of current income and assets and future income and expenses.

In order to project future earnings, it is necessary to build several variables into the computation. Among the possible variables are the parents' ages, educational levels, occupations, and race. Each of these factors may have considerable impact on a family's ability to pay for college.

In the panel's view, the most promising means of incorporating expected future earnings into need analysis would be the PVTR approach. This approach integrates all pertinent present and estimated future data into a single, consistent measure of family discretionary resources.

Because it is not feasible to estimate individually the future earnings of every aid applicant's family, the PVTR approach relies instead on the development of tables of actuarially sound earning expectations for groups with different characteristics, such as age, race, occupation, and educational level. The assumption is that, while a person's current income may differ substantially from the average income of his group, his employment and earning record will tend, over his lifetime, to follow the pattern of others sharing these characteristics.

It is obvious that two fathers of the same race, occupation, and educational level but 10 years apart in age are not on the same economic footing when it comes to putting their children through college. If one father is 45, he has 20 years before retirement, 20 years in which to absorb the college costs and restore his economic position. The father who is 55, on the other hand, must absorb the same costs in half the time.

Another aspect of age as a factor in estimating future earnings is that nonwhites have a shorter life expectancy than whites. Thus, the

black father has less time than the white father to rebuild his family's economic situation.

Similarly, a black man and a white man doing the same work are unlikely to advance at the same rate. The white will progress farther and faster; so will his pay. The nonwhite is less likely to have completed college or high school, and is therefore less likely to be employed in a high-paying field. Furthermore, two white men in the same occupation will not advance at the same rate if one is a high school graduate and the other has a college degree.

All these factors influence lifetime earnings strongly, and the panel believes a fair picture of family ability-to-pay cannot be drawn unless they are taken into account. For that reason, the panel recommends that the CSS take all possible steps to insure that all aid applications identify the student by race.

The prediction of lifetime earnings on the basis of age, race, occupation, and educational level already has been accomplished by the Bureau of the Census, but the technique has been applied only to the heads of families. In measuring total family resources, it also will be necessary to estimate future earnings of working mothers who are not heads of families. Different techniques will be required for this task, because the employment patterns of women differ markedly from those of men. Mothers who are working now may not continue; others may start. The panel has not solved the problem of measuring the housewife's lifetime earning potential, but recognizes that a solution must be found.

In addition to estimating future income, the PVTR approach would require data on the parents' current income. The existing CSS system relies on the parents' estimated income in the year for which aid has been requested. The panel believes that a three-year period (last year, this year, next year) should be used instead. In that way, definite trends can be ascertained in the family fortunes. A single estimated year, as is now employed, can give a distorted view; parents tend to underestimate income by omitting such uncertain earnings as overtime pay and bonuses; other factors, such as moonlighting and temporary unemployment, also can be misleading.

Essentially, the PVTR approach hinges on computing the ratio of lifetime to current earnings for each group sharing racial, occupational, and educational characteristics. This ratio then may be applied to the current income of any individual in order to estimate the present value of his future earnings through age 64. (It should be noted that the ratio for nonwhites is consistently lower than that for

whites, although this difference is expected to continue declining over the next decade or two.) Once the ratio has been applied, estimated future earnings are added to the family's net worth.

From this total, family expenses must be subtracted. These expenses include the present value of an allowance for maintaining a moderate standard of living through age 64, and the cost of an annuity to assure a moderate standard of living in retirement years. (The annuity allowance applies only if necessary to supplement social security and employer retirement benefits.)

The remaining figure represents the family's discretionary resources and is the basis for determining parental ability to contribute to college costs.

*The rate schedule.* Exactly how progressive the family contribution rate schedule should be is a matter of value judgment. The panel believes, however, that the current schedule is not progressive enough, that the differences between expected contributions from families with the least and the greatest need is not as large as it should be.

When a family has no discretionary resources, a majority of the panel believes that the rate structure should extend downward sufficiently to provide that family with financial assistance in addition to the aid received by the student. One method of determining eligibility for this "negative contribution" would be to make it automatic for families with incomes below 80 percent of the low-budget standards of the Bureau of Labor Statistics.

The panel recognizes that providing assistance of this kind involves funding and social responsibility far greater than universities and colleges can assume. Clearly, such assistance would have to be built into publicly financed programs of student aid.

At this time, however, the panel believes that the CSS and its member institutions can take a step in this direction by sharply reducing the expected contribution from summer earnings for students from low-income families. Additionally, all aid officers should treat with sympathy the cases of students from low-income families who cannot find summer work.

The panel also believes the rate schedule should be so structured that it would not require revision with every fluctuation in the economy. An inflation-proof schedule can be derived by tying the rates to the ratio of resources to cost of living. Regular adjustments in the cost-of-living figures would make rate changes unnecessary.

*Liquidity.* Discretionary resources represent a family's ability to contribute to college costs, but they also include assets that cannot be

converted to ready cash. Thus, a family's expected contribution may exceed the amount it is able to pay immediately. The panel believes this problem is one of timing, that is, the family would be able to make the expected contribution over a longer period of time. Instead of scaling down the expected contribution in such cases, the proper procedure would be to use lack of liquidity as a basis for providing loans to parents. No source of long-term loan funds for parents exists, but the panel believes one should be developed, and an index of liquidity should be established to indicate parental ability to pay, both immediately and over a period of years.

Another aspect of the liquidity problem arises when relatively affluent parents have more than one child in college at the same time. The panel believes that the current CSS system shows excessive favoritism to these families. It is recommended that some reduction in the contribution be allowed when a second or third child is in college simultaneously, but not the amount now allowed.

### **Improving Institutional Practices**

To insure more efficient and equitable distribution of available financial aid, and to improve the quality of service to applicants, the panel recommends that institutions:

- Limit aid to the amount of need in each case, and allocate aid funds, particularly grants, so as to provide equal access to higher education for students with the greatest financial need.
- Disseminate, in cooperation with the CSS, materials explaining the financial aid system to school and college counselors.
- Plan programs to inform students and parents at the local level about the various aid programs.
- Make financial aid procedures more flexible, encouraging students to apply rather than just allowing them to.
- Provide for student participation in the financial aid policy-making process. (The panel thinks the CSS should involve students in its deliberations, too.)
- Base the packaging of financial aid on defined and published objectives and on established guidelines.
- Package aid so as to direct scholarships and grants to students with the greatest financial need and in the earlier stages of undergraduate life.
- Base financial aid for athletes, band members, and other service awardees on their financial need, using the same principles that are applied to other students.

- Give students a free choice, wherever possible, between jobs and long-term loans to fulfill their self-help commitments.
- Share with applicants and their parents information regarding the expected family contribution.

The substance of these recommendations is that colleges and universities should commit themselves fully to providing all financial assistance to students on the basis of need and in an open, inviting atmosphere.

Further comment is required on those recommendations related to the packaging of aid. Most of the recommendations in this area are directed not only to the universities and colleges but to agencies that administer aid programs. These agencies, too, must define their program objectives and establish guidelines for packaging their aid. They, too, should direct grants and scholarships to those with the greatest need.

The panel has examined various approaches to packaging aid, including a "universal GI Bill"; first-come, first-served; the scholarship-prize; and others. As a result, the panel is convinced that the proper approach is need-related aid packaged so as to give grant preference to students who have the greatest need and are in the freshman and sophomore years.

Grants are the most desirable form of aid because they have "no strings." Many youths from low-income and minority families are not that sure of their futures, and they know from experience how hard "easy credit" can be. Also, they are often educationally deprived and need to work harder to succeed at college than their middle-class fellow students; so they are less able to handle studies and employment simultaneously. Furthermore, if they do have any time to work, their families are likely to have a pressing need for that added income.

The panel believes that the needy freshman or sophomore deserves preference over the needy junior or senior. One reason is that the first two years of college frequently are the greatest tests of a student's ability and motivation. Another reason is that, as a student approaches graduation, his education becomes a sounder individual investment, and he is in a better position to borrow funds for completion of his college course. In addition, the underclassman has a more difficult time earning significant amounts of money. He simply cannot find as responsible and well-paid a position as a more mature student can.

Packaging serves as an instrument of individual, societal, and institutional interests. The individual's interests obviously are self-fulfill-

ment and socioeconomic advancement. Society's chief interest is in seeing that each citizen has the opportunity to progress as far as his capabilities allow. The institution's interest is in attracting students who will reinforce or improve its financial standing and its academic reputation. It seems clear to the panel that financial aid should be packaged primarily to serve individual and societal interests, which are entirely complementary. To the extent that institutional interests conflict, they should be treated as of secondary importance.

To assist member institutions in making packaging decisions, the panel believes it might be wise for the CSS to incorporate a recommended aid package into its Financial Need Analysis Report on each applicant.

#### **Developing National Policy**

The inequities and confusion spawned by proliferating aid programs are creating great pressure for the development of a national public policy governing student financial aid. The panel believes the CSS should participate actively in the deliberations from which this national policy is likely to evolve.

For the CSS, the prospect of such participation raises a fundamental question: Should the organization continue to place the greatest emphasis on service to member institutions, or should it devote its time, effort, and expertise primarily to the shaping of public policy? If the CSS chooses the second course, it will require closer relationships with federal and state agencies, and it will have to become oriented more toward student and societal interests, as opposed to institutional interests.

Whatever choice the CSS makes, there are several steps the organization should take to lay the groundwork for an emerging national public policy. The panel recommends that the College Scholarship Service:

- Conduct regular formal surveys of the opinions of financial aid officers about the need analysis system and other CSS services, in order to improve the system continuously.
- Sponsor nationwide studies of the attitudes and concerns of students and parents regarding financial assistance.
- Continue its active involvement in topical debates, such as the current studies of contingent loan plans for students.
- Establish a standing committee on research to encourage scholarly investigation of major areas of concern in the field of financial aid by means of grants or other funding arrangements.

▪ Appoint a permanent high-level commission to review annually the progress of the nation's colleges toward the goal of equal access to higher education for all citizens, and to propose methods of expanding educational opportunity to federal, state, and private agencies.

Finally, the panel believes that the CSS can and should play a crucial role in this period of transition by fixing its eye on the goal of equal access. To speed the time when that goal is achieved would be the greatest contribution the College Scholarship Service could make to the nation, to higher education, and to young Americans of all races, colors, creeds, and economic levels.

## **Appendix A.**

### **The Panel on Student Financial Need Analysis**

#### **Members**

Allan M. Cartter, Chancellor, New York University (Chairman)  
Mary Jean Bowman, Professor of Economics and Education, University of Chicago  
Ronald M. Brown, Director of Financial Aid, University of Michigan  
\*Jack B. Critchfield, President, Rollins College  
Douglas R. Dickson, Director of Student Planning and Information, University of Pennsylvania  
Eunice L. Edwards, Director of Financial Aid, Fisk University  
Carl A. Fields, Assistant Dean of the College, Princeton University  
W. Lee Hansen, Professor of Economics, University of Wisconsin  
Watts Hill Jr., Member, North Carolina Board of Higher Education  
Robert P. Huff, Director of Financial Aid, Stanford University  
Hugh W. Lane, President, National Scholarship Service and Fund for Negro Students  
Robert F. Lanzilotti, Dean, Graduate School of Business Administration, University of Florida  
Arthur S. Marmaduke, Executive Director, California State Scholarship and Loan Commission  
S. V. Martorana, Vice Chancellor of Two-Year Colleges, State University of New York  
Roy Radner, Professor of Economics and Statistics, University of California, Berkeley  
†Arthur M. Ross, Vice President for State Relations and Planning, University of Michigan  
Melvin I. White, Professor of Economics, Brooklyn College of The City University of New York  
Walter W. Wilcox, Senior Specialist in Agriculture, Legislative Reference Service, Library of Congress

#### **Consultants**

Morris J. Blachman, Student, New York University  
Howard R. Boozer, Director, Educational Development Administration, RCA Corporation; editor of the panel's report  
Gerard Brannon, Associate Director, Office of Tax Analysis, U.S. Department of the Treasury

\* Resigned July 15, 1970

† Died June 5, 1970

Martin David, Professor of Economics, University of Wisconsin  
Thomas Juster, Vice President for Research, National Bureau of  
Economic Research  
Leonard Miller, Assistant Professor of Economics, State University  
of New York at Stony Brook  
Dorothy Projector, Director, Division of Economics and Long Range  
Studies, Office of Research and Statistics, U. S. Social Security  
Administration  
Thomas Ribich, Associate Professor of Economics, University of  
North Carolina, Chapel Hill  
Gertrude Weiss, Consulting Economist, Washington, D.C.

**Staff Associates to the Panel**

John Bishop, Lecturer in Economics, New York University  
John I. Kirkpatrick, Vice President, College Entrance Examination  
Board

## **Appendix B.**

### **Principles of Student Financial Aid Administration**

*The following statement of Principles of Student Financial Aid Administration was endorsed by the College Scholarship Service Council and the representatives of the more than 1,200 members of the CSS Assembly and approved by the trustees of the College Entrance Examination Board in December 1970.*

*In adopting these principles, the member institutions of the Assembly recognized the fact that equality of educational opportunity can be realized only with fully funded and properly administered need-based programs of student financial assistance and affirmed their intent to make these goals become realities.*

*Financial Aid as used in these Principles consists of scholarships or grant assistance and self-help (loans and employment) which may be offered singly or in various combinations to students who demonstrate need.*

1. The purpose of any financial aid program—institutional, governmental, or private—should be to provide monetary assistance to students who can benefit from further education but who cannot do so without such assistance. The primary purpose of a collegiate financial aid program should be to provide financial assistance to accepted students who, without such aid, would be unable to attend that college.

2. Each college has an obligation to assist in realizing the national goal of equality of educational opportunity. The college, therefore, should work with schools, community groups, and other educational institutions in support of this goal.

3. The college should publish budgets that state total student expenses realistically including, where applicable, maintenance at home, commuting expenses, personal expenses, and necessary travel.

4. Parents are expected to contribute according to their means, taking into account their income, assets, number of dependents, and other relevant information. Students themselves are expected to contribute from their own assets and earnings, including appropriate borrowing against future earnings.

5. Financial aid should be offered only after determination that the resources of the family are insufficient to meet the student's educational expenses. The amount of aid offered should not exceed the amount needed to meet the difference between the student's total educational expenses and the family's resources.

6. The amount and type of self-help expected from students should be related to the circumstances of the individual. In the assignment of funds to those students designated to receive financial aid, the largest amounts of total grant assistance should go to students with the least ability to pay.

7. The college should review its financial assistance awards annually and adjust them, if necessary, to reflect changes in the financial needs of students and the expenses of attending the institution. The college has an obligation to inform students and parents of the financial aid renewal policies for enrolled students at the time of the initial offer of financial assistance.

8. Because the amount of financial assistance awarded reflects the economic circumstances of the student and his family, the college should refrain from any public announcement of the amount of aid offered, and encourage the student, his secondary school, and others to respect the confidentiality of this information.

9. All documents, correspondence, and conversations between and among the aid applicant, his family, and financial aid officers are confidential and entitled to the protection ordinarily arising from a counseling relationship.

10. Concern for the student should be paramount. Financial aid should be administered in such a manner that other interests, important though they may be, are subordinate to the needs of students.